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

Report of Inspection

Embassy Kathmandu, Nepal

Report Number ISP-I-11-05A, November 2010

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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

PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as 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 being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being 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 pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.

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KEY JUDGMENTS

- Between July 2009 and April 2010, a series of chargés d'affaires capably led Embassy Kathmandu, but lack of consistency at the top resulted in a reduction in mission cohesion and focus.
- The mission's goal-focused working groups, less able to effect interagency communication and cooperation than before, need to be reviewed and revived. The new Ambassador is committed to doing so.
- The mission has made necessary and innovative strides in earthquake preparedness, including having an alternate command center that is a model of excellence, providing awareness information for newcomers and American citizens, and holding regular emergency drills. The mission's success on this tactical level is impressive, but it also needs, and embassy leaders are developing, a "big picture" strategy that addresses the many disparate aspects of dealing with a "post-quake" situation.
- Mission efforts to increase workforce diversity and aggressively recruit job applicants from a cross section of Nepali society have succeeded. In 2 years, roughly two-thirds of all vacancies have been filled from underrepresented groups, including women, in information management, switchboard, and motor pool positions for the first time.
- Kathmandu is at the forefront of greening initiatives in the Bureau of South and Central Asian Affairs (SCA). By investing in energy-saving technology, solar power, electric cars, and rainwater harvesting, the embassy has cut energy use and saved thousands of dollars.
- The public affairs section (PAS) has established a dynamic network of American Corners at strong partner institutions with all mission elements engaged. The section is carrying out innovative public diplomacy activities, including an "English by Radio" program (a best practice) and what is, for Nepal, a groundbreaking Muslim outreach effort.
- The consular section does an outstanding job while operating under significant stress. Nepal's adoption system is rampant with fraud, and the section faces the possibility of a large increase in adoption cases that could overwhelm its resources. While the embassy and Department of State (Department) are trying to manage this issue, there are no easy answers.

- Strong leadership in the political-economic section has created an atmosphere for creative thinking. “Talk and Tea” events with prominent speakers, designed and promoted by the section, create uncommon opportunities for professional enrichment and outreach.

The inspection took place in Washington, DC, between April 5 and May 4, 2010, and in Kathmandu, Nepal, between June 11 and 29, 2010.

CONTEXT

Multilingual, multiethnic Nepal was one of the few territories in South Asia to avoid colonial domination in the 19th and 20th centuries. For nearly 100 years, the Monarchy of Nepal had a figurehead king and was ruled, in reality, by a single family. After 1947, Nepal ended the era of autocratic rule and began a process of political experiments that included royal rule, party-less rule by councils, parliamentary democracy, and a “people’s war” that led to the latest efforts to establish a stable political system. About the size of Tennessee, Nepal is a study of physical contrasts with hot, tropical lowlands in the south and the world’s highest mountain range just 100 miles to the north. Because of its geographic location, bordered by China on the north and surrounded by India on the east, south, and west, Nepal has become a haven or transit point for ethnic Nepali refugees from Bhutan and Tibetans from China. The United States has had diplomatic relations with Nepal since 1947, with the first assistance program instituted in 1951 and the first embassy opened in 1959.



Map of Nepal and surrounding areas
Source: U.S. Department of State

Nepal today is in the midst of social and political transition and uncertainty. The last 5 years have been characterized by the peaceful end to a violent and bloody Maoist insurgency, the integration of the Maoists into the political process (even as the party remains on the U.S. Government’s list of terrorist organizations), and the end of the monarchy. Despite these enormous achievements, progress on writing a new constitution and developing a framework for long-term political stability, which was initially promising, has ground to a halt. The Maoists retain a private army, confined to barracks under UN supervision. The country must integrate 19,000 Maoist combatants into the military or civilian society. A May 28, 2010, deadline to finalize a constitution has passed, with a 1-year extension to May 2011. The interim

prime minister continues in office, with rumors of his departure date in daily media reports.

Political turmoil is matched by economic stasis. One of the least globalized economies in the world, Nepal depends on tourism, remittances from overseas workers, and foreign assistance for hard currency. Landlocked between India and China, and reliant on India for supplies of almost everything from food to fuel, Nepal depends on the good will of its neighbors and international donors to an extraordinary degree. The domestic economy is dominated by small traders and marked by one of the highest levels of corruption in the world (according to Transparency International rankings). Illicit activities, from drug and human trafficking to terrorist transit, are areas of concern.

The embassy has undergone its own transition since 2007. That year, all diplomatic and development activities came together in one place upon completion of a new chancery building. The Ambassador at the time recognized the need to make this physical consolidation of U.S. human and development resources more concrete by organizing working groups based on goals set out in the Mission Strategic Plan (MSP). That Ambassador's early departure in July 2009, along with significant turnover in leadership of embassy sections, new leaders at the U.S. Agency for International Development (USAID), and revolving door leadership in the embassy front office for the next 9 months, created its own turmoil and uncertainty. The arrival of a new Ambassador in April 2010, and the anticipated arrival of a permanent deputy chief of mission (DCM) a few weeks after this inspection provide an opportunity to put consolidation of U.S. diplomatic and development efforts back on track. At that point, the embassy will be even better placed to make a positive contribution to Nepal's efforts to complete its own political transformation.

Embassy Kathmandu has experienced steady growth in personnel and workload during the past 12 years. American staffing grew from 41 in 1998 to 72 in 2010. Some 536 local employees support the mission. Selection of Nepal to participate in Presidential initiatives has expanded U.S. engagement and created growth in the USAID staff. The U.S. Government has provided approximately \$1.2 billion in development assistance since 1951; \$52 million of that was in 2010. Nepal is the sixth-largest refugee processing mission in the world. Military exchanges and law enforcement initiatives have further increased our cooperation and interaction with Nepal. The U.S. Government also contributed more than \$2.3 million in International Military Education and Training and other military and police training funding completes the foreign assistance picture.

EXECUTIVE DIRECTION

Between July 2009 and April 2010, Embassy Kathmandu had five chargés d'affaires, including a brief period when an acting DCM became the chargé for a short period, and two acting DCMs. After the first chargé, each new chargé required briefing materials, welcome memoranda, and suggestions for courtesy calls. Each round of courtesy calls demanded updating briefing memoranda.

Each of the chargés is credited in the Department and embassy with having done what was expected and having done it very well. Embassy Kathmandu's staff is justifiably proud of its achievements during this period. Several embassy officers noted that the embassy accomplished much, despite the lack of consistency at the top. As one officer put it, "You might have thought the constant changes in leadership would hurt mission performance; we were remarkably successful."

Nonetheless, the revolving door leadership in the front office was not without cost. Important management policy changes were put off, awaiting the arrival of the new Ambassador and permanent DCM. Public diplomacy staff encouraged chargés to minimize their interaction with the local media, who were confused by the changes in embassy leadership and were more likely to focus on the lack of a consistent messenger than on the message. Communication with each chargé and acting DCM was different, some wanting information transmitted to the front office in writing, others preferring to have more meetings. With constantly changing requirements, important issues and problems needing front office attention sometimes were lost in the shuffle.

The process of consolidating all U.S. Government diplomatic, development, and public diplomacy efforts, made possible by collocation of mission staff on a single compound, stalled. The MSP-based working group process, put in place by the then-Ambassador in 2008, became less able to effect interagency coordination and cooperation. Some in the mission told inspectors they felt that an "us versus them" (USAID vs. the Department) atmosphere had developed in the absence of a permanent ambassador. While working-level relationships between the two organizations remained intact, the senior leadership of USAID reportedly took advantage of the rotating chargé situation to make decisions without coordinating with other agency interlocutors who were also involved. Within the management section, efforts to finalize small consolidation issues with USAID faltered, resulting in some anomalies discussed later in this report.

The entire mission felt relieved when the new, full-time Ambassador finally arrived in mid-April 2010. Likewise, the arrival of a new DCM for a full tour of duty, in early July 2010, is eagerly awaited. The Ambassador already has made his presence felt, both within the mission and more broadly. He has improved embassy communication processes and created new habits for reporting issues to the front office. The embassy now has a clearly identified spokesperson. The Ambassador is engaged in travel and representation activities, which have raised the profile of U.S. policies and programs. There is also a greater sense of mission and cohesion. Still, there is much yet to be done.

Some initiatives were still on hold at the time of the inspection, pending the arrival of the DCM. Some lingering issues have been resolved only because the Ambassador became aware of them, not because they were brought to his attention. The working groups based on the Mission Strategic and Resource Plan (MSRP) continue to meet, augmented by other, issue-specific working groups (food security, global health, counterterrorism, and law enforcement); these goal-oriented meetings do not have their previous sense of purpose and regular engagement by mission leadership. Not all working groups are accomplishing their information sharing goals. For example, minutes of working group meetings are not available to all American staff with a need to know. The mission includes local staff in working groups to an extraordinary degree. The local staff provide needed context about Nepal's tumultuous politics, but their regular presence in working group meetings appears to inhibit a full flow of communication among Americans in some instances. Working groups tied to a strategic plan (which may be separate from the Department-driven annual planning process) have proven to be effective mechanisms to coordinate efforts across all sections and agencies of a mission. Embassy Kathmandu has not determined the most effective way to advance U.S. interests in Nepal.

Recommendation 1: Embassy Kathmandu should review its current working group structure and strategic plan; determine whether that structure can accomplish effective interagency coordination and communication; adjust or realign working groups according to that determination; and schedule regular front office participation in, or oversight of, working groups. (Action: Embassy Kathmandu)

Overall, morale among Americans and Nepalis working in the mission is high. New officer recruitment for this 25 percent hardship allowance assignment is relatively easy. The embassy, for instance, had officers and specialists identified and ready to fill positions on the first day that its 2010 vacancies opened. Over half of the new section leaders who arrived in 2009 have sought and won extensions of their tours

of duty to 3 years. The Office of Inspector General (OIG) team asked mission staff what contributed to good morale. Many thought it was a combination of the right people in the right place at the right time. Several commented, “We get along,” and those who were most unhappy and vocal about their dissatisfaction are gone. Others gave credit to former embassy leaders and interim leaders who paid attention to morale, including active interest in and engagement with families. The OIG team determined that the new, spacious, and seismically sound work place added to the staff’s morale.

Beginning in 2008, mission leadership recognized that nearly all locally employed staff were members of elite and high-caste ethnic groups. Few among the mission’s local staff came from other parts of Nepali society. With encouragement from embassy leadership, USAID commenced a training program for promising candidates from the country’s untouchable class, and one has won placement with a USAID partner while another has joined the embassy staff. The embassy also sought more aggressively to recruit applicants for local staff vacancies from more diverse strata of Nepali society. The Department acknowledged the embassy’s diversity efforts by selecting the human resources officer as runner up for Equal Employment Opportunity (EEO) accomplishments worldwide in 2009.

Embassy Kathmandu has 15 Department and 5 USAID entry-level professionals (ELP). Under the previous Ambassador, programs for ELPs were both frequent and formal. In the interim between ambassadors, activities were more ad hoc and driven by the interests of the ELPs themselves. The acting DCM acknowledged that front office attention to the program had not been as strong as it should have been in this period. With the arrival of the new Ambassador, who oversaw the Department’s entry-level officer training and assignments program before coming to Kathmandu, there is renewed front office interest in a strong ELP program with regular involvement from the Ambassador and DCM. The mission’s ELPs welcome this interest, while also hoping to sustain their “ownership” of the program.

