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and the Broadcasting Board of Governors  
Office of Inspector General

# Report of Inspection

Embassy Panama City,  
Panama

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## CONTEXT



Panama's importance to achieving U.S. goals far exceeds its size or population. To begin with the obvious, Panama's importance derives in large part from its stewardship of the Panama Canal, a pillar of U.S. trade and maritime security since it opened in 1914. Moreover, Panama has become a key component of our homeland security strategy by virtue of the global nature of its maritime sector. A major transshipment node for illegal narcotics, arms shipments,

human smuggling, and illicit financial flows between the Andean region and the United States, Panama continues to be of intense interest to the U.S. law enforcement community. Panama's young democracy, restored in 1989 by U.S. military intervention, is threatened by widespread corruption, extreme income disparity, and low confidence in democratic institutions. It is in the interest of the United States to help Panama address these internal problems and ensure this country remains a strong partner with whom we can work to address regional and transnational threats to American security and prosperity.

Panama has surpassed all expectations as administrator of the canal and, recognizing its maritime vocation as central to its continuing success, has worked closely with the United States on international maritime security. With two major U.S. airlines and a strong national carrier, the country seeks to solidify its status as a regional aviation hub. In addition to attracting an increasing number of American tourists and presenting a successful package of enticements for U.S. retirees, Panama also aspires to become a staging point for U.S. cruise ships serving the Latin American market.

Panama's people are as diverse as any on earth. Because their country has been a crossroads for global commerce for more than 500 years, Panamanians come from all over the world, including descendants of Spanish settlers, Mediterranean and

Northern Europeans, Chinese laborers, Jewish merchants, West Indians, Arabs, North Americans, South Asians, Latin Americans of all kinds, and indigenous groups (Kuna, Ngobe, and Embera being the most numerous) that have lived here since before recorded history.

The country is distinguished from its neighbors by a high literacy rate (92 percent) and the highest per capita income (almost \$4,000) in Central America. However, these statistics mask the fact that much of its highly diverse population, particularly rural indigenous communities and urban Afro-Panamanians, remain outside the political and economic mainstream. While the economy is recovering, unemployment stands at about 13 percent, and income distribution is among the worst in the hemisphere, with more than 40 percent of the population living in poverty. Economic growth in 2004 was positive at six per cent, and the forecast for 2005 is equally promising but will depend heavily on fiscal and tax reforms now underway.

Since 1989 and the reestablishment of democratic civilian government after decades of military rule, Panama has held three successful presidential elections. Martin Torrijos succeeded Mireya Moscoso as president on September 1, 2004. Panama's challenge lies in the historic weakness of its democratic institutions and the unproven efficacy of its elected leaders. Besides unemployment, corruption is the population's greatest concern. Cronyism, patronage politics, and factionalism threaten the country's democratic institutions. The government must deliver on institutional reforms or risk a severe backlash from a frustrated electorate.

Mission Panama City's size and complexity reflects the significance of Panama to the United States due to its geographic location, the legacy of a century of close bilateral ties, and a re-engineered security, commercial, and political relationship. The mission's prioritized strategic goals are: homeland security, international crime and drugs, democracy and human rights, economic prosperity and security, mutual understanding, and management and operational excellence.

Mission Panama City houses seven federal agencies and employs 389 individuals, including 126 direct-hire Americans, 43 local-hire Americans and eligible family members (EFM), and 220 Foreign Service nationals (FSN). The budgets of all mission agencies in FY 2005 totaled approximately \$33,462,000.

## EXECUTIVE DIRECTION

The Ambassador and the deputy chief of mission (DCM) have established highly effective lines of communication and coordination among country team members. All heads of agencies interviewed expressed high satisfaction with the degree of transparency and collegiality within the country team. They attribute this, to a large degree, to the express desire of the Ambassador and DCM to see a collaborative approach among country team members. During the course of the inspection, the Office of Inspector General (OIG) observed a number of instances of voluntary interagency coordination and cross fertilization. For example, the country director for Peace Corps attends all country team meetings in order to stay well informed on the key goals in the Mission Performance Plan (MPP). He then helps Peace Corps volunteers link up with country team agencies with grants to fund MPP objectives such as demand reduction in narcotics and development of eco-tourism opportunities. This allows the Peace Corps to maintain the requisite distance from the official U.S. government presence in country and yet encourages Peace Corps volunteer activities to work in harmony with the MPP.

The close and productive country team approach to MPP goals was exhibited clearly during the inspection when OIG accompanied the Ambassador on a visit to a remote region of Panama. During the course of an intense two-day schedule the Ambassador participated in events and meetings that contributed to every single MPP goal including the priorities of enhancing law enforcement capabilities of the government of Panama, promoting commercial ties and solidifying Panamanian support for the proposed Free Trade Agreement (FTA), and publicizing the impact of voluntary work done by U.S. nongovernmental organizations and private U.S. citizens.

This mission in general, and this Ambassador in particular, has been very conscious of the need to weave public diplomacy into MPP key goals and objectives. Each section chief is aware of the resources the public affairs staff can bring to assist with the successful implementation of MPP activities. The Ambassador is available to the public affairs staff for media outreach and does a remarkably good job in fielding questions in Spanish during impromptu doorstep sessions with reporters.





threats, and the mission considers its host-country support and cooperation to be excellent.

The Ambassador and DCM are new at the mission and are still in the process of establishing their management styles. The Ambassador takes full and direct responsibility for embassy security and is sensitive to the threats against the mission. OIG reviewed the Ambassador's stewardship of the mission's security program, his interaction with the Department of Defense and law enforcement entities at the embassy, the dissemination of time-sensitive information, and his support of the RSO.

The RSO confers with the DCM, his immediate supervisor, to discuss security issues that are outside the scope of the normal country team meetings. There are no regularly scheduled security meetings; however, the RSO provides the DCM with weekly written summaries of security issues. The DCM indicated to OIG that he desires to continue the ad hoc issues-driven discussions with the RSO but also wants to establish a scheduled meeting to create a program- focused dialogue.

As of February 2006, Embassy Panama City is dispersed among numerous sites in the capital city. A NEC is under construction, with occupancy scheduled in the early summer of 2007. The NEC will replace most of the current sites. However, the offices of the American Battle Monuments Commission, the Peace Corps, and the Ambassador's residence will remain in their current locations. The Animal and Plant Health Inspection Service will move to a separate facility in the summer of 2006.

The inspection focused on those aspects of the security program that will carry over to the NEC including the embassy's planning to integrate its Marine security guards, local guards, and surveillance detection personnel into a comprehensive security program that will bridge the relocation and start-up period.

Although the security office has begun planning for NEC occupancy with a view to the consolidation of agencies and rightsizing, it is premature at this point to determine whether the total security manpower can be reduced. There is only so much planning that can be done from blueprints and the inspection of buildings under construction. Determining the manpower requirements for appropriate secure parking, deliveries, visitor traffic, personnel screening, and others will require continued evaluation and fine tuning. In this regard, OIG met with the security office staff and shared insights into how other embassies have successfully planned and executed similar security transitions.