The mission has a strong and respected regional security office that sustains an effective residential and workplace security environment. Successive chargés and the new Ambassador have been committed to ensuring the safety and security of the mission. In anticipation that a devastating earthquake is a real and likely danger, the mission has focused efforts on earthquake preparedness. Even before the 2010 earthquakes in Haiti and Chile, the Kathmandu mission could cite achievements in earthquake planning, preparation, and briefings of mission staff and the American citizen community. (See management and consular sections below and classified

annex for further details.) The mission's success on this tactical level is impressive, but it also needs, and embassy leaders are developing, a "big picture" strategy that addresses the many disparate aspects of dealing with a post-quake situation.

The mission has an active and well focused public diplomacy program. Recognizing that Nepal has a youthful population and that a majority of Nepalis live outside the Kathmandu Valley, the public affairs section (PAS) has given a high priority to reaching out to these groups. There are five American Corners, including one opened in the far southwest corner of the country during this inspection. With guidance from an experienced and thoughtful information officer, the Ambassador has engaged frequently with the Nepali media. Through these efforts, as well as visits to U.S.-supported development and public outreach sites, the Ambassador is communicating effectively with a population that is relatively sympathetic to U.S. views and policies. The FY 2012 MSRP has a separate public diplomacy goal paper. At the time of the inspection, PAS had drafted a strategy implementation plan for the Ambassador's consideration.

Embassy Kathmandu's FY 2012 MSRP arrived in Washington as the current Ambassador made his way through the confirmation process. In addition to continuing the FY 2011 MSP's goal papers for public diplomacy, consular affairs, and management, the FY 2012 MSRP expanded from four to five, the number of goal papers on political, economic, and development-related topics. The entire mission engaged in preparing the document. While the Bureau of Resource Management had not had an opportunity to fully review the embassy's just-arrived FY 2012 MSRP submission at the time of the inspection survey in April, the plan's emphasis on "green" initiatives received favorable notice.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL-ECONOMIC SECTION OVERVIEW

A combined political-economic section is generously staffed and well equipped to handle the interesting political landscape in Nepal. In addition to political and economic reporting officers, the political-economic team includes the refugee affairs section; the environment, science, and technology hub for South Asia; and a Department of Justice police liaison position. The high morale and cohesiveness in the section is directly attributed to the leadership and supervision of a mid-level section chief. Staff interaction among Americans, local employees, and family member employees is impressive and aided by the section chief's daily stand-up meetings with American staff, and weekly section meetings that include all of the section's American officers and local employees. The result is that each member of the political-economic team knows which issues are important to their colleagues and can contribute to the broader political and economic dialogue. One local employee described it as a "team in the perfect sense."

Information sharing is expected, and the OIG team observed this at work on several occasions. The section actively engages with PAS and with USAID on key issues. "Talk and Tea" sessions—designed, named, and organized by the political-economic section and often conducted in partnership with other mission sections or agencies—have served as opportunities to take advantage of local persons of interest, visitors to Nepal, and the interests of political-economic team members. One of the interns in the section was particularly pleased that the political section chief and the Ambassador allowed him to create a Talk and Tea program that he identified from one of his contact meetings. That highly publicized Talk and Tea, which featured Nepal's first openly gay member of the Constitutional Assembly, occurred during the OIG team's inspection and generated positive press commentary on a once taboo subject.

Reporting and Analysis

The political-economic section received generally good marks on its reporting from Washington interlocutors. The section uses a daily, official-informal email to transmit issues that do not rise to the level of importance for a cable, or to report

important issues that are followed up later with a formal cable. However, the section has relied too heavily on these email messages, which are neither widely distributed in the Department nor disseminated to other interested agencies. The OIG team suggested using official-informal email messages as the basis for a regular, comprehensive cable with a wider circulation. The political-economic chief immediately turned this suggestion into action, creating and sending such a cable during the inspection. He also announced to the country team that the section will prepare such a message each Friday, summarizing issues reported in official-informal emails and including a preview of the week ahead.

Economic/Commercial Reporting and Outreach

Nepal is one of the poorest countries in the world. Nearly half of its exports—mostly agricultural products—go to India, and more than half of its imports come from India. Exports to the United States are primarily carpets and textiles; few U.S.-made products reach Nepal, with the exception of occasional exports of capital goods, such as aircraft. With its high mountains, forests, flora, and fauna, Nepal is a popular destination for American tourists. Corruption and a weak tradition of entrepreneurship are deterrents to investment. Several American officers and one local staff member in the political-economic section have aspects of economic and commercial work in their job requirements. The local staff member, in particular, is experienced, thoughtful, and well connected as he carries out a substantial part of the section's daily economic/commercial reporting and outreach.

While there are few opportunities for commercial promotion, the embassy has identified hydroelectric power development as promising. Nepal has exploited only about 1 percent of its hydroelectric power potential, even though the country suffers hours of “load shedding” (or rolling blackouts) daily, and neighboring India, with its own power deficit, offers a large potential market. The embassy is implementing a strategy that includes a series of cables to Washington, outreach to American businesses through the Foreign Commercial Service office in New Delhi, and other advocacy efforts designed to bring Nepal's potential to the attention of U.S. firms working in the hydroelectric sector. Both the mission's target and approach appear to be appropriate in this limited market for U.S. goods and services.

Environment, Science, and Technology Hub for South Asia

Embassy Kathmandu hosts the environment, science, and technology hub for South Asia. At the time of the inspection, the mid-level Foreign Service officer position had been vacant for a year, and a new officer was not expected for another

3 months. The hub staff also includes two local staff members, the most senior of whom is known and respected by experts throughout South Asia. In the absence of a full-time American officer, the political-economic section chief has provided oversight to the local staff, which makes important contributions to the mission's reporting and outreach on environmental and climate change issues. The senior local staff member estimated that the hub currently puts about 25 percent of its effort into Nepal issues, and the remainder into regional issues. Mission leaders appreciate that, should Embassy Kathmandu receive funds as part of the Presidential initiative on climate change, or should the mission determine that environmental issues require a higher priority, the 25/75 division of the hub's time allocation will require reevaluation.

Trafficking in Persons and Labor Issues

The political-economic section does the standard reporting on trafficking in persons and on labor issues, especially focused on the child labor problem. The Office to Monitor and Combat Trafficking in Persons (G/TIP) has funded a number of programs in Nepal, which are awarded and managed in Washington. Although G/TIP provides the embassy with an opportunity to comment on and rank all bilateral applications received, G/TIP funding decisions are made in Washington following an interagency review panel that includes SCA. However, there has been insufficient follow-up communication, and these decisions have not always been communicated to the embassy by SCA or G/TIP. In a few cases, the embassy received first notification of the award from the grantee. G/TIP has sent cables describing each of the awarded grants and requesting that post visit and report on the projects, but, in some cases, G/TIP did not forward copies of signed grants until the embassy made requests. G/TIP has made no recent site visits, although the office remains responsible for the grants administration.

In some cases, the organizations that G/TIP works with are excellent; but communication and coordination between G/TIP and the embassy has been weak. In contrast, the Bureau of Democracy, Human Rights and Labor works closely with the embassy to develop and monitor programs in Nepal that target important labor issues, including projects that tie directly into the embassy's democracy and governance goals.

Recommendation 2: The Office to Monitor and Combat Trafficking of Persons, in coordination with the Bureau of South and Central Asian Affairs and Embassy Kathmandu, should establish a more robust coordination and reporting program to monitor trafficking-in-persons projects in Nepal. The program should include a schedule for annual grants officer site visits, and prior to grant award the program should establish mutually agreed upon monitoring responsibilities for future trafficking-in-persons programs. (Action: G/TIP, in coordination with SCA and Embassy Kathmandu)

Refugee Affairs

The refugee coordinator in Embassy Kathmandu handles refugee issues in Nepal, India, and Sri Lanka. The two largest and most important issues are Nepali-centered — the resettlement of Bhutanese refugees and issues involving the movement of Tibetan refugees through Nepal to India. At present, the refugee coordinator reports to the political-economic chief for performance evaluation purposes, though he does not consider the political-economic chief to be his “supervisor.” Reduced front office attention to refugee issues during the period of rotating charges has left the refugee coordinator reporting information to Washington but not always circulating it for clearance or information within the embassy. By all accounts, the refugee coordinator is handling these important issues well, but the lack of a clear supervisory and reporting chain creates confusion. The OIG team made an informal recommendation that the embassy clarify the supervisory relationships.

Law Enforcement

Under the FY 2012 MSRP Goal No. 1, four of five short- and medium-term objectives involve the Nepal Police or Nepal’s Armed Police Force. After a decade of internal violence and political turmoil, the embassy is focused on rule-of-law issues and building capacity and professionalism within the police forces. These forces, whose actions are crucial to maintenance of law and order, are also receiving training and assistance with security planning for upcoming elections. In FY 2009, the Bureau of International Narcotics and Law Enforcement Affairs funded police programs totaling over \$1 million. In FY 2010, expenditures for these programs will be over \$3 million. The mission is also wrapping up a \$10 million FY 2007 National Defense Authorization Act section 1207 program, \$3.8 million of which has been used for police-related rule-of-law activities and rebuilding police infrastructure.

An energetic and effective Department of Justice representative, who has his office space in the political-economic section and attends political-economic staff meetings, serves as the contracting officer's representative for Department of Justice programs and provides oversight and inspection services for Bureau of International Narcotics and Law Enforcement Affairs-funded police programs.

PUBLIC DIPLOMACY

PAS is a well-managed section, with a clear sense of goals and priorities and a strong public diplomacy program. This achievement is particularly noteworthy, because for 7 months (December 2009 through June 2010), the public affairs officer served as acting DCM, and the information officer led the section. The drop from three officers to two put a strain on PAS's ability to carry out its ambitious program expansion plans, but it succeeded in carrying out several significant initiatives, including a new outreach program to Muslims and the opening of a fifth American Corner. One area of weakness, however, is grants management and documentation.

The Ambassador actively supports and participates in public diplomacy. Cooperation is generally good between PAS and other embassy sections and agencies. For example, PAS hosts collaborative speaker events with the political-economic section and works with the consular section on Web chats and radio programs about visa issues. Since 2007, PAS has been colocated within the embassy, after previously working from a separate facility. Colocation has fostered closer cooperation through issue-oriented working groups and has made budget and management coordination easier. However, the embassy location has made programming more difficult, especially in the evenings, and the small size of the library limits its ability to serve the public.

Strategic Planning

At the time of the inspection, PAS had written a strategic communications plan for Nepal to tie its efforts together and make the argument for additional resources; the plan, which SCA had requested, was still in draft form. Derived from the MSRP, it focused strongly on the goal of establishing long-term political stability and the programs and additional resources needed to carry it out; and outreach efforts that would target youth, Maoists, Muslims, women, and other disenfranchised groups. The draft plan still needed to incorporate additional elements of the mission's strategy, including its development goals and role in the administration's key initiatives.

Outreach

In a country with a median age of 20.8 years and increasing demands by ethnic minorities for a say in the country's governance, PAS is focusing its outreach efforts on these groups. It has initiated several programs but will need additional resources to do more.

In December 2009, PAS inaugurated a special outreach program to Muslims who make up between 3 and 9 percent of the Nepali population, and with whom the embassy had not previously had much public diplomacy contact. Conducted in partnership with a teacher educator society, the initiative reached about 3,000 persons in 19 communities throughout the country. During each visit, embassy representatives met with Muslim teachers, students, local youth, and community leaders to educate them about U.S. society, culture, and values, using President Obama's Cairo speech as a focal point and distributing translations of the speech. Reception was positive, and PAS plans to follow up this initiative with a digital videoconference on Muslim education in the United States.

PAS conducts outreach to Nepal's disadvantaged regions through its strong American Corners program, which has tripled its programming in FY 2009, compared to previous years. The five American Corners (called "community information centers") provide resources on American culture and study in the United States that are otherwise unavailable in local libraries and educational institutions. One of the keys to success has been the selection of strong partner institutions. Because Nepal lacks a strong library system and universities tend to be politicized, PAS partnered with local chambers of commerce for three of the Corners. The entire embassy supports the American Corners: embassy officers make frequent visits, the mission hosts conferences and USAID-sponsored events, and speakers discuss issues related to policy goals. PAS also encourages the Corners to organize their own programs on American society and culture. PAS sponsors an annual meeting of American Corner directors at which they exchange ideas and experiences. To build local support for the American Corners, PAS also has invited officials from the host institutions to attend the first 2 days of the annual meeting.

To reach the young population, PAS has sponsored programs on hip-hop and Broadway music. The section used YouTube to encourage young people to participate in the Department-sponsored Democracy Video Challenge — an international contest that Nepali entrants have won for 2 years in a row. PAS also manages an active embassy speaker program that sends speakers to schools and other organizations about twice a month. There has been widespread participation from members of the embassy staff, and the demand is high from Nepali organizations.

The embassy, with Washington approval and support, is making a concerted effort to engage the Maoists and their supporters with exchanges, conferences, and other programs made possible through special funding from the SCA.

Outreach efforts would be more effective if there was a mission-wide contact database. PAS keeps its contacts in a Microsoft Excel spreadsheet. The Information Resource Center and the exchange program staff use Microsoft Outlook for electronic outreach. Fulbright alumni contacts are saved in a Microsoft Word document, as is the mailing list for the *English Teaching Forum* magazine. The protocol assistant keeps her contacts in Outlook and the July 4 event invitation list (1,100 names) in an Excel spreadsheet.

The embassy had installed the contact database 3 years ago and sent employees to Frankfurt for training, but embassy staff did not use the database. At the request of the front office about a year and a half ago, a newer and updated version was installed, but again, no one used it. Embassy leadership has not made a strong push for its use. Without a contacts database, putting together guest lists is more difficult, outreach is less efficient, different embassy sections may be duplicating work, and key contacts may be lost as staff depart and new ones arrive.

Recommendation 3: Embassy Kathmandu should enter its key contacts into the contact database and use it, embassy-wide, for all guest lists, outreach, record-keeping, and other appropriate functions. (Action: Embassy Kathmandu)

Education and Exchange Programs

PAS works closely with the Nepal English Language Teachers Association to support the teaching of English throughout the country. One noteworthy initiative is “English by Radio,” a weekly 15-minute program produced locally in cooperation with an FM radio station, the teachers association, and the English language fellow.

Best Practice: English by Radio

Issue: Many Nepalis want to learn English, but their access to teaching materials on the spoken language is limited, especially in poor and geographically remote areas. Internet penetration in Nepal is low, but most Nepalis have access to radio.

Response: With funding from the Regional English Language Office and its own program budget, PAS provided a grant for the production and broadcast of “English by Radio,” a weekly 15-minute radio program on conversational English. Produced locally by Radio Sagarmatha, a community FM radio station, in collaboration with the Nepal English Language Teachers Association and the resident English language fellow, the program went on the air December 25, 2009. A popular Nepali singer introduces each episode in Nepali, followed by a conversation in English with explanations of key points. PAS has sponsored more limited versions of this type of program since 2006; the current series will include 52 episodes.

Result: The popular program, broadcast Friday evening and repeated on Sunday afternoon, reaches an audience estimated at 750,000 in all parts of the country. When the series concludes, the sponsors will be able to develop the audio recordings and scripts into teaching materials for further use.

The Fulbright program has a long and successful history in Nepal, and Nepali candidates have been highly successful in recent years in competing for worldwide Fulbright and Humphrey program slots. The binational Fulbright board is part of the U.S. Educational Foundation in Nepal, which also houses Nepal’s only Education USA student advising center. The advising center, a bright and busy place, provides accurate information in a country where there are large numbers of fraudulent agents and unethical practices, and where other countries vie for student business. According to the most recent Open Doors report, more than 11,000 Nepali students were studying in the United States in 2008-2009, a record number that made Nepal the 11th largest source of foreign students in the United States. The center increased its outreach efforts in 2009, and has a strong and cooperative relationship with the embassy’s consular section.

However, the advising center saw a 34 percent drop in its numbers of students in 2009, because Australia and the United Kingdom loosened their visa regulations, prompting a surge of Nepali students to those countries. Although the center

remained one of the busiest in the region, with prospective students making over 32,000 visits in 2009, declines in revenue from services provided to visitors, combined with continuing declines in income from its testing operation due to the Educational Testing Service's move to Web-based testing, caused a 22 percent drop in the advising center's revenues in 2009. The center's budget benefitted from a \$30,000 grant from the Bureau of Educational and Cultural Affairs. It expects revenues to rise again in 2010, since the United Kingdom and Australia have once again tightened their student visa regulations.

Information Outreach

Nepal has a large and active free press, with almost 500 publications, a dozen television channels, and almost 200 radio stations in regular operation. The PAS press office manages the embassy's contacts with the news media, and cooperation is good with other sections and agencies, including USAID. The press office produces a daily compilation of key news items. However, the embassy has not distributed a mission-wide press policy since December 2008. With the arrival of the new Ambassador, a new version of the press policy is in the works. The OIG team made an informal recommendation to complete and issue it.

PAS has the equipment to hold digital videoconferences, but has only conducted just one or two a year. One reason is the time difference with Washington; the programs would have to take place after working hours, which increases security issues and cost. The OIG team made an informal recommendation to take more advantage of this public diplomacy tool.

The addition of an embassy translator, who sits in PAS, has helped to increase the amount of information available in Nepali. Unfortunately, the Bureau of International Information Programs' content management system, which PAS uses for the embassy's Web site, does not take Nepali text, so the webmaster has to type in Unicode and convert documents to PDF files for Web posting. Nevertheless, the embassy Web site includes Nepali translations of a number of key documents and "news from the embassy" articles. There is no indication on the home page as to which of these articles have Nepali versions; Web site visitors have to click through to the main article to see the link to the translation. Also, the Nepali-language link on the secondary page simply says "in Nepali," but does not indicate what the article is about. The OIG team made an informal recommendation to make the Nepali links more visible and informative. In addition, visa information on the Web site is only in English, although the embassy is in the process of translating it into Nepali. The OIG team informally recommended that the embassy carry out this effort.

One missing feature of PAS's outreach to youth is a strong social media presence. Although Internet penetration is very low, the Nepalis who do use social media are the target youth audience. The section uses YouTube and has a Twitter feed with about 500 followers, which it uses primarily to alert people to programs and items on the embassy and Department Web sites, but at the time of the inspection it did not have an embassy Facebook page. The webmaster had developed a model Facebook page but PAS had not taken it live because the section lacked sufficient staff to properly maintain it, including updating it several times a day and responding to postings. During the inspection, PAS received word of a funding increase to cover the creation of an additional local staff position for social media. It planned to hire the person and publicly launch the embassy Facebook page simultaneously with a new USAID Nepal Facebook page and the public announcement of the Ambassador's Facebook page. The OIG team counseled the staff on the importance of cross-linking these pages and using them to support each other.

Information Resource Center

Located within the embassy near the entrance is a public-access library with a collection of 7,000 books, more than 200 DVDs and videos, and 9 public-access computers. Cooperation between the regional security office and PAS has facilitated the entrance of visitors to the library while still maintaining security. Since the move from a separate compound to the embassy in 2007, the library staff has conducted an intensive outreach effort to encourage people, especially those aged 18 to 35, to use the library. It attracts about 80 to 100 patrons a day, which is more than libraries in comparably-sized posts in the region. Use of all materials and computers is free, but there is a small membership fee if patrons want to check books out. Although the *Foreign Affairs Manual* does not allow libraries to charge members a fee for use of the Information Resource Center, the Bureau of International Information Programs' rules do allow missions to charge a membership card processing fee. The OIG team explained the distinction.

The library's main drawback is its small size, which limits the number of programs and visitors it can host. Its location within the embassy also makes evening programming difficult. The embassy's strategic communications plan includes a proposal to lease an existing building for use as an off-site, centrally located American library in Kathmandu that would attract a young audience and facilitate night and weekend programming. PAS estimates start-up costs at \$300,000 and annual rent at \$60,000. PAS would also need to hire for several new local staff positions.

Administrative Issues

An unusual aspect of the PAS cultural staff structure is that a cultural assistant reports equally to two locally employed staff cultural specialists. This sometimes gives rise to conflicting demands. At the time of the inspection, PAS leadership was rewriting the position description so that this position would report directly to the cultural affairs officer. The OIG team endorsed this change.

CONSULAR AFFAIRS

The consular section in Kathmandu is doing an outstanding job meeting its goals, while operating under a significant amount of stress. Growing visa demand from Nepalis has led to a sharp increase in staffing in the past 10 years. American citizens services are especially difficult in Nepal. Given the remote locations in which thousands of Americans trek in the Himalayas, any single case can involve dozens, if not hundreds, of hours of staff time. The issues involved with adoptions of Nepali children by American citizens are especially complicated and sensitive, and there are indications that the number of such cases could rise dramatically in the near future. If that happens, the section will be severely challenged to handle the increased workload. The two consular managers, both of whom arrived in 2009, have made several important changes to improve day-to-day operations of the section, tighten management controls, report on and manage the adoption issues, and improve crisis management preparations.

The OIG team identified two areas in which internal communication within the section can be improved. First, managers should attend unit meetings, which were being held only among the locally employed staff and the entry-level officers. Second, managers should reorganize the allocation of work and positions among the units of the section, and change the supervisory relationships between officers and locally employed staff. The OIG team informally recommended both of these changes, and the consular managers immediately took steps to implement them. With the changes, the generally good morale in the section can be excellent.

A Growing Visa Workload

In 2000, the consular section had 2 American officers and 3 local employees. In 2010, it has 7 American officer positions and 19 locally employed staff positions. One of the American positions was approved by the Department shortly before the inspection; the Department is in the process of filling it. Most of the staffing

increases in the last 10 years were made to meet an increased demand for visas, the increasing complexity of visa processing, and the need to increase vigilance against visa fraud. Nonimmigrant visa adjudications of 28,404 visas in 2009 were more than double the caseload in 2000. However, the number in 2009 was down 18 percent from 2008, following increases in 2006 (up 42 percent) and 2007 (up 23 percent). The recession in the United States probably led to the decrease in 2009, as Nepalis perceived fewer chances of finding work there; normally, many nonimmigrant visa applicants intend to work in the United States, leading to the over 60 percent visa refusal rate. As economic conditions in the United States improve, the demand for nonimmigrant visas in Kathmandu is likely to resume the pattern of recent years, with significant increases.