## POLICY AND PROGRAM IMPLEMENTATION

### POLITICAL SECTION

The political section has been buffeted in recent years by the loss of half its reporting positions and an unusually high loss rate of entry and mid-level personnel. In 2003 the section had four reporting officer positions; in early 2006 it has two full-time officers, the section head, and a second officer with a consular/political rotational assignment who will be in the section for a year. The two full time reporting officers share the support of an office management specialist and two locally employed staff (LES), a political specialist, and a translator. A third LES member, based in the economic section, spends approximately 20 percent of her time providing support on labor issues.

One result of these various gaps and dislocations has been a falling off in the volume of analytical reporting, according to both Washington consumers and OIG's examination of the section's output. This is certainly related in part to the contraction of the section, but other factors include the personnel gaps that resulted from the premature departure of some officers. Preparing briefing materials for the arrival of a new Ambassador and DCM in fall 2005, the November 2005 visit of President Bush, and a number of congressional and other high-level visitors have also cut into the time available for the information gathering and reporting. There has been solid reporting in several areas, but a fairly large percentage of recent reporting is also relatively routine and reactionary transmissions, including the delivery of demarches. Although he has contributed a number of substantive pieces, the second political officer has spent much of the time since his arrival in summer 2005 producing the mandatory reports on human rights and trafficking in persons. However, the section's relatively modest reporting plan for the last half of 2005 and the beginning of 2006 has in the main been fulfilled, and the section head has provided appropriate and useful counseling on writing and analysis to the current second officer.

In contrast, one important project has been completed: the transfer of the section's voluminous biographic records into online electronic files, thanks to funds provided by the Department's Office of E-Diplomacy that allowed for the temporary hire of a qualified individual to concentrate exclusively on the task. This should allow for the retirement of a considerable amount of paper before the political section moves into the new chancery in the summer of 2007 and, more importantly, provides more generalized Washington access to information on the major figures in Panamanian government and society.

The political assistant, a past recipient of the regional FSN award for her work during the 2000 transfer of the Canal to Panama, is increasingly - and appropriately - being assigned reporting responsibilities. Her wide contacts throughout the country not only help craft quality programs for visitors but also provide valuable input into reporting. The section translator's assistance in the speedy conversion of English into Spanish has been critical when the Department has not provided timely translations of important demarches.

## ECONOMIC SECTION

The economic section has met the pressure to do more with less by prioritizing reporting and advocacy on the most crucial issues, including trade liberalization, the possible expansion of the Panama Canal, and the overall investment climate. Led by an experienced mid-level officer, the section has one other full-time reporting position and support from an office management specialist and two LES, one with legal training that is put to good use in commercial dispute cases. There has been a yearlong vacancy in the third (entry-level) reporting position caused by the resignation of an ELO, but the section has been promised that the vacancy will be filled in 2006. With one less officer, a steady stream of visitors, a major bilateral FTA in sight, work done to brief the new and active Ambassador, and the section head being tapped for other duties (e.g., heading the MPP production), the section for now inevitably has limited time to address all of its wide and varied portfolio. The section works collaboratively with the small office of the U.S. Commercial Service located in Panama.

Panama and the United States have been engaged in an unusually long series of negotiations, the ninth and latest round occurring in January 2006, on the establishment of a bilateral FTA; the section has closely tracked government developments impacting the Panamanian negotiating posture and is working with the public affairs section to craft a strategy to influence Panamanian public opinion in its favor. Approval for expansion of the canal, a major project that would allow it to accommodate larger ships, is not assured. If the project goes forward, however, it would create numerous commercial opportunities for U.S. firms, and the section follows developments closely against the day when those opportunities materialize. Succinct and useful reporting has also been done on subjects as diverse as Panama's readiness for a pandemic, such as avian flu, and the looming crisis in energy, given recent hikes in fuel costs at a time when Panama's economy demands higher levels of fuel.

The growth of U.S. business interests in Panama has been matched by a significant expansion of the number of U.S. citizens choosing either to spend considerable time in Panama, or actually relocate there, particularly after retirement. This growth has particular implications for the workload of the consular section's American citizens services unit, which has seen a four-fold increase in the number of U.S. citizens registered since 2004. But there are already signs that it will also increasingly impact the economic section as more resident Americans seek assistance from the embassy with property, investment, and other disputes that arise whenever U.S. residents live and invest in a country on a significant scale.

## NARCOTICS AFFAIRS SECTION

Panama has a large and active narcotics affairs section (NAS), headed by a mid-level career Foreign Service officer who is supported by 12 program and administrative personnel, including contract Americans with significant relevant experience in law enforcement and narcotics interdiction. In FY 2005, it had a budget of \$5.9 million, roughly 80 percent of which went for direct interdiction activities, including countering maritime narcotics trafficking. The remaining funds were spent on training and equipping the Panamanian police forces that deal with drug-related gang violence and helping prosecute drug traffickers and for demand reduction programs that target the growing number of Panamanians who use illicit narcotics. NAS funds spent on police modernization extend NAS activities into areas more traditionally addressed by U.S. Agency for International Development (USAID) programs, and help balance off the recent significant cuts in USAID funding while remaining closely tied to mission goals. NAS management control issues are discussed in the Resource Management section of this report.

Because of the canal and the land bridge between Colombia and Central and North America, Panama sits astride major transit routes for narcotics that originate in South America and end up in the North American market. NAS interdiction funds pay for programs targeted at the transit choke points, including the major population centers, ports, and border crossings. These efforts include training for customs and other Panamanian law enforcement agencies, as well as the procurement of pursuit boats, scanning machines, and other technical devices that aid in the identification of illicit shipments.

Panama is a generally safe environment for residents and tourists, and much of the serious crime that occurs is drug-related, from homicides resulting from gangs encroaching on the selling territory of other gangs to assaults over individual stashes of drugs. Panamanians involved in the drug transit trade are often paid in kind, which has led to the spread of drugs throughout society as they try to sell their “payment” for cash. NAS-sponsored training, combined with the purchase and gradual adaptation of newer technologies, help sharpen the focus and effect of the under-funded and under-trained Panamanian police forces.

## LAW ENFORCEMENT COORDINATION

The unusually large presence of law enforcement (LE) entities represented in Panama makes interagency coordination a challenge for embassy management. At present, the LE entities present at Embassy Panama City include:

- Federal Bureau of Investigation, Legal Attaché
- Drug Enforcement Administration, DEA Attaché
- Department of Defense, Naval Criminal Investigative Service, Force Protection Detachment
- Department of Homeland Security (DHS)
  - Coast Guard, Coast Guard Liaison Officer and DHS Senior Representative
  - Immigration and Customs Enforcement
  - Citizenship and Immigration Services (USCIS)

In addition to these agencies with personnel based at the embassy, the RSO provides support for law enforcement visitors from a number of other U.S. agencies, including the Secret Service, the Transportation Security Administration, and Customs and Border Protection.

Members of the LE community all state they have immediate access to the Ambassador and DCM. With very few and understandable exceptions, the LE heads noted that the front office promptly addresses issues presented to them.