Immigrant visas, which are more labor-intensive to process, increased at a faster rate. In 2000, consular officers adjudicated 247 immigrant visas. In 2009, they adjudicated 2,592. As more Nepalis settle in the United States and petition for their relatives to join them, the immigrant visa workload in Kathmandu will continue to increase.

In the special category of refugee and asylum cases, the consular section has experienced an especially sharp rise in workload. In 2000, the section handled 73 cases of family members following to join someone who had been granted asylum in the United States or who had entered the United States as a refugee. In 2009, the section handled 860 such cases. This large increase reflects the desire by many in Nepal to escape the violence that took place during the Maoist insurgency, as well as the large number of Nepalis who are refugees from Bhutan. Approximately one-third of the refugee and asylum seekers are Tibetans. One of the entry-level officer positions in Kathmandu is Tibetan language-designated, and the person in that position is assigned to oversee the adjudication of these refugee cases, although all the officers share in conducting adjudications.

The consular section processes visas efficiently. Appointments for nonimmigrant visa interviews are made by a local bank, which also collects processing fees. The backlog in appointments usually is only a few days, although in summer, the busiest time of the year, the backlog can sometimes be up to 10 days. The two managers regularly spend an appropriate amount of time assisting the entry-level officers in adjudicating visas. All officers are trained in Nepali or Tibetan and are able to conduct interviews in those languages.

Prevalence of Visa Fraud

The high amount of fraud in visa work, including adoption cases, led to the creation of a fraud prevention unit staffed by two local employees. Both consular managers have experience in such work and provide strong supervision of the unit. Much of the fraud prevention work involves field visits, which consume considerable time and staffing resources. As much as possible, an officer accompanies local employees on each field visit. Almost every adoption case has to be investigated, given the high amount of fraud suspected in such cases. Any dramatic increase in the number of adoption cases in the near future would strain the resources of the fraud prevention unit. Another special problem category involves applications by servants of Nepali diplomats. Many of these applicants are suspected of intending to do other work once they are in the United States. The investigations of these cases take considerable time.

Fraud prevention work in Nepal is complicated by high levels of corruption, inadequate transportation and communication infrastructures, and frequent political turmoil. Travel within Nepal is challenging; there is always the potential for violence by armed groups, and political strikes can be called on short notice.

The unit has performed several good validation studies in recent years, and the consular section has produced reports on them, including lessons learned, for the Department. DNA testing is done on about 5 percent of all immigrant visa cases, as relationship fraud is less prevalent in Nepal than it is in some neighboring countries. The DNA samples now are collected in the consular section, as is required worldwide by the Department, but this is not a problem for the section since there is adequate window capacity and space.

Due to the high levels of visa fraud, the embassy succeeded in obtaining approval from the Department to create an assistant regional security officer-investigator position. This officer, scheduled to arrive later in 2010, will assist in developing contacts within the Nepali law enforcement community, with the goal of prosecuting visa fraud cases. The OIG team commends the embassy for being proactive in getting this position approved. This officer will work in the consular section, but currently there is no enclosed office for him to conduct sensitive law enforcement work. The consular section has sufficient space to allow for the construction of such an office.

Recommendation 4: Embassy Kathmandu, in coordination with the Bureau of Consular Affairs and the Bureau of Overseas Buildings Operations, should develop and implement a plan to build an enclosed office in the consular section for the new assistant regional security officer-investigator position. (Action: Embassy Kathmandu, in coordination with CA and OBO)

American Citizens Services Challenging in Nepal

It can be extremely challenging for the embassy to assist American citizens in Nepal. Thousands of American citizens visit Nepal each year, often to trek in the Himalaya Mountains. While the vast majority of such trekkers do not experience any serious problems, a small number do. Nepal has very few roads, especially in the mountains where most tourists go. Trekkers often can be days, if not weeks, away from the nearest road. If an American is injured or becomes seriously ill on such a trail, the embassy may need to arrange for a helicopter to fly them to Kathmandu for hospitalization. If an American is missing, it is a huge logistical challenge to organize search teams. Mountain climbing accidents, in which an American is either injured or killed, are also extremely difficult for the embassy to manage, in terms of communications and transportation. In cases involving the deaths of American citizens, the embassy often handles all arrangements for shipping the remains to the United States. Since Nepal is primarily a Hindu country and most people are cremated when they die, funeral homes do not exist in the country. Embassy Kathmandu is the only U.S. embassy in the world that has cold storage facilities for human remains.

Even one or two complicated cases can require hundreds of hours of staff time to resolve. Because of their complexities, these cases also demand hands-on management by the experienced consular managers. Embassy Kathmandu has a record of providing excellent services to American citizens, and the current consular officers and locally employed staff have continued that tradition.

Proactivity on Emergency Preparedness

The consular section has made excellent contributions to embassy-wide efforts to prepare for the strong likelihood of a major earthquake in Kathmandu Valley. All American citizens who register with the embassy are given an emergency preparedness booklet and are encouraged to register their Global Positioning System coordinates with the consular section, so that they can be located in the event of a disaster. The section has mapped the coordinates. The embassy has also developed the capacity to send warden messages by text messages as well as by email. Rally points

have been designated as part of the warden system in the valley, and kits containing satellite phones, Global Positioning System units, first aid kits, and other emergency equipment are ready for each of the rally points. The embassy conducted a town hall meeting for American citizens, after the earthquake in Haiti, to discuss how the embassy and the American community would work together in the event of such a disaster in Nepal.

Serious Problems with Adoptions in Nepal

Issues surrounding adoptions of Nepali children by American citizens have increasingly become a major bilateral issue between the United States and Nepal. The Hague Conference on Private International Law released a report earlier in 2010 that detailed a number of weaknesses in Nepal's adoption system, including false documents, improper financial gains, and a lack of child protection systems. In a recent case investigated by the consular section, the consular employees found that the adopted child was not an orphan and that the birth parents, who had not released the child for adoption, were actively looking for the child.

The embassy continues to meet with officials of the Government of Nepal to discuss the current status of intercountry adoptions in Nepal. The consular section has reported extensively and thoroughly to the Department on all such discussions and has participated in numerous exchanges with the Department and other agencies in Washington on the problems in Nepal and the U.S. Government's options in managing the situation. During the inspection, the Department released an updated adoption alert for American citizens that "strongly discourages prospective adoptive parents from choosing adoption in Nepal."

Many of the other major Western embassies in Nepal have suspended all processing of adoptions from Nepal because of their concerns about fraud. The Government of Nepal recently announced plans to release hundreds of children for intercountry adoption in 2010. As the United States is one of the few countries still processing such adoption cases, there is a strong possibility that Embassy Kathmandu could experience a large increase in adoption cases in 2010. Each case must be investigated, and investigations require field work that can take months to complete, an eventuality that could overwhelm the resources of the consular section. The embassy has alerted the Department that it would need temporary assistance if the above scenario occurs.

The consular section staff has continued to work closely with American citizens who hope to adopt Nepali children. These issues are highly emotional and sensitive, and the OIG team commends the consular staff, both Americans and local employ-

ees, for their patience, helpfulness, and compassion in working with the prospective American adoptive parents. The OIG team also determined that the embassy is providing outstanding reporting, analysis, and advice to the Department on this complex issue.

Visa Referrals Properly Handled

Embassy Kathmandu is properly handling visa referrals in accordance with the worldwide visa referral policy. The two consular managers adjudicate all visa applications that have referrals. There is no waiting time for an applicant to get an appointment. The consular section chief ensures that all American employees are briefed on the program before they are authorized to submit a referral.

Visas Viper Program Needs Reinvigoration

The Visas Viper program has not been strong in Embassy Kathmandu. During the 6 months before the inspection, the embassy had no submissions for the program. The Visas Viper committee had been meeting each month, and the consular managers had briefed the other members of the committee on the purposes of the program. The OIG team discussed this situation with various members of the committee and also with the Ambassador. The Ambassador assured the OIG team that he will take steps to reinvigorate the program.

RESOURCE MANAGEMENT

Agency	U.S. Direct-hire staff	EFM	U.S. Local Hire Staff	Foreign National Staff	Total Staff	Total Funding FY-2010
Dept. – Diplomatic & Consular Programs	22	3	-	14	39	\$1,767,936
Dept. – Machine Readable Visa & Diversity Visa	5	3	-	13	21	584,254
Dept. – Int’l Cooperative Admin. Support Services (ICASS) - Traditional	7	8	1	186	202	6,089,600
Dept. – ICASS - OBO	-	8-	-	-	-	567,900
Dept. – ICASS - Local Guard Force	-	-	-	133	133	1,473,800
Dept. – Public Diplomacy	3	1	-	14	18	701,195
Department – Diplomatic Security	4	1	-	102	107	1,908,224
Dept. – Marine Security Guard	6	-	-	3	9	86,250
Dept. – OBO	1	-	-	-	1	1,111,672
Dept. – Representation	-	-	-	-	-	38,200
Defense Attaché Office	4	-	-	1	5	155,524
Office of Defense Cooperation	1	-	-	3	4	169,000
Dept. of Defense – International Military Education and Training	-	-	-	-	-	900,000
Foreign Military Financing	-	-	-	-	-	800,000
Security Sector Reform	-	-	-	-	-	235,000
Library of Congress	-	-	-	2	2	

RESOURCE MANAGEMENT (CONT'D)

USAID – Operating Expenses	11	-	-	22	33	2,945,000
USAID – Development Assistance*	5	-	6	31	42	52,000,000
Dept. of Justice	1	-	-	3	4	1,413,000
Dept. of Health & Human Services – Centers for Disease Control	1	-	-	-	1	75,650
Dept. – Bureau of Population, Refugees and Migration	1	-	-	2	3	140,000
Totals	72	16	7	529	624	\$73,162,205

*Includes Economic Support Funds in the amount of \$27 million and Global Health and Child Survival funding in the amount of \$25 million.

MANAGEMENT OVERVIEW

The management section at Embassy Kathmandu has done a good job of providing support across the entire range of management operations. The section's management officer has been supported by strong unit managers in human resources/financial management (HR/FM), general services, facilities management, and information management. However, a large turnover in summer 2010 means that only two of these managers—the second-tour assistant general services officer (GSO) and the third-tour facilities manager—will remain. The incoming staff includes both experienced and first-time or first-tour officers.

Almost immediately after arriving in Kathmandu, the management officer began serving as the acting DCM. It was 5 months before he returned to the management office full-time, and another 4 months before the new Ambassador arrived. What has been termed a “revolving door of chargés” was difficult for the management section. A number of policies and decisions, including a very contentious housing board appeal, were put on hold until the Ambassador's arrival. This delay in making some admittedly difficult decisions has had a negative effect on the morale of some employees.

Although the management section functions smoothly overall, some officers inside and outside the section noted a lack of communication and follow-up by the management officer. The management officer was praised for his interpersonal skills and support, and for not micromanaging. At times, however, he failed to provide necessary guidance and oversight.

Despite the challenges, the 2010 International Cooperative Administrative Support Services (ICASS) customer satisfaction survey score for overall ICASS services was above the SCA and worldwide averages, and is higher than in previous years. In addition, Embassy Kathmandu scored above the SCA and worldwide averages in 23 of the 28 individual ICASS cost centers. If these high scores are to continue, the incoming supervisors will require a higher level of mentoring than has been evident in the past.

Earthquake Preparedness

As noted in the Executive Direction section of this report, the Kathmandu Valley is in an active earthquake zone, with major earthquakes recorded approximately every 75 years. The last major quake was in 1934. Embassy management takes earthquake preparedness seriously, and provides semiannual training on earthquake safety to all embassy staff. This training is designed to prepare employees to respond

association does not yet exist. The emergency planning handbook emphasizes the importance of all embassy personnel participating in crisis planning. With a major earthquake expected in this country at any time, the importance of solidifying agreements between all entities before such an event occurs cannot be overstated. The OIG team made a formal recommendation regarding this issue in the classified annex of this report.

The information management unit has invested a great deal of time in preparing for a serious earthquake. Unit staff has developed detailed plans, positioned equipment, tested the alternate command center and satellite phones, scheduled weekly radio checks, and equipped with emergency programmed radios. They have procured disposable radio batteries in case of electric and generator outages. The unit purchased a remote communications (REACH) kit for satellite communications. Recently, the unit obtained approval for a portable classified communications (SHARK) kit.

FINANCIAL MANAGEMENT

Embassy Kathmandu's financial management office is doing an outstanding job providing services to its ICASS customers. An American HR/FM officer, on his third tour but first tour in finance, supervises 11 local employees in the financial management office. He departed the embassy for his onward assignment during this inspection. The locally employed staff is responsible for FY 2010 Department allotments of approximately \$14.3 million, and provides financial services to the Defense attaché office.

The 2010 ICASS customer satisfaction survey results showed an increase over 2009 in all five of the financial operations measured. Kathmandu outscored both the SCA and worldwide results for 2010. In fact, from 2005 onward, Kathmandu has consistently scored in the low- to mid-fours (out of five). This is due, in part, to a professional and extremely knowledgeable local staff, capably led by a financial specialist who is a member of the Foreign Service National Executive Corps. The financial specialist has certifying authority of up to \$20,000.

The class B cashier is experienced, knowledgeable, and well-trained. Cashier operations are in accordance with established financial management procedures and requirements. Monthly and quarterly subcashier reconciliations are performed as required. The cashier's accountability was decreased from to in September 2008. In November 2009, the Bangkok Financial Services Center proposed a

further decrease of Embassy Kathmandu justified keeping its accountability at until Nepal becomes less of a cash economy and electronic funds transfers become more widely accepted.

In addition to the standard information that one finds on all embassy intranet sites, the financial management office has posted both representation and overall funds status reports on the Embassy Kathmandu intranet page, as well as a “Where’s my Payment?” spreadsheet. All three are updated weekly to provide viewers with the latest information.

International Cooperative Administrative Support Services

The management counselor reports that the section enjoys generally good relations with the other agencies and the ICASS council. There are few contentious issues. The former chair of the ICASS council (the new chair was elected at the last meeting) and the chair of the ICASS working group, which also serves as the budget committee, echo this assessment. Important matters are discussed and resolved in either the working group or by email. For this reason, the recommended quarterly council meetings have not been held. The council met several times in 2009, but the meetings seem to be more ad hoc than regularly scheduled. The OIG team informally recommended that Embassy Kathmandu follow ICASS service center guidance and hold quarterly council meetings.

ICASS council and working group decisions and commitments appear to be made using email and are not recorded in formal minutes. The OIG team informally recommended that minutes of meetings be prepared, cleared, and maintained.

The ICASS council includes representatives of the Library of Congress and USAID, as well as the Departments of Defense, Health and Human Services, Justice, and State. The council is chaired by the Department’s consular section chief, elected to the position in March 2010. The council did not fulfill its responsibility to provide input for the management counselor’s evaluation. The OIG team made an informal recommendation to correct that oversight.

At its March 2010 meeting, the ICASS council agreed to establish a furniture and appliance pool effective October 1, 2010. This pool includes all agencies at post, with the exception of the Marine detachment commander and the Defense attaché office.

Department of State-U.S. Agency for International Development Consolidation

Kathmandu is designated as a Tier 1 embassy, or one where the Department and USAID were colocated in FY 2007. Thirteen of 15 administrative services have been consolidated; two others — motor pool and locally employed staff recruitment — are only partially consolidated. USAID has three drivers who are not part of the motor pool. While the ICASS human resources (HR) office handles all HR-related matters for USAID employees after they are hired, the recruitment process itself has yet to be consolidated.

There are also a number of other mission-wide practices in which the embassy and USAID have differing procedures. USAID local employees participate in both the USAID and the embassy-wide locally employed staff associations. All agencies' American employees, except USAID, use the arrival checklist developed by the embassy's HR office. USAID has its own check-in and check-out procedures. Although similar in design, the USAID arrivals checklist, for example, fails to include several critical offices, including housing. These omissions have resulted in misunderstandings which could have been avoided if an integrated mission checklist were used.

Recommendation 5: Embassy Kathmandu should develop and implement a mission-wide arrival checklist and check-in and check-out procedures to be followed by all agencies. (Action: Embassy Kathmandu)

Prior to moving into the new embassy compound in 2007, USAID had its own radio and cell phone programs. This practice has continued. USAID has a separate cell phone contract from the rest of the embassy, and has continued to maintain its own inventories of radios and cell phones. A USAID employee handles these programs, although in reality, cell phone issues are simply forwarded through this employee to the embassy's information management unit for action. A cell phone policy for all agencies except USAID has been drafted, but not yet issued. Although the USAID radios comply with the embassy's security requirements and work on the same frequencies, the separate cell phone and radio programs waste employee time and taxpayer funds.

Recommendation 6: Embassy Kathmandu should consolidate the radio and cell phone programs and issue an embassy-wide cell phone policy. (Action: Embassy Kathmandu)

In addition, while the expendable supply function was consolidated when USAID moved into the chancery, the supplies themselves were not merged. The general services office continues to maintain two separate supply inventories, as ICASS and USAID have been unable to agree on how to account for the value of this inventory.

Recommendation 7: Embassy Kathmandu should develop and implement a method to incorporate U.S. Agency for International Development expendable supplies into the International Cooperative Administrative Support Services inventory. (Action: Embassy Kathmandu)

HUMAN RESOURCES

The HR office provides excellent services to its ICASS customers. Respondents to the 2010 ICASS customer satisfaction survey ranked both American personnel services and locally employed staff services above SCA and worldwide averages. In addition, when compared to its scores for the 2005-2009 surveys, the 2010 scores are above all years, except for those given to American personnel services in 2005.

The HR office consists of six local staff members, two of whom are certified to perform computer-aided job evaluations, under the direction of the experienced HR/FM officer, who will be replaced by a first-tour HR officer. The incoming financial management officer who was taking the HR training course at the time of the inspection will retain the HR/FM title. As the reporting chain now exists, the new HR officer will report to the financial management officer, rather than the management officer. SCA is taking a second look at this reporting structure.

Overall, the employee evaluation process is well-managed. All but one local employees' performance reports were completed as required. The HR office reminds the supervisors of the annual due date approximately 2 months before and on the due date itself. The OIG team advised the HR office to send the second reminder 2 weeks before the evaluation due date, and to notify the rater's supervisor should an evaluation not be received by the due date. The HR office readily agreed. Although the use of ePerformance was optional for overseas Foreign Service members for the 2009-2010 cycle, Kathmandu completed all American employee evaluation reports using the program. Through no fault of the HR/FM officer and the HR office, two American evaluations were submitted late to the Department. Both evaluations were annotated, stating that the rated officers were responsible for the late submission.

The awards program functions appropriately, with 282 awards given to Department and ICASS employees between February 2009 and February 2010, including safe driving, extra mile, and group awards. In FY 2009, ICASS, program, public diplomacy, and diplomatic security-funded awards totaled \$36,200. In FY 2010, Embassy Kathmandu has budgeted \$61,700 in the four allotments, an increase of approximately 70 percent. All agencies participate in the awards program. To ensure fairness, award amounts have been standardized, with the exception of USAID's on-the-spot award, which has a maximum amount higher than that of the Department's extra mile award.

The embassy has a robust training plan. Thus far in FY 2010, 374 employees have been trained locally, regionally, and in the United States, Europe, and Asia. Both white-collar and blue-collar staff, including facilities maintenance, general services, and the local guard force, participated in training. English language instruction plays a big part in the mission's overall training plan. The ICASS training budget for FY 2010 totals \$285,000; the Diplomatic and Consular Programs allotment is \$35,000.

Locally Employed Staff Committee

The OIG team met with the locally employed staff committee, which is called the Kathmandu Foreign Service national advisory committee and represents the embassy's locally employed staff. The committee comprises 15 members and includes representatives of the Department, the Library of Congress, and USAID. As stated before, even though USAID is represented on the mission's locally employed staff committee, USAID's local employees have a second committee, the Kathmandu USAID advisory committee.

The president of the embassy's committee, along with a USAID member, met with the acting DCM in March 2010 to discuss issues affecting local employees, including the local guard force, compensation package, retirement, provident fund, insurance, canteen, special immigrant visas, and earthquake preparedness. The acting DCM stated that he would take up the issues with management. The committee stated that these same issues have been raised with each chargé during the past 10 months with little, if any, results. They place great hope in the incoming DCM and the newly arrived Ambassador, with whom they have already met. In his meeting with the OIG team, the Ambassador stated that he has yet to hold a town hall meeting with the entire local staff, but would rectify this at the earliest opportunity.

In its discussion with the OIG team, the committee reiterated the above issues and raised several others, including the need for greater transparency in the local compensation process. Although several committee members were aware of the an-

nual local compensation questionnaire, their input was not sought by management when it was being completed. Although it is too late to provide information for the 2011 questionnaire, which was due June 30, 2010, the OIG team informally recommended that embassy management seek the local staff committee's input in the preparation of future questionnaires to achieve transparency.

GENERAL SERVICES OVERVIEW

The general services office is generally well-run, although improvements can be made in several areas. At the time of the inspection, the assistant GSO was the sole GSO at the embassy. The supervisory GSO left Kathmandu in April 2010, and his replacement — a third-tour officer in his first management position — was scheduled to arrive in August 2010. The assistant GSO is a second-tour officer in his first management position. There are 77 local employees in the office, including a warehouse supervisor who is a member of the Foreign Service National Executive Corps.

The office scored above the worldwide and SCA averages in the ICASS customer satisfaction survey in eight of nine categories. Only administrative supply was below the SCA average, although it was equal to the worldwide average. The scores increased in seven of the nine categories, dropping only in administrative supply and reproduction. However, a number of people interviewed by the inspectors said that communication between the office and its customers was a problem. The acting GSO is aware of this issue, and has taken steps to fix the problem, including relying less on email and being more forthcoming with information.