The embassy's LE community benefits from a collaborative spirit of interagency coordination. This high level of interagency coordination can be attributed to physical proximity and Chief of Mission and DCM insistence that law enforcement initiatives and issues be coordinated prior to presentation to mission management for decision. USCIS, the one LE entity located outside the chancery, is disadvantaged in the law enforcement coordination process. Although USCIS' law enforcement role is limited, the Ambassador and DCM have taken measures to increase USCIS' participation in the LE coordination process. Throughout the inspection OIG observed numerous occasions of law enforcement interagency coordination.

The law enforcement working group, chaired by the DCM, addresses and coordinates law enforcement issues. These on call meetings tend to be issue specific with select attendees. In the interest of further improving interagency coordination, OIG informally recommended the regular scheduling of an agenda-driven law enforcement working group meeting. The DCM concurred with this recommendation and will implement it.

The embassy complies with the Leahy Amendment, which requires vetting for human rights abuses of all local law enforcement personnel receiving federally funded training or other assistance. It maintains the vetting records for the requisite three years. It has distributed the recent Department telegram (05 State 225765) on Leahy vetting procedures, but the local standard operating procedure (SOP) was written in 2004. OIG informally recommended that they update and redistribute their SOP as soon as possible.

## CONSULAR OPERATIONS

The consular section is well managed by a mid-level section chief who enjoys the respect and confidence of both her staff and mission management. She is beginning to implement new procedures to increase operational efficiency, which will give her and the other consular officers time to do more out-of-office work. The front office supports the section as needed but yields to the consular officers' expertise as appropriate. The section chief prepares a weekly summary of consular issues for the front office, and the DCM holds a biweekly meeting with her in the consular section. OIG reminded the DCM of his responsibility to review the consular chief's visa decisions, which he has begun to do. The consular section is involved in the MPP process and has some responsibility for implementing tactics in three of the mission's main goals. The visa referral system is working well, as is the duty officer system. The consular section has solid working relationships with other mission elements, including the RSO, public affairs, and officials from the Department of Homeland Security, with whom they share issues. A much-needed additional consular officer is due to arrive in July 2006.

### Staff and Facilities

Currently the consular officers spend most of their time taking care of customers and have little time to work on projects like disaster planning, to focus on border security issues, or to make contacts with local authorities. The addition of one officer should enable all the officers to do more of this important, but somewhat neglected, work. In addition to the section chief, the section now has a Civil Service officer on an excursion tour serving as deputy section chief and three ELOs, two who are in one-year rotational positions. OIG heard from several senior LES that they need more local staff. However, the section chief is introducing a variety of best practices that will eliminate much time-consuming routine work and should allow the local staff to be more productive. OIG concluded that no new LES positions are warranted at this time. The current facility has a very

spacious work area but insufficient space in the public waiting rooms. As the section will move to the new chancery in the summer of 2007, no change to the physical facilities is recommended in this report.

## Management

Starting in February 2006, the section will use a courier system to return visaed passports, thereby freeing up a couple of hours of LES time each day. About 40 percent of visa applications are prepared by applicants using the electronic visa application form (EVAF), and much LES time is spent on data entry. The section chief has considered making use of EVAF mandatory. OIG informally recommended that she do so, and also that she investigate the opportunities for some off-site data entry of visa applications by large organizations, for instance the bank where applicants pay the nonimmigrant visa (NIV) fee. While public inquiries are limited to e-mail only and there is a good consular information page on the embassy web site, the section is looking into using the regional call center in Mexico to handle all requests for basic consular information. This would save hours of LES time.

The use of locally developed SOPs is an essential management tool that is particularly useful for newly arrived officers. It also provides consistency in the way consular work is done and is much appreciated by LES. OIG found only one locally prepared consular SOP. The section chief was aware of the need to draft SOPs. OIG made an informal recommendation that when the section is fully staffed, the officers prepare SOPs for all regular procedures in each consular unit.

The public affairs section (PAS) and the consular section have worked together to place important consular messages in the local media and have also cooperated on education fairs. The section chief clearly understands the value of using public diplomacy resources. OIG discussed with her the possibility of using the televisions in the waiting room to pass consular information or to disseminate U.S. government messages to the public.

OIG informally recommended that the section draft an annual training plan. The section needs to survey LES to learn what correspondence courses they have taken and what other training they have received. Based on this information, they can determine personalized training needs, prioritize them, and integrate their plan into the embassy-wide annual training plan.

## Contacts

Although consular LES, especially the senior supervisor, are well connected with many people in local government and local organizations, OIG found that the officers have not had the time to establish many strong contacts with local authorities. The section has recently had success working with local authorities on medical treatment for prisoners and cooperation on child abduction cases. However, officers need to develop more contacts with those individuals who are involved in disaster assistance, law enforcement, and fraud prevention. OIG informally recommended that the officers consult with the senior LES to identify local authorities who should be well known by the officers and to make a concerted effort to develop these contacts as soon as possible.

## Fraud Prevention and Border Security

Staff shortages have limited the time spent on fraud prevention. The LES member designated as a full-time fraud investigator is spending much of his time on visa processing, and the part-time fraud prevention officer has not been able to focus much on anti-fraud work. While fraud by visa applicants trying to conceal immigrant intent is low in Panama, corruption is not unknown, and the country is a southern hemisphere crossroads. It is essential that the section provide the Department with accurate information on the reliability of civil documents, the susceptibility to bribery of authorities who control these documents, and the situation with regard to third country nationals transiting Panama. OIG discussed with the section chief the need to have the fraud prevention unit broaden the range of contacts and to get a clear sense of what is happening in Panama as it relates to border security. OIG also reminded her of the importance of having the fraud prevention unit spot check the validity of civil documents submitted by applicants for passports and reports of birth. In February 2006 the embassy is hosting a regional fraud prevention workshop; this will be a good opportunity for the consular officers to discuss the issues raised by OIG during the inspection.

As the Department reminded embassies in 05 State 231039, all members of the mission are responsible for keeping consular officers informed of terrorist trends or travel patterns affecting their host country. At Embassy Panama City the consular deputy attends the monthly meetings of the embassy's law enforcement working group and the Visas Viper committee at which counterterrorism information is shared and then briefs the other consular officers. However, OIG found that some adjudicating visa officers still do not feel that they have the current terrorism trend

information they need to determine which visa applicants warrant more scrutiny. OIG informally recommended that each newly arrived consular officer receive a general terrorism trend briefing from the RSO and that the section should organize periodic update briefings from other sections for all consular officers.

The section has not done a validation study of all visa referrals as required by 05 State 117402, and OIG made an informal recommendation addressing this issue.

## Visas

The number of NIV applications has remained steady at around 26,000 a year for the past several years, while the number of immigrant (IV) applications has increased slightly over the same period to 1,137 in FY 2005. The NIV and IV units were combined into one visa unit in 2002, although they retained separate LES supervisors. This enabled the supervisors to shuttle LES clerks throughout the day to work on NIVs or IVs as needed. OIG found this reorganization to be working well. The appointment wait time for NIV applicants is 30 days during the busy season and 15 during the slow season. Because there are procedures in place to handle students, business people, and emergency cases expeditiously, OIG found the wait times acceptable. Also, the new procedures to be introduced by the section chief should reduce the wait time somewhat.