The staff uses a number of Department-required computer programs, including WebPass and eServices. The new eServices program works reasonably well. However, as it is only accessible on the Department's OpenNet, not all agencies have easy access to it. Very few general services staff members have received training in these programs, and there are a number of useful functions and reports that they are unable to use. In addition, the facilities staff, which uses Work Orders for Windows, has not received sufficient training in this program. The OIG team made an informal recommendation on this issue.

Housing

Embassy management has recently decided that all housing should be 100 percent earthquake compliant. In the past, they have used the "best available" standard. While this is a necessary step, existing housing in Kathmandu cannot be certified as

being compliant without extensive, costly, retrofitting. The housing staff — one local employee and an eligible family member housing coordinator — has been working closely with several property owners on build-to-lease, American-style housing that meets earthquake standards. The embassy recently took over a build-to-lease apartment building with nine units. The staff hopes to sign a lease on three other newly constructed houses on one compound that can be retrofitted to meet earthquake standards. The staff also is working with that compound's landlord to construct additional houses on the same compound. Bureau of Overseas Buildings Operations (OBO) has been very supportive of Kathmandu's efforts regarding the build-to-lease properties and the needed retrofitting of others.

There are 64 short-term leased residences in the housing pool, including one apartment building with nine units. Most housing is within a 20-minute walk of the chancery. The chief of mission residence is the embassy's only government-owned residence. This residence is not earthquake compliant; OBO has plans to retrofit it beginning in November 2011. Many residences are on small compounds of two to four houses, all of which are leased by the embassy. Not all employees understand the reality of compound or apartment living, and several problems have occurred. The staff is working on a policy for compound and apartment living, but it has yet to be issued. This policy should be issued as soon as possible, to reduce the likelihood of future problems. The OIG team made an informal recommendation regarding this issue.

The interagency housing board has approved several appeals in the past year on morale grounds, even though the appeals did not meet *Foreign Affairs Manual* safety, health, or security criteria. One of these appeals was especially contentious, dragging on for several months before the new Ambassador ruled on it shortly after his arrival. A lack of communication and embassy management's refusal to resolve this appeal prior to the Ambassador's arrival contributed to this contentious atmosphere. The acting GSO, who took over the housing portfolio upon the supervisory GSO's departure, is working closely with the housing board chairman to be sure the board has the information it needs to make the best decisions. The board appears to be taking a more active role, including visiting all houses proposed for assignments before the meetings. The Ambassador, in his first meeting with the board, also stressed the need to follow Department regulations regarding appeals.

Property Management and Warehouse

A main focus of the assistant GSO, who arrived in late summer 2009, has been to reorganize and improve warehouse operations. This process has yet to be completed. During the inspection, the warehouse was clean but very crowded. The

Motor Pool

The ICASS motor pool has 28 employees, including the supervisor, assistant supervisor, dispatcher, and 25 drivers. There are also two messengers and two drivers each for the Ambassador and DCM. Despite driving in chaotic conditions and on poor roads, all but two ICASS drivers received safe driving awards in FY 2009. The normal work schedule calls for drivers to work 8 hours per day, 6 days per week. Although there is overtime, the drivers rarely exceed the 10-hour limit per shift set by the Department. The embassy provides shuttle service for most local staff in the morning and evenings, in lieu of paying a transportation allowance. Other authorized use of embassy vehicles is limited. The embassy was in the process of updating its motor pool policy, last issued in March 2009, during this inspection.

Previous ambassadors or chargés have authorized home-to-office transportation for the Defense attaché and the head of the Office of Defense Cooperation. Home-to-office transportation is also being provided for the USAID director and assistant director, although no signed authorization is on file. It is unusual for the head of the Office of Defense Cooperation and the assistant USAID director to be authorized this type of transportation, especially in a country where taxis have been determined to be safe. The OIG team made an informal recommendation that the Ambassador review all authorizations for home-to-office transportation, to be sure that they fall within Department and agency regulations.

The embassy's Smith System safe driving instructor is the assistant guard force supervisor. He received training in 2008 and gave the annual driving tests to the permanent and incidental drivers in 2009. Due to his workload in the security office, he has only been able to train guard force drivers since then. Current embassy officials were unable to explain why a guard force supervisor, rather than a member of the motor pool, received Smith System training. The acting GSO has identified two motor pool drivers to become Smith System trainers. With more than 100 full-time and incidental drivers at the embassy, two Smith System trainers are needed.

Recommendation 9: Embassy Kathmandu, in coordination with the Bureau of Overseas Buildings Operations, should appoint and train two Smith System safe driving instructors. (Action: Embassy Kathmandu, in coordination with OBO)

Procurement

The six-member procurement unit processed 2,684 procurements in FY 2009. As of May 31, 2010, they had processed 1,417 procurements in FY 2010, a slightly slower pace than in the previous year. Nepal is a cash economy, with very few businesses accepting credit cards. However, vendors do accept purchase orders. The unit also uses blanket purchase agreements for repetitive purchases. Four of the six employees have U.S. Government credit cards, which are used for purchases from the United States and other countries in Asia.

The procurement files are well-organized and complete, with the exception of proof of payment to the vendors. The procurement unit has a good working relationship with the financial management office, but this documentation has not been readily available. The two units are working to provide procurement with read-only access to the online accounting and budget reports. This will allow the procurement unit to easily print vendor payment information for their files. All files are signed by the contracting officer. There have been no unauthorized obligations reported.

The unit has more than 30 formal contracts, including construction related services, gardening, janitorial services, and insurance for the local employed staff. All contracts are posted online, but in the past several months few bids have been received for the construction solicitations. In January 2010, the contracting officer held a well-attended training session for potential contractors to explain the U.S. Government contracting procedures and how to complete the necessary paperwork. For a time, this session increased the number of bidders, but the office needs to do more to increase the number of potential bidders notified about these solicitations. The OIG team made an informal recommendation regarding this matter.

Travel, Shipping, and Customs

The embassy was in the process of updating its travel policy during this inspection, but the updated policy had yet to be approved or issued. The embassy has issued mission notices regarding business class travel, rest and recuperation travel, and changes in preferred routings as the changes took effect, but the last comprehensive travel policy was issued in 2007. The lack of an updated, comprehensive policy has led to confusion among embassy staff, as well as with the contract travel office. In at least one instance, an embassy employee reportedly purchased an online ticket, rather than using the embassy travel office for official travel. The OIG team made an informal recommendation regarding this situation.

Embassy Kathmandu is authorized to receive household effects as air shipments, rather than by sea, due to the long distance from the nearest port and potential severe transportation delays. Embassy sea shipments arrive at the port in Kolkata, India and the embassy has a good working relationship with both Indian and Nepali customs offices. However, the roads from the Nepali border to Kathmandu are narrow and poorly maintained. Heavy rains and landslides during the monsoon season and frequent strikes — in which all vehicle traffic is halted — can delay the arrival of shipments for weeks. On the other hand, air shipments can generally be processed through the Ministry of Foreign Affairs and Nepali customs in 1 week.

The embassy uses two packing companies to handle the outgoing shipments of household effects. Few complaints have been reported. The files on all incoming and outgoing shipments are complete.

FACILITIES MANAGEMENT

Facilities management is a productive and well-managed section. There are 70 local employees in the section who manage the government-owned chancery, Phora Durbar, and Singh house sites, as well as 65 residences.

The facilities manager is a seasoned, third-tour specialist with extensive experience in the private sector. The post engineer, who worked on the construction of the new chancery before being hired by the embassy to manage the new building operations, is a member of the Foreign Service National Executive Corps. His knowledge of the chancery's physical plant has helped Embassy Kathmandu to make improvements that have increased productivity and extended the life of the equipment, while at the same time reducing costs. For example, the two chancery generators were designed to run at the same time, which meant that neither was operating at peak efficiency. The facilities staff, working with OBO, developed a procedure to switch between generators on a regular basis, which allows each generator to perform better while extending its lifespan. OBO is adapting this procedure for use in other new chanceries.

Kathmandu is a challenging environment for the facilities staff. There is minimal city water, and fuel is scarce. The embassy uses its own wells to provide water to all offices and residences. Fuel is trucked in from India. The city has rolling blackouts, or load-shedding, of between 12 and 19 hours per day, depending on the season. Under load-shedding, power goes on and off throughout the day. This constant on-and-off cycle was damaging the generators and other embassy equipment. The facilities staff worked with the city of Kathmandu, and in January 2010, the embassy and the

city reached an agreement to put the chancery on a separate load-shedding schedule. The embassy now uses its own generators at night and on the weekends; it is on city power as much as possible during the work day. This arrangement is ideal, because, while nights and weekends are the highest periods of electrical use for the city, they are the lowest for the embassy.

The facilities staff delivers water and fuel to all embassy residences. While the amount of water and fuel delivered to each house is recorded by the driver and reconciled on a regular basis, no one at the residences was signing for the delivery or checking that the correct amount was being delivered. A new policy requiring that occupants or their household staff sign for the fuel and water was issued within days of this being brought to the facilities manager's attention. The staff performs monthly maintenance on residential distillers, and quarterly preventive maintenance on other equipment, such as generators and air conditioners.

The maintenance staff keeps only a limited amount of expendable supplies on hand for use in the chancery, at Phora Durbar, or in the residences. If an item is not in stock, the maintenance staff puts in a procurement request, the procurement offices process the purchase order, and the part is delivered, generally within a few days. This hinders the section's ability to provide good customer service and increases the work of the facilities, procurement, and budget staffs. The embassy should keep a supply of the most frequently used items in the expendable supply room, with designated minimum levels, so that the items are reordered on a regular basis. The OIG team made an informal recommendation on this topic.

OBO's February 2008 fire report for Kathmandu required that a number of fire extinguishers be replaced with different models. These extinguishers are to be provided by OBO's Office of Fire Protection. Despite repeated requests, these fire extinguishers have never been received.

Recommendation 10: The Bureau of Overseas Buildings Operations should send Embassy Kathmandu the replacement fire extinguishers listed in the February 2008 fire report. (Action: OBO)

The embassy conducted a Safety, Health, and Environmental Management committee meeting in August 2009. Another meeting scheduled for November 2009 was cancelled. The facilities manager has proposed scheduling a committee meeting shortly after the arrival of the new DCM in early July. The maintenance staff receives safety training, but it is done on a quarterly, rather than monthly, ad hoc basis. Both the acting GSO and facilities manager are developing plans to provide more frequent

and varied training. During an inspection of the maintenance shops, carpenters were working without masks or eye protection. They began using the safety equipment as soon as this was brought to their attention. The OIG team made an informal recommendation regarding safety training and the use of safety equipment.

There is a swimming pool at the DCM residence. At the time of the inspection, the gate latch did not close properly, and the pool did not have depth markings. Both of these issues were quickly resolved. However, swimming pool regulations are not posted. The OIG team made an informal recommendation on this matter.

Best Practice: Required Safety Training for Contractors

Issue: Contract construction and maintenance workers in Nepal do not know or follow American safety requirements. The embassy's facilities management office includes, as part of its contract requirements, four to eight hours of safety training for all workers on embassy construction projects. This requirement is included in the statement of work, so that contractors can include the cost in their bids.

Response: Potential contractors are pleased with the requirement, and especially with the embassy's reimbursement of their workers' time during the training.