The agreements with the panel physicians who do medical exams of certain categories of visa applicants need to be renewed, and the IV officer has not performed the annual evaluation of all components of the medical exam process. OIG made an informal recommendation on these matters.

## American Citizens Services and Federal Benefits

The American citizens services section is very busy providing services to the 25,000 resident Americans and the many U.S. citizen tourists. An increasing number of Americans are retiring in Panama and settling in locations far from Panama City. These numbers tax the section's resources when they have to handle emergencies, particularly in remote areas. The addition of a consular officer in July 2006 will help here as well.

American citizens services also monitors the approximately 30 Americans incarcerated in Panamanian prisons. Because of occasional issues with regard to medical treatment, an officer visits each long-term prisoner at least once every

three months. The section does not have a space for storage of the property of deceased American citizens that is accessible only to the accountable officer. The consular section chief agreed to identify such space as soon as possible.

The LES have had recent experience in handling small airplane accidents. However, the section has not developed a disaster assistance plan for a large-scale disaster, such as the crash of a large commercial aircraft. OIG reviewed the essential elements of such a plan with them, and the section chief agreed to begin working on a plan immediately. The section has a fully functioning emergency message system that uses e-mail to send information to wardens and all registered Americans who have provided an e-mail address.

With many former Panama Canal Commission employees, U.S. military veterans, and American retirees residing in Panama, the federal benefits unit is one of the largest in the world. The unit has six LES and assists over 13,000 beneficiaries. They have an ongoing outreach effort that has increased the use of direct deposit, but they still must distribute over 5,000 checks every month. OIG found the unit efficient and actively engaged in helping its customers when issues arise with local authorities. For example, local hospitals have recently refused to treat veterans because of slow payment by the Veteran's Administration, and the federal benefits unit is working hard to resolve this problem. The regional Social Security Administration officer located in Costa Rica told OIG that Panama's federal benefits unit is one of the few in the region that does not have a backlog of field investigations requested by Social Security Administration.

## Trust Fund for Former Panama Canal Commission Employees

In 1998 the Department and the Panama Canal Commission signed a memorandum of agreement whereby, among other things, the Department agreed to appoint a U.S. government representative to the three-person board supervising the trust fund established to provide medical services to former Panama Canal Commission employees. At that time, the Department's director of the budget appointed the then executive director of the Bureau of Consular Affairs to the board. That person is now Deputy Assistant Secretary for passport services. Since the Deputy Assistant Secretary's appointment, he has had to travel to Panama five times to attend board meetings. He has attempted to get an officer from Embassy Panama to replace him on the board, but to date no officer has been willing to do so, mainly due to fear of personal liability. The Deputy Assistant Secretary has asked the

Department's Office of Legal Adviser to determine if he can delegate or transfer his responsibility to represent the U.S. government on this board, and whether the U.S. representative would have any personal liability for board decisions. OIG briefed the DCM and the consular section chief on this matter. They were open in principle to having the consular chief replace the Deputy Assistant Secretary on the board but will await guidance from the Office of the Legal Adviser before agreeing to the transfer of responsibility.

## PUBLIC AFFAIRS SECTION

The PAS is exceptionally well integrated into all elements of mission activities, providing sound advice and strategies on how most effectively to advocate and explain U.S. positions and programs. Its outreach and public diplomacy programs are tied directly to mission priorities, as are its exchange, cultural, and education activities. The section head is a senior public diplomacy officer who will retire in February 2006; the current mid-level information officer will replace him, leaving at least some gap in that critical position. A cultural affairs officer handles both educational and cultural affairs. A team of 15 LES, many of whom are senior local employees with many years of experience, also staff the section. The section's location in the Clayton building, a 15-35 minute drive away from the chancery, complicates interaction with other mission sections with whom it works closely. PAS looks forward to the consolidation of mission functions in the NEC but at present has succeeded in minimizing the problems occasioned by its location.

## Information and Outreach

Thanks to long ties and the conscious cultivation of contacts within the media, the information unit is able to get the U.S. mission message out in several ways. The unit generally has no difficulty placing op ed and other signed pieces in the two major daily newspapers and several smaller tabloids. However, more Department-approved flexibility in attribution - for example, having an article on an environmental issue go out over the signature of an appropriate high-level U.S. government official, rather than the Ambassador - would be useful. The Ambassador chooses to limit his participation in media placements to Panama-oriented topics, which seems a good husbanding of his name so that it has maximum effect.

Sustained contacts also assist in ensuring media coverage for embassy-sponsored events, including the arrival of high-level visitors, the launch of joint programs, the provision of assistance and aid, and ambassadorial travel that highlights

bilateral ties and interests. During the inspection the Ambassador visited the province of Chiriqui, located on the border with Costa Rica, and local and national media coverage for his ambitious two-day program was both extensive and well coordinated.

The unit concentrates on the media, the mission web site, the Internet, and its own information resource center for the delivery of information. Its occasional bulletin, *Americana*, focuses on a theme or event, most recently on President Bush's November 2005 visit to Panama and on business travelers to the United States. The bulletin has limited circulation in paper, partly because of the problematic Panamanian postal service, but has wide circulation online via the mission web site. In 2005 the information resource center advised and assisted over 400 government officials, students, and journalists who either visited the center and used their books, periodicals, and online reference services to do research on the United States, or made phone and Internet information requests. The center also sponsors popular discussions centered on U.S. books, chosen for their link to MPP goals, which are led by Panamanian academics and other civic leaders.

## Exchange, Cultural and Educational Programs

The PAS also builds more permanent bilateral bridges through its programs of educational and cultural exchanges. These efforts are linked directly not only to the general goal of mutual understanding but also to specific MPP goals. Recent international visitor leadership program participants, for instance, have participated in regional and multiregional programs in counterterrorism and international crime issues, the rule of law, and transparency in government - all principal goals for the mission community as contained in the MPP. U.S. speakers and specialists also address MPP themes in visits or digital video conferences on a regular basis; lack of program resources limits cultural exchange visitors, although the section does leverage the appearance of U.S. artists in Panama through occasional small grants to cover workshops and extra performances.

There is no Fulbright Commission in Panama, so the PAS is directly engaged in the process of nominating, selecting, and providing administrative support to both American scholars in Panama and Panamanian scholars before their arrival in the United States. The PAS maintains its own database of exchange alumni and works closely with an active Fulbright Alumni Association to maintain members' U.S. connections. It also supports Fulbright Alumni Association lectures and secondary school scholarship programs that encourage young Panamanians to join the Fulbright ranks.

During the 1980s, when Panama was under the control of Manuel Noriega, it was illegal to teach English in Panamanian schools. Fifteen years later, thanks in part to Panama's ambitions to be a commercial and financial regional center, increased tourism, and the increasing importance of English as a tool for advancement within Panamanian society, there is a renewed interest in English. However, there are scant government resources to make up for years of neglect in teacher training and materials. The PAS is helping the Ministry of Education to overhaul its English teaching program and, through a program targeting the young English teachers at the Normal School (i.e., teachers' school) in Santiago, is attempting to raise the level of English instruction nationwide.

## Enfoque Colon

In cooperation with the mission's Colon Working Group, the PAS has developed a multilevel strategy to address the information and outreach needs of this old colonial city that is located on the Caribbean end of the canal, and whose economic stagnation and crime rate could create instability in the region. The PAS has developed a virtual presence post, or dedicated web site, that publicizes U.S. assistance efforts ranging from USAID and Peace Corps projects to law enforcement and U.S. nongovernmental association and private assistance programs. It has arranged international visitor and leadership program and other exchange programs for leaders from all fields in the city and will inaugurate Panama's first American Corner in February 2006 in downtown Colon. All these elements of the Enfoque Colon (Focus Colon) effort are planned in concert with the wider mission strategy for this city and have opened up channels of communication to many elements, including the Muslim population, of that city.



## RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2005 (\$ in thousands)
State - D&CP	42	7	26	75	2,470
State - ICASS	6	22	90	118	5,795
State - Public Diplomacy	4	2	14	20	743
State - Diplomatic Security	4	0	0	4	524
State - Marine Security	6	0	4	10	254
State - Representation					35
State - OBO	6	1	6	13	1,967
U.S. Commercial Service	1	0	4	5	299
Defense Attaché Office	9	2	0	11	181
Office of Defense Cooperation	4	0	3	7	800
Foreign Agricultural Service	0	0	2	2	328
Animal and Plant Health Inspection Service	10	0	4	14	5,850
Drug Enforcement Administration	10	2	1	13	556
Federal Bureau of Investigation	3	0	0	3	N/A

Department of Homeland Security	12	1	3	16	813
Open Source Center	5	0	20	25	2,681
Agricultural Research Service	3	0	1	4	900
Tactical Assistance Team	2	0	0	2	22
Peace Corps	3*	0	4	7	2,300
Naval Criminal Investigative Service	2	1	0	3	
American Battle Monument Commission	1	0	9	10	450
Narcotics Affairs Section	4	5	3	12	5,627
U.S. Agency for International Development	5	0	26	31	867
<b>Totals</b>	<b>142</b>	<b>43</b>	<b>220</b>	<b>405</b>	<b>33,462</b>

\* Does not include 123 Peace Corps Volunteers

## OVERVIEW

The management counselor arrived during the summer of 2005, filling a position that had been vacant for eight months. This highly regarded officer sized up the situation left by the curtailment of the former counselor and is in the process of rebuilding the management section. Weaknesses exist in the areas of human resources, housing, and the community liaison office's new arrival sponsorship. Responses to OIG's workplace and quality of life questionnaires (WQLQ) showed that satisfaction with the services of the management section was slightly above the average of the last 43 inspection scores. Mission staffing levels have remained relatively stable since the last inspection in 2000. The MPP for FY 2006 includes requests for four Department of Homeland Security direct-hire Americans plus two from the Department of Agriculture, but none for the Department. Due to time and staffing constraints, OIG did limited reviews of financial management, property management, EEO, the Federal Women's Program, and travel services and did

not review schools. Rather, OIG focused upon issues that surfaced during the survey phase in Washington and after OIG's arrival at the mission, such as HR and housing.

Two general services officers (GSO), a facilities maintenance manager, one financial management officer, one HR officer, two community liaison office (CLO) coordinators, and an information management officer with four American subordinates support the management counselor. Ninety-six LES, plus six EFM and nine ordinarily resident Americans support the direct-hire Americans in the management section. The quality of LES work varies greatly by unit. An experienced financial management officer supported by 12 LES positions provides quality financial services. Other units of management need greater attention. The following paragraphs describe management areas of special interest, those of concern, and those needing improvement.

## RIGHTSIZING AND REGIONALIZATION

Embassy Panama City is scheduled to complete a rightsizing review in accordance with the Office of Rightsizing U.S. Government Overseas Presence during FY 2008. The management counselor said that the NSDD-38<sup>1</sup> process enables management to project budget and staff requirements to support the growth of the mission. As a result of current construction of the NEC, the mission performed a space requirements/rightsizing review in August 2004. No functions were identified for outsourcing or relocation to regional centers.

OIG observed possibilities for service consolidation that could result in eliminating positions. Future consolidation possibilities are discussed and described in the next paragraph. The mission provides and receives little in the way of regional support. While most other agency positions based in Panama are regional, nearly all Department positions are focused exclusively on bilateral issues in Panama, and none readily lend themselves to regionalization. A regional medical officer based in San Salvador effectively supports the health unit.

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<sup>1</sup>National Security Decision Directive 38, Staffing at Diplomatic Missions and Their Constituent Posts, issued on June 2, 1982, assigns ambassadors the authority and responsibility to determine the appropriate size, composition, and mandate of all staffing operating under their authority.

## CONSOLIDATION OF SERVICES

Duplication of services exists throughout the mission. For example, the NAS has its own dedicated cars and a driver, and USAID has its own motor pool. Each mission agency has its own furniture and appliances. NAS has its own procurement unit. USAID and Peace Corps have full financial management staffs. USAID and the Open Source Center (formerly Foreign Broadcast Information Service) maintain separate warehouse facilities. The new embassy compound will permit consolidation of all warehouse operations.

To an extent, this duplication is the result of the physical separation of the mission among 11 locations, an issue that will be largely solved with the move to the NEC in 2007. With only two exceptions, all agencies currently housed in various locations will be located within the new chancery. Duplicative functions will no longer be justified after the move, with the possible exception of those of the Peace Corps. OIG discussed with management the importance of eliminating duplication of services in developing its plans for the move into the NEC. OIG informally recommended that it is time now for the ICASS council to incorporate service consolidation in the planning. The management counselor agreed and stated that the service consolidation would be an integral part of the planning. The move is the appropriate time to make changes.

## INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The newly arrived management counselor revived the ICASS council in the summer of 2005 after several years of inactivity. The intent of ICASS is to have its members actively participate in considering support issues and coming to decisions. The Department is the only service provider. As such, it does not regularly brief the heads of other agencies on types and levels of administrative support services and the method of distributing resulting expenses. The ICASS council adopted service standards in May 2003, which were being revised during the inspection. The mission would benefit from ICASS training, for example, the Bureau of Resource Management ICASS course Post-Specific Training. In this course an interagency training team conducts three days of training at a mission using post-specific budget data, service standards, and issues and works directly with all levels of stakeholders. The mission should establish regularly scheduled meetings of the council and provide ICASS training.

**Recommendation 1:** Embassy Panama’s International Cooperative Administrative Support Services council should establish regularly scheduled meetings and provide training such as the Bureau of Resource Management course “Post-Specific Training” or another appropriate course. (Action: Embassy Panama)

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## ELIGIBLE FAMILY MEMBERS AND LOCALLY EMPLOYED STAFF

Embassy Panama has achieved success in hiring EFMs, and 27 are now employed in the mission. This is in accordance with the Department's guidelines that provide a uniform interagency system to staff LES positions with qualified persons, but with a preference for U.S. citizen family members and U.S. veterans.