Result: Workers on embassy construction-related projects understand the safety requirements they must follow. There is less time lost due to injuries or accidents, and the workers are safer.

Greening Initiatives

Embassy Kathmandu is at the forefront of the greening initiative in SCA, and the new embassy compound and Phora Durbar are the main focus of their efforts. They have reduced nonessential lighting installed occupancy sensors, conducted energy audits, installed low energy but very effective hand dryers in all chancery bathrooms, and are investigating ways to use solar power. The modifications to the generators described above have saved both diesel and electricity. It is difficult to measure the exact amount of money saved by the greening initiative, but embassy staff has estimated it at approximately \$500,000 in the first year. The embassy has seven electric vehicles, has ordered five more using a Department grant, and is planning to install a solar recharging station for the cars. The embassy has installed a rain water harvesting system and is looking at ways to recharge the underground aquifers

with grey water. The embassy — and especially the facilities staff and the greening team — is justly proud of its accomplishments, many of which could be duplicated fairly easily at other missions.

The embassy has used some of the money saved through this program to hire a greening coordinator. This position is designed to further expand the greening initiative to embassy residences. Unfortunately, this has been only partially successful. Information is published regularly in the embassy's newsletter and is posted on bulletin boards throughout the embassy, but the residential greening efforts are behind those at the chancery. Five houses have solar systems for emergency lighting, and another five have rainwater reclamation plants. The embassy plans to double this number in the next year, and it has bought timers for all residences so that generators can be turned off for at least several hours during the day. However, not all residents use the timers. The embassy also has purchased inverters for some houses, which can power the security lights at night, allowing the generators to be turned off while the occupants are sleeping. Generators are noisy, and few Nepalis have them. Turning them off at night will not only save fuel but will also make for happier neighbors.

Water is another scarce resource in Kathmandu. Kathmandu residents receive 1 hour of water every 4 days. In contrast, the average embassy residence uses approximately 1,900 gallons of water per week from the Phora Durbar and chancery wells. The groundwater aquifer in Kathmandu is dropping by 4 to 6 feet per year. While the embassy has deep wells, no hard data exists regarding how long the wells might last before new, deeper ones need to be drilled. A study of the embassy's wells has been requested but not yet funded. Water conservation is a logical next step for the embassy's greening initiative.

INFORMATION MANAGEMENT

The information management section provides good support to users of the computer networks, radio and telephone service, and mail and pouch operations. The section is staffed by three energetic Americans, all of whom are leaving the embassy in summer 2010. The information management officer has been accepted into the Bureau of Information Resource Management's Executive Potential Program, a distinct honor. A well-qualified and well-trained first-tour information management specialist, and an information systems officer on his third tour, round out the unit. The information management officer and the information systems officer are both active and conscientious in performing the information systems security officer

duties. Good records are kept on their random audits of network drives. The New Delhi-based regional computer security officer visited Kathmandu in November 2009 and found no deficiencies.

The highly qualified local information management staff consists of six employees in the systems unit, four employees in the pouch and mail room, two telephone/radio technicians, and two telephone operators. Kathmandu is considered a medium-sized mission. The information management unit provides services to 78 direct-hires and about 500 local employees serving in six agencies. With a new embassy compound and with strong leadership in information management, the OIG team found few issues in the unit. The entire information management team enjoys high morale.

Mobile Command Center Initiative

The information management unit has designed and is in the final stages of building a mobile command center (MCC) to handle emergency communications and control during a natural disaster. The MCC is an unclassified communication system, mounted on the chassis of a heavy-duty pickup truck. The system will house a very high frequency radio repeater for the emergency communications within the city; a high frequency radio for communication with the regional network control station in New Delhi; and a remote communications (REACH) kit for satellite data and voice communication; satellite phones; and solar panels for auxiliary power. In order to protect the equipment and vehicle from damage during a disaster, the MCC will be parked in a secure location away from large structures. If needed, embassy personnel can use the MCC at its current location or drive it to the airport or other off-site location where emergency communication might be required.

Alternate Command Center

During the first visit to the embassy's alternate command center (ACC), information management employees found a room at Phora Durbar filled with dust, dirt, and rats. For the next 18 months, in addition to their normal duties, they installed new communications systems, including VHF and HF radios, satellite phones, Internet, OpenNet, Armed Forces Network news, and a remote communications kit. This last item provides the ACC with Internet and voice access through a satellite terminal. This terminal uses either solar or commercial power and is independent of all local infrastructures. The information management staff also installed locally manufactured, earthquake-resistant tables and shelving bolted to the walls and floor. The emergency action committee and regional security office regularly update the unclassified emergency action plan, which is securely stored on-site. Information

management staff tests all communications equipment monthly. The emergency action committee and core country team members hold quarterly meetings at the ACC to familiarize themselves with the ACC configuration and to be sure the equipment is available and operational. The OIG inspectors found this ACC to be the largest, cleanest, and most functional of all ACCs they have visited.

Improving the mission's ability to contact American citizens, official Americans, and locally employed staff in an emergency is a mission strategic objective. To assist in accomplishing this objective, the information systems staff developed a new text message system, accessible via the Internet, Intranet, or mobile phone. It can quickly send messages to the required groups and individuals in case of emergencies, or during the frequent civil disturbances in Kathmandu.

To save energy, human resources, and time, the telephone and radio technicians proposed that the embassy assign one of its electric cars to the radio and telephone office. The technicians frequently travel to residences, off-site offices, and local vendors. Under the previous policy, they used large, gas-consuming vehicles as well as the services of a motor pool driver. Now, the technicians drive a small electric vehicle, which can be recharged at solar charging stations. The new system saves a tremendous amount of fuel, as well as the motor pool drivers' time and salary.

New Secure Phone System Activation

The Department sent instructions in March 2010 on the use of a new, secure telephone, which will replace the telephones currently being used in missions worldwide. The Department encouraged all missions to activate and test their new equipment as soon as possible. Due to diplomatic pouch delays in Bangkok, the final equipment arrived only recently and has yet to be tested. Kathmandu should go forward with the activation and testing of these new units. The new phones provide better voice quality and a higher success rate for secure calls. The OIG team discussed the new phones with the information management staff, and they are preparing to test the new equipment.

QUALITY OF LIFE

EQUAL EMPLOYMENT OPPORTUNITY/FEDERAL WOMEN'S PROGRAM

The embassy has one Department EEO counselor and one USAID counselor, both of whom received training in October 2009. Both were appointed after a lengthy gap, during which the embassy had no trained counselors. They have provided EEO training to USAID and the consular section, and have plans to provide training to the political/economic section. The counselors have offered to train other sections within the mission, but none have accepted the offer. Information on the EEO and Federal Women's Program is posted at both the chancery and on the Phora Durbar compound. No employees have sought counseling since they assumed their duties.

Embassy management strongly supports EEO principles and diversity in the workplace. As noted in the Executive Direction section of this report, USAID has a training program for promising members of the country's untouchable class. One of these trainees was later hired for a full-time position within the embassy. The embassy also started a workforce diversity program after a 2008 study highlighted that 70 percent of its local employees were elite and high-caste ethnic groups, and that only 12 percent of its local employees were women. Since the beginning of the program, roughly two-thirds of all vacancies filled were from underrepresented groups. The Department recognized these efforts by selecting the HR officer as runner-up for EEO accomplishments worldwide in 2009.

The embassy does not have any EEO liaisons among the local staff. Nepal is a very stratified society. With the strong efforts the embassy is making to diversify its workforce, it is crucial that the workforce is free of discrimination. Many local employees are uncomfortable going directly to an American, especially one they may not know, regarding problems involving harassment or discrimination. Local EEO liaisons are needed to fulfill this role.

Recommendation 11: Embassy Kathmandu should appoint and train locally employed Equal Employment Opportunity liaisons that represent both genders and a variety of castes and position grades. (Action: Embassy Kathmandu)

The Federal Women's Program coordinator said that she has not received any requests for assistance.

RECREATION ASSOCIATION

The AMA provides its members with a range of services, including the embassy cafeteria, commissary, DVD rental, Homeward Bound Mail, and the American Club, which includes a restaurant and bar, wireless cafe, beauty parlor and spa, and recreation facilities. It meets its financial reporting obligations to the Department and has maintained its profitability, increasing its net profit to \$47,277 (4.8 percent) on gross sales/services of \$990,996 in 2009. In 2008, its net profit was \$7,837 (0.9 percent) on gross sales/services of \$860,534. Its latest financial audit by an independent firm indicated no material weaknesses.

In addition to full membership available to U.S. direct-hire employees, the association offers associate, third-country diplomat, and affiliate membership to, among others, USAID contractors, American Fulbright Program participants, and resident expatriates approved by mission management. The board is reviewing membership files to determine whether some long-term expatriate members still meet membership requirements. AMA employs one resident Canadian, the general manager, and 92 Nepali citizens.

The Office of Commissary and Recreation Affairs visited Kathmandu in November 2009 to conduct an internal review of AMA operations, provide training to the association's board of directors, and provide guidance. During their review, 23 action items were highlighted. Just prior to the inspection, 22 of these items had been closed out by the AMA. The remaining item entailed bringing the embassy cafeteria into compliance with the Department's safety and health standards; it is now 80 percent complete. The final 20 percent (installing a sneeze guard, procuring chafing dish lids to protect the Nepali menu items, and replacing damaged gaskets on all refrigeration equipment) is with general services and facilities management for their action.

AMA's credit policy was not being enforced. Depending on the type of membership, the credit limit is between \$300 and \$4,000. At the beginning of each month, a statement is sent to each member with a credit balance. Payment is due in 30 days. Late payments incur a 10 percent late fee. Even though AMA's integrated software application restricts members from exceeding their credit limits, the OIG team found that not all members paid their outstanding balance within 30 days.

Recommendation 12: Embassy Kathmandu should develop and implement a policy that requires members of the American Mission Association to pay outstanding credit balances. (Action: Embassy Kathmandu)

COMMUNITY LIAISON OFFICE

The embassy's community liaison office (CLO) program is well-run and customer-focused. Co-CLO coordinators—one full-time and one half-time—plan a variety of programs and events, based on responses to a customer survey of proposed activities. The CLO program is funded through the AMA, with a FY 2010 budget of \$2,000. That amount provides sufficient funding for a large number of embassy-wide events in this low-cost country. During the drier winter months, there are CLO weekend events two or three times per month. In the summer monsoon season, when travel becomes more difficult, there are fewer trips and other events. One of the current co-CLO coordinators is more focused on planning trips and parties, and the other has established programs for parents and young children. The two, who have each been in the position for 1 year (and who both depart summer 2010) work well together. The OIG team also had the opportunity to meet with one of the new CLO coordinators, who will begin officially in August; she is already picking up tips so that the transition will be seamless. The CLO program receives excellent support from the new Ambassador and the acting DCM. The co-CLO coordinators also praised the support of the management officer and noted that his door is always open to them.

Neither co-CLO coordinator has needed to spend time on informal counseling of others in the embassy community. Both report that the embassy has excellent morale, and that employees and family members have found their own ways to handle the endemic problems with traffic and pollution. One co-CLO coordinator described the embassy community as “proactive” in taking care of each other and finding like-minded friends within the embassy or expatriate community. The OIG team participated in two CLO-sponsored trips with other embassy personnel from different agencies and sections. The morale and friendliness of the groups were notable.