However, this successful implementation of Department policy has resulted in an adverse effect on \_\_\_\_\_ and the mission budget. Locally employed staff often have years of experience and are uniquely qualified for some of the senior positions, yet when openings occur they are passed over for an EFM. Discussions between OIG and LES, as well as responses to questionnaires, revealed that there is a prevailing view among the LES that promotional opportunities have evaporated. In addition, the selection of an EFM results in salary costs of about two times that of an LES member. In FY 2005, the Department's Family Liaison Office provided funds from a cost equalization fund to cover the partial cost of one additional program position and the full cost of a half-time position. The Family Liaison Office agreed to continue the same funding for FY 2006. This is unlikely to continue in FY 2007. A budget designed for employing LES now must find funds to meet the higher requirements of EFM salaries. Adequate funding for such new mandates is an issue of concern to any embassy with a significant differential between FSN and EFM salaries.

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## PREMIUM TRAVEL

The management section processed about 350 sets of travel orders for Department travelers during FY 2005. One of the orders was for a premium grade airline ticket that was allowed by Department regulations because the flight was over 14 hours.

## AVIAN INFLUENZA PREPAREDNESS

Avian influenza preparedness is high on the priority list of mission management and its emergency action committee. Embassy Panama City has responded to Department directives by developing a comprehensive plan that was transmitted to the Department during January 2006. OIG reviewed the plan, which has tripwires covering possible scenarios with detailed actions to take in response. It is a carefully crafted document with major input from the health unit, and OIG concluded it would serve the mission well in the unfortunate event of an avian influenza outbreak or other pandemic. The consular section disseminated information about avian flu to resident American citizens as requested by the Bureau of Consular Affairs in November 2005 (05 State 20210), sending e-mails to wardens and Americans who provided their e-mails when they registered with the embassy. No Americans have contacted the consular section with concerns about avian flu.

## GENERAL SERVICES OFFICE

General services operations need improvement: GSO functions received some of the lowest scores in the OIG WQLQs. In particular, the areas of maintenance and repairs need greater oversight. Landlords of embassy housing rarely provide adequate repair services, and the embassy housing unit has done little to enforce their responsibilities. The facilities maintenance unit has not established follow-up procedures for its maintenance inspections. OIG identified minor operational inefficiencies in property management, procurement, and motor pool services and made informal recommendations on these areas.

Most embassy personnel told OIG that the management counselor, supervisory general service officer, and the assistant general services officer, who arrived in August 2005, are committed to strengthening the operations in the section. OIG found the customs and shipping unit offers good customer service and is very efficient in its operations. Embassy personnel are satisfied with travel services.





and appeal to single or married officers without children. In addition, OIG suggests that the embassy investigate the feasibility of living quarters allowance for Panama City.

**Recommendation 4:** Embassy Panama should submit to the Bureau of Overseas Buildings Operations and the Bureau of Western Hemisphere Affairs a comprehensive long-term housing plan that includes a housing profile and estimated costs. (Action: Embassy Panama)

## FACILITIES MAINTENANCE

The facilities maintenance unit is managed by an entry-level specialist officer and is perceived by some embassy personnel as unresponsive to housing repair requests. OIG found that this is not the case. The unit has limited labor resources and cannot make repairs and improvements for all embassy housing in addition to U.S. government-owned properties. The unit provides more than just emergency repairs to the embassy's 11 leased office properties and numerous residences.

OIG found that the section lacks follow-up procedures. For example, when the residence maintenance inspection is performed prior to the arrival of a new occupant, and the inspection sheet documents some inadequacies or problems, the information is sent to the housing unit which in turn is supposed to ask the landlord to fix the problems. Although OIG verified that such information is kept in the lease file, it is unclear whether the deficiencies stated in the maintenance inspection sheet are in fact addressed prior to occupancy. Neither the facilities unit nor the housing unit follows up to ensure that deficiencies are corrected. Mission management has started addressing this issue. OIG informally recommended the embassy establish proper procedures to follow up on outstanding maintenance issues identified during the maintenance inspection.

Embassy Panama City's occupational safety and fire prevention programs have started recently to receive the degree of attention required to ensure the safety of embassy employees. While some aspects of the occupational safety, health, and environmental management and fire programs are in place, others are not. During the course of the inspection, the safety, health, and environmental management committee met for the first time and addressed several safety topics. It is imperative that the administration of the safety, health, and environmental management and fire programs get the appropriate attention. OIG noted that the facilities

maintenance manager does not provide preventive information to new employees upon arrival. OIG informally recommended that the embassy include the facilities maintenance manager as part of the check-in process so new arrivals obtain safety information.

## MOTOR POOL

The embassy's small motor pool provides limited services to all embassy personnel. Many embassy personnel expressed frustration with the lack of availability of cars. OIG found that its vehicle fleet is adequate and that there are many safe and inexpensive taxis available on the local economy to use for business purposes. OIG suggested that the unit provide requestors with an explanation as to why cars are not available and/or send advance notice to all embassy personnel when official vehicles are not available.

Details of motor pool operations need attention. OIG found that some of the reverse sides of the Daily Vehicle Use Record (OF-108) forms were not completed, and signatures of passengers were missing. Also, the cost of toll cards used by drivers are tracked but never charged to the appropriate agency. OIG made informal recommendations addressing these and other minor weaknesses. At the time of the inspection the mission was working on an official vehicle policy memorandum.

## PROPERTY MANAGEMENT

The Department's property management branch reviewed the property management operations in Embassy Panama City in December 2005. The report concluded that the property management operations at the embassy are adequate; however, some areas need greater attention. The property management team recommended the embassy establish SOPs for all property management functions; train all supply clerks involved in the cross-training rotation; authorize all pending disposal reports; and assess the need for more warehouse personnel. OIG concurs with the report findings and encourages the mission to implement the recommendations in the report. OIG had other observations and made informal recommendations.

## PROCUREMENT AND CONTRACTING

Embassy Panama City effectively manages petty cash, purchase card, and simplified acquisition purchase orders. However, review of blanket purchase agreements needs greater attention. OIG informally recommended that the assistant GSO, who is the embassy contracting officer, conduct annual reviews of blanket purchase agreements, as required by Federal Acquisition Regulation Part 13.303-6.

Formal contracts require better acquisition planning and coordination. In order to promote competition and decrease prices, Federal Acquisition Regulation 7.104 requires advance planning for acquisition of goods and services. OIG reviewed several contracts that were not advertised and that did not contain a required price reasonableness determination. Some of those contracts were signed less than 30 days from the date of expiration of the previous contract. The unit has started to prepare better procurement files that include the required information.

## INFORMATION MANAGEMENT AND INFORMATION SECURITY

Embassy Panama City operates a comprehensive information management (IM) program including the Department's classified and Sensitive But Unclassified networks, mail, pouch, radio, and telephone services. The IM office meets the information technology needs of its 276 users from the Department and more than a dozen other agencies that are located at multiple locations including the chancery, the Clayton building, the GSO warehouse, the Junet Building annex, the Army/Air Force Post Office, and the Ambassador's residence. Five direct-hire Department officers and 20 LES staff the IM office. IM employees are customer-oriented, knowledgeable professionals, and received high scores on the OIG's WQLQs. However, OIG identified areas for improvement, including the training of IM personnel, the cellular phone program, and information systems security duties. The information systems security program is discussed in the Panama classified report.

## Information Management

### Training

IM staff has insufficient management and technical training to ensure continued satisfactory IM support for the embassy. Inadequate funding for training prevents IM staff from attending training. In an era of constantly changing technology, without continuing technical and management training the IM staff is unable to keep their knowledge and skills current. This negatively affects the level of support they can provide to the mission.

**Recommendation 5:** Embassy Panama should prioritize training needs for information management staff and fund those training courses.  
(Action: Embassy Panama)

### Cellular Phone Program

Embassy Panama's management of its cellular phone program is inadequate. 5 FAM 526.1 requires that missions must have a cellular phone policy outlining their allocation and use, including personal use. While the embassy does have such a policy, it is not clear that all personnel who are provided cellular phones have a valid work-related need for them in the normal performance of their assigned duties. Although mission personnel are required to pay for personal calls, the current policy does not address personal use, limits on it, or what constitutes abuse. At present, budget and fiscal personnel spend approximately 45 hours per month on cellular phone-related issues, time taken away from other duties. Improper oversight and lack of criteria for the cellular phone program leave opportunities for abuse and unnecessary cost to the Department.

**Recommendation 6:** Embassy Panama should review its cellular phone program and issue a mission policy that ensures the proper distribution of cellular phones, determines a limit for personal usage, and outlines consequences for abuse of the program. (Action: Embassy Panama)





However, OIG believes another possibility for addressing health unit needs would be to convert the unit into an occupational health unit such as those sponsored by missions in first world countries like France. Panama has 25,000 resident Americans who rely solely upon local medical services. Panama City has several hospitals, and English is spoken widely. The embassy should explore this possibility.

**Recommendation 7:** Embassy Panama should conduct a study to determine whether the mission requires a clinical health unit and, based on study results, either convert the unit to an occupational one or proceed with hiring additional nursing staff. (Action: Embassy Panama)

## COMMUNITY LIAISON OFFICE

As of February 2006, Embassy Panama has two community liaison officer (CLO) coordinators. One of the co-CLOs is also the Strategic Networking Assistance Program coordinator, a program to assist EFMs with local employment. The two CLOs divide responsibilities equally. One CLO focuses on crisis management and security liaison, information and resource management, welcoming and orientation, and events planning. The other CLO focuses on family member employment, education liaison, guidance and referral, and community liaison. One is located in the chancery and the other in the Clayton annex.

Although some of the difficulties can be explained by the physical separation of the co-CLOs, the current operation of the office has not been effective. Embassy personnel and dependents are not satisfied with CLO activities. One area that needs further strengthening is the sponsor program for new arrivals. OIG learned that, in many cases, sponsors were assigned to newcomers at the last minute. In other instances, sponsors were not assigned at all. At the time of the inspection, the management counselor was restructuring the CLO office with the hope that activities and programs improve significantly and that the CLO operation works to ensure a better overall sense of community spirit.

## MANAGEMENT CONTROLS

Overall, based on a limited review, Embassy Panama's internal controls are satisfactory. The previous chief of mission signed the annual management controls certification on June 29, 2005, verifying that the embassy had management control systems providing adequate assurance that management control objectives were achieved. Three deficiencies noted in the certification were addressed by satisfactory corrective actions.

The embassy completed a Bureau of Resource Management risk assessment questionnaire in January 2006. Two sections received unacceptable scores, general services and the narcotics affairs section. The general services score was 69 percent, and a review of its management controls determined that they are now adequate. Narcotics affairs received 44 percent. However, OIG discussions with narcotics affairs staff and a review of their controls revealed that they are, in fact, satisfactory. The low score was caused by two factors. First, the questionnaire covering the section is obsolete. Consequently, some questions were no longer applicable, but rather than explain this, the section answered such questions "no" and lowered the score. Second, the staff misunderstood several questions.

### Consular Section

The consular officers pay close attention to management controls. They maintain inventories and other accounts as required and keep close control over visa foils. The section has good line-of-sight from officers' desks to the LES work areas. The deputy section chief reviews NIV system exception reports on a regular basis.

### Local Guard Contract and Public Diplomacy Grants

Embassy Panama City manages a \$4.17 million local guard force contract. OIG's review of billing invoices submitted under the contract found that the embassy uses the Guards Electronic Monitoring Systems reports to verify actual hours worked by local guards. Deductions from contract payments are made when services are not delivered. The mission is currently working on a new contract and

has included adequate provisions about the number of guards needed for the move to the NEC. In addition, OIG reviewed a sample of the public affairs section's grants for the past two years and found that they are in accordance with Department and federal regulations.





## 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.

### Chancery Relocation Planning

The entire mission, with the exception of the Peace Corps, the American Battle Monuments Commission and APHIS will relocate to a new embassy site in the summer of 2007. Mission management will need to ensure that all mission elements are planning for adjustments to business practices, providing cost estimates for out year budgets, and reviewing the post strategy to ensure that the relocation is conducted in the most economical and efficient manner with no loss of security oversight.

**Informal Recommendation 1:** Embassy Panama should develop a strategic plan for the relocation of mission elements to the new embassy compound and should ensure that all mission elements are fully engaged in the planning process.

### Law Enforcement Coordination

The embassy performs the Leahy Amendment required vetting for human rights abuses of all local law enforcement personnel receiving federally funded training, but the SOP concerning the process is out of date.

**Informal Recommendation 2:** Embassy Panama should update and redistribute their local standard operating procedures for implementing the requirements of the Leahy Amendment mandating the vetting for human rights abuses of local law enforcement officials receiving federally funded training or other assistance.

The law enforcement working group's meetings are usually held on an on call basis and do not include all working group members.

**Informal Recommendation 3:** In order to improve interagency cooperation, Embassy Panama City should schedule regular meetings of the law enforcement working group.

## Consular Operations

Only about 40 percent of NIV applicants use the electronic visa application form. As a result the consular section LES spend hours each day on data entry. Internet access is not difficult in Panama and applicants that are not computer literate would find many people willing to help them.

**Informal Recommendation 4:** Embassy Panama should make the use of the electronic visa application form mandatory for all nonimmigrant visa applicants and investigate the possibility of off-site data entry by large organizations.

The use of locally developed SOPs is an essential management tool that is particularly useful for newly arrived officers. It also provides consistency in the way consular work is done which is much appreciated by LES. OIG found only one locally prepared SOP in the consular section.

**Informal Recommendation 5:** Embassy Panama City should have the consular section, when fully staffed, prepare standard operating procedures for all regular procedures in each consular unit.

Consular staff have had varying degrees of training.

**Informal Recommendation 6:** Embassy Panama City should determine the training needs of its consular staff and prepare an annual training plan.

Consular officers have not had the time to establish many strong contacts with local authorities, including those individuals who are involved in disaster assistance, law enforcement, and fraud prevention.

**Informal Recommendation 7:** Embassy Panama City's consular officers should use representational funds to develop more local contacts as soon as possible.

Not all adjudicating visa officers feel that they have the current terrorism trend information they need to determine which visa applicants warrant more scrutiny.

**Informal Recommendation 8:** Embassy Panama City should establish procedures so that each newly arrived consular officer receives a general terrorism trend briefing from the regional security officer and that all consular officers receive periodic update briefings on counterterrorism trends.