The CLO organizes embassy orientation programs in the early spring and early fall each year. The co-CLO coordinators also held two contingency planning meetings for the embassy community in 2009 — the first related to the general strike and the second related to earthquake preparedness, particularly focused on families whose children are in school or daycare. The co-CLO coordinators are active participants in country team meetings and emergency planning discussions.

MANAGEMENT CONTROLS

The embassy submitted the annual chief of mission certification of internal controls for FY 2009, which cited no reportable conditions. The embassy has clear separation of duties and responsibilities in various job functions. The management officer has been designated as the embassy's management controls coordinator, and SCA's management controls coordinator was so notified. The responsibility for management controls is included in the work requirements statements for all staff members who manage U.S. Government assets.

Required systems of internal controls were in place and functioning adequately throughout the mission, including the management and consular sections.

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CONSULAR MANAGEMENT CONTROLS

The consular section has strong management controls. The consular managers make sure they personally handle the management controls, although one entry-level officer serves as a backup if both managers are away from the office. The OIG team reviewed selected controls and found the records to be complete and in order.

GRANTS

An examination of PAS grant files showed that most of them lack the required grant documents and program and financial reports. PAS staff has divided grants into two categories — large grants, for which they prepare the normal grant documents and small, short-term grants for which they prepare only a version of the DS-1909 Federal Assistance Award form. These smaller grants, which make up the vast majority of the grants issued by Embassy Kathmandu, lack the Federal Assistance File Folder Form, DS-4012, and the required Award Specifics or Fixed Obligation Grant forms. Budget details for many of the grants are vague.

Most of the small grants do not have a grantee signature, because Embassy Kathmandu has been using its own modified, nonstandard version of the DS-1909 form, which offers a check-box option, indicating that the recipient is not required to sign the document. There are no SF-270 Request for Advance or Reimbursement forms; the embassy does not require grantees to request payment through this mandatory form. The small-grant files include no program reports, financial reports, or other documentation of project completion. PAS also has issued a number of property grants but used only the old, pre-October 1, 2008, grant form. These property grant files lack all of the newer forms.

Documentation is far better for the larger grants. A sampling of these grants indicated that they include the required grant documents and program and financial progress reports. However, their DS-4012 forms lack a notation of Mission Strategic and Resource Plan (MSRP), formerly Mission Strategic Plan, goals. Some grant folders indicate that there is a grant officer representative; the required memo is sometimes included, and sometimes not.

Grants staff said that they had checked the Excluded Parties List for all grants, but did not document it in the files. In addition, the numbering of Embassy Kathmandu's grants for the current fiscal year was incorrect; staff used "00" as the fiscal year, instead of "10."

All three grants officers and the chief local employee handling grants had taken grants training in the past several years.

Recommendation 13: Embassy Kathmandu should comply with all grant regulations and use the proper forms for all grants. (Action: Embassy Kathmandu)

Recommendation 14: Embassy Kathmandu, in coordination with the Office of the Procurement Executive, should develop standard operating procedures for issuing grants and a list of all documents that should be included in grant files. (Action: Embassy Kathmandu, in coordination with the A)

LIST OF RECOMMENDATIONS

Recommendation 1: Embassy Kathmandu should review its current working group structure and strategic plan; determine whether that structure can accomplish effective interagency coordination and communication; adjust or realign working groups according to that determination; and schedule regular front office participation in, or oversight of, working groups. (Action: Embassy Kathmandu)

Recommendation 2: The Office to Monitor and Combat Trafficking of Persons, in coordination with the Bureau of South and Central Asian Affairs and Embassy Kathmandu, should establish a more robust coordination and reporting program to monitor trafficking-in-persons projects in Nepal. The program should include a schedule for annual grants officer site visits, and prior to grant award the program should establish mutually agreed upon monitoring responsibilities for future trafficking-in-persons programs. (Action: G/TIP, in coordination with SCA and Embassy Kathmandu)

Recommendation 3: Embassy Kathmandu should enter its key contacts into the contact database and use it, embassy-wide, for all guest lists, outreach, record-keeping, and other appropriate functions. (Action: Embassy Kathmandu)

Recommendation 4: Embassy Kathmandu, in coordination with the Bureau of Consular Affairs and the Bureau of Overseas Buildings Operations, should develop and implement a plan to build an enclosed office in the consular section for the new assistant regional security officer-investigator position. (Action: Embassy Kathmandu, in coordination with CA and OBO)

Recommendation 5: Embassy Kathmandu should develop and implement a mission-wide arrival checklist and check-in and check-out procedures to be followed by all agencies. (Action: Embassy Kathmandu)

Recommendation 6: Embassy Kathmandu should consolidate the radio and cell phone programs and issue an embassy-wide cell phone policy. (Action: Embassy Kathmandu)

Recommendation 7: Embassy Kathmandu should develop and implement a method to incorporate U.S. Agency for International Development expendable supplies into the International Cooperative Administrative Support Services inventory. (Action: Embassy Kathmandu)

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.

The political/economic chief is currently the performance rating officer for the refugee coordinator, but the coordinator does not consider him his supervisor. In the absence of a full-time Ambassador and DCM, some refugee section information has been transmitted to Washington without clearance or circulation within Embassy Kathmandu.

Informal Recommendation 1: Embassy Kathmandu should clarify the supervision and reporting relationship of the refugee coordinator position.

It is standard practice for missions to distribute a press policy to all staff describing the procedures for dealing with the news media. Embassy Kathmandu last sent out a press policy in December 2008. Since then, several of the press contact persons have changed, and the embassy has a new Ambassador, who should update the policy. Because of summer turnover, it would be useful to disseminate this policy annually each fall.

Informal Recommendation 2: Embassy Kathmandu should disseminate an updated press policy to all mission staff.

Embassy Kathmandu has digital video conference equipment but uses it only rarely to conduct public diplomacy events. The time difference with Washington is one constraint, but it is not insurmountable. PAS could explore the possibility of doing regional digital video conferences with speakers in the same or nearby time zones.

Informal Recommendation 3: Embassy Kathmandu should increase its use of digital video conferences as a public diplomacy programming tool.

The embassy Web site is not making full use of its translations of press releases, articles on embassy activities, human rights reports, and other documents because the Nepali links are absent from the home page or do not indicate the articles' content.

Informal Recommendation 4: Embassy Kathmandu should clearly show on its Web site home page which articles have Nepali translations, and the links should indicate the articles' content.

Consular information is a prime draw for the embassy Web site, and this information would be clearer to applicants if it were translated into Nepali. The embassy is in the process of doing this.

Informal Recommendation 5: Embassy Kathmandu should proceed with plans to translate key visa information into Nepali and post it on the embassy Web site.

Each unit of the consular section has regularly scheduled meetings that are normally attended by the local employees and an entry-level officer. Many local employees expressed the wish to have the consular managers attend these meetings so that the managers could understand better what each unit was doing and so that the managers and local employees could engage in a dialogue on the issues the units are facing.

Informal Recommendation 6: Embassy Kathmandu should revise the internal procedures in the consular section so that the consular managers attend regularly scheduled meetings of each unit of the section.

The organization chart of the consular section is confusing and does not always reflect the actual supervisory relationships. Positions that do some variation on immigrant visa work, for example, are divided among three units and only one local employee supervises American citizens services and nonimmigrant visas. Some local employees confessed that they did not know who their American supervisors were.

Informal Recommendation 7: Embassy Kathmandu should reorganize the positions and the supervisory relationships in the consular section as a result of consultations between the consular managers and the consular local employees.

Embassy Kathmandu has not held regularly scheduled ICASS council meetings.

Informal Recommendation 8: Embassy Kathmandu should follow International Cooperative Administrative Support Services service center guidance and hold regularly scheduled International Cooperative Administrative Support Services council meetings.

Embassy Kathmandu does not record formal ICASS council minutes.

Informal Recommendation 9: Embassy Kathmandu should prepare, clear, and maintain formal International Cooperative Administrative Support Services council meeting minutes.

The ICASS council has not provided input to the management counselor's annual performance evaluation as required by 6 FAH-5 H-161 a.

Informal Recommendation 10: Embassy Kathmandu should require the International Cooperative Administrative Support Services council chair to provide input to the management counselor's annual performance evaluation report.

Embassy Kathmandu's local employees do not provide input in completing the LE staff annual compensation questionnaire.

Informal Recommendation 11: Embassy Kathmandu should seek the locally employed staff committee's input in the preparation of the annual compensation questionnaire.

The general services and facilities management staff use a number of Department-required computer programs, such as WebPass, eServices, and Work Orders for Windows, but few have received formal training.

Informal Recommendation 12: Embassy Kathmandu should bring a specialist, such as a member of the Foreign Service National Executive Corps, to train general services and facilities maintenance staff members on the computer programs used by the sections.

Much of Embassy Kathmandu's housing is located on small compounds. Living in compounds or apartments with other embassy staff presents its own set of issues, particularly regarding the rights of other occupants, which need to be addressed.

Informal Recommendation 13: Embassy Kathmandu should issue a comprehensive policy to address the unique issues related to compound and apartment living.

Monthly spot-checks of the expendable supply inventories are not being done.

Informal Recommendation 14: Embassy Kathmandu should conduct monthly surprise spot checks of the expendable supply inventory.

The supply rooms at Phora Durbar are dirty and contain a number of items that are old or out-of-date.

Informal Recommendation 15: Embassy Kathmandu should clean and organize the expendable supply rooms and dispose of all unnecessary items.

Some Americans are not signing the furniture inventories and returning them to the property unit.

Informal Recommendation 16: Embassy Kathmandu should require that all American staff sign their furniture inventory and return it to the property unit.

Previous ambassadors authorized several American employees for home-to-office transportation who may not be eligible for it under Department regulations.

Informal Recommendation 17: Embassy Kathmandu should review all authorizations for home-to-office transportation to ensure that they fall within Department and agency regulations.

The procurement unit receives too few bidders for its construction contract solicitations.

Informal Recommendation 18: Embassy Kathmandu should take steps to increase the number of potential bidders who are notified about construction-related contract solicitations.

The last comprehensive travel policy was issued in 2007. Embassy staff has been working on an updated policy for several months, but it has yet to be issued.

Informal Recommendation 19: Embassy Kathmandu should update and reissue its comprehensive travel policy.

There is only a limited amount of maintenance-related expendable supplies on hand, which hinders the office's ability to rapidly complete repairs.

Informal Recommendation 20: Embassy Kathmandu should keep a supply of the most frequently used maintenance expendable supplies, with designated minimum levels so that items are reordered on a regular basis.

Safety refresher training for the maintenance workers is conducted approximately every quarter, rather than monthly.

Informal Recommendation 21: Embassy Kathmandu should conduct monthly safety refresher training for its maintenance staff.

Swimming pool regulations have not been posted at the DCM residence.

Informal Recommendation 22: Embassy Kathmandu should post safety regulations at the deputy chief of mission residence swimming pool.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Scott H. DeLisi	04/10
Deputy Chief of Mission	Terry J. White, Acting	08/09

Chiefs of Sections