In 2005 the Bureau of Consular Affairs (05 STATE 117402) started requiring all consular sections to conduct at least annually a validation study of all visa referrals.

**Informal Recommendation 9:** Embassy Panama City should have the consular section complete a validation study of all visa referrals in 2006.

The agreements with panel physicians who do medical exams of certain categories of visa applicants have not been recently reviewed, and the IV officer has not performed the annual evaluation of all components of the medical exam process.

**Informal Recommendation 10:** Embassy Panama City should evaluate all components of the process for performing medical examinations of certain categories of visa applicants and, if the panel physicians are performing as expected, complete the annual renewal of their agreements.

## Management

Duplication of services exists throughout the mission.

**Informal Recommendation 11:** Embassy Panama City's International Cooperative Administrative Support Services council should include service consolidation in plans for its move to the new embassy compound.

## General Services

The general services section has four vacant escort positions. Other units like facilities and the warehouse are short-staffed.

**Informal Recommendation 12:** Embassy Panama City should revise the general services unit's staffing allocations and reprogram positions to where they are needed.

## Travel

The embassy accepts government transportation requests and government credit cards for the purchase of official travel tickets.

**Informal Recommendation 13:** Embassy Panama City should request that all agencies use a government credit card for the purchase of official travel tickets.

## Housing

Due to safety concerns four residential units in the housing pool, located in two duplex houses, are below acceptable housing standards.

**Informal Recommendation 14:** Embassy Panama should terminate the following leases S-132-OBO-521, S-132-OBO-522, S-132-OBO-541, and S-132-OBO-542 from the housing pool.

## Facilities Maintenance

The facilities maintenance unit lacks followup procedures for outstanding maintenance issues identified during inspections of residences.

**Informal Recommendation 15:** Embassy Panama City should establish proper procedures to follow up outstanding maintenance issues identified during residential inspections.

The facilities maintenance manager does not provide preventive safety, health, and environmental management and fire information to new arrivals.

**Informal Recommendation 16:** Embassy Panama City should include the facilities maintenance manager as part of the check-in process so new arrivals obtain safety information.

## Motor Pool

The reverse side of some Daily Vehicle Use Record forms (OF-108) are not completed by the drivers or signed by embassy personnel using the motor pool vehicles.

**Informal Recommendation 17:** Embassy Panama should require that drivers complete the reverse side of the Daily Vehicle Use Record form (OF-108) and have passengers sign when motor pool services are used.

Toll cards used by drivers are tracked but never charged to the individual agencies.

**Informal Recommendation 18:** Embassy Panama City should charge each agency for toll expenses.

There are no established maximum and minimum ordering or stock levels for official automobiles' spare parts.

**Informal Recommendation 19:** Embassy Panama City should establish maximum and minimum stock levels according to mission needs.

Not all the foreign affairs agencies and other agencies at post follow the mission vehicle policy.

**Informal Recommendation 20:** Embassy Panama City should ensure that all agencies follow the mission vehicle policy. Any circumstances that preclude agencies from adhering to mission vehicle policy should be documented.

The Ambassador has not signed all transportation authorizations.

**Informal Recommendation 21:** Embassy Panama City should ensure that the Ambassador has signed all transportation authorizations.

## Property Management

The embassy does not have inventory overage documentation.

**Informal Recommendation 22:** Embassy Panama City should prepare an inventory overage document and keep it with the annual property management report.

There were discrepancies in some of the embassy's residential property files.

**Informal Recommendation 23:** Embassy Panama City should update residential property files, especially household inventories.

There is no written replacement cycle program for residential properties (i.e., furniture, appliances, and others).

**Informal Recommendation 24:** Embassy Panama City should develop a plan for the management of all nonexpendable items to include an acquisition plan, a replacement cycle program for furniture and appliances, and a justification for the quantities of items to be stored in the warehouses.

## Procurement and Contracting

The assistant GSO does not review blanket purchase agreements annually, as required by FAR 13.303-6. In some cases, lists of individuals authorized to place orders are also out of date.

**Informal Recommendation 25:** Embassy Panama City's assistant general service officer should review all blanket purchase agreements on an annual basis and document such reviews.

The embassy has not established a procurement acquisition plan.

**Informal Recommendation 26:** Embassy Panama City should establish an acquisition plan for those contracts over \$250,000 in coordination with offices that require services.

The embassy has not established a system for tracking procurements.

**Informal Recommendation 27:** Embassy Panama City should establish a system for tracking procurements from receipt of procurement request, through award and contract management, to contract closeout.

## PRINCIPAL OFFICIALS

	<b>Name</b>	<b>Arrival Date</b>
Ambassador	William Eaton	09/05
Deputy Chief of Mission	Luis Arreaga	08/05

### Chiefs of Sections:

Management	David Savastuk	07/05
Consular	Susan Alexander	02/05
Political	Richard Sacks	08/03
Economic	Timothy Lattimer	07/05
Narcotics Affairs	Jon Danilowicz	07/03
Public Affairs	Eugene Santoro	08/05
Regional Security	Timothy O'Brien	08/03

### Other Agencies:

#### Department of Agriculture

Animal and Plant Health Inspection	Angel Cielo	03/02
Agricultural Research Service	Steven Skoda	01/04
Foreign Agricultural Service	Hugo Salazar	11/95*
American Battle Monuments Commission	Bruce Phelps	04/03
U.S. Commercial Service	Robert Jones	07/05

#### Department of Defense

Defense Attaché Office	COL Pete Oliver	12/05
Naval Criminal Investigative Service	John Wagner	06/03
Office of Defense Cooperation	LTC Ernest Hugh	06/02
Tactical Assistance Team	Sheldon Hand	07/03
Drug Enforcement Administration	Joseph Evans	10/05
Legal Attaché Office	David Wattley	12/01

Department of Homeland Security

Coast Guard	CDR Herbert Andrews	06/05
Citizenship and Immigration	Donna Petree	08/05
Immigration and Customs Enforcement	Christopher Martinez	10/04
Open Source Center	Theresa Apple	06/05
Peace Corps	Peter Redmond	11/02
U.S. Agency for International Development	Kermit Moh	02/05

\*Hugo Salazar is an FSN Supervisor. The American Regional Agricultural Attaché, Katherine Nishiura, is based in Embassy San Jose.

## ABBREVIATIONS

ACS	American citizens services
DCM	Deputy chief of mission
Department	U.S. Department of State
EEO	Equal Employment Opportunity
EFM	Eligible family member
ELO	Entry-level officer
FSN	Foreign Service national
FTA	Free Trade Agreement
GSO	General services office
HR	Human resources
ICASS	International Cooperative Administrative Support Services
IM	Information management
IV	Immigrant visa
LE	Law enforcement
LES	Locally employed staff
MPP	Mission performance plan
NAS	Narcotics affairs section
NEC	New embassy compound
NIV	Nonimmigrant visa
OIG	Office of Inspector General
PAS	Public affairs section
RSO	Regional security officer
SOP	Standard operating procedure
USAID	U.S. Agency for International Development

USCIS U.S. Citizenship and Immigration Services  
WHA Bureau of Western Hemisphere Affairs  
WQLQ Workplace and quality of life questionnaire



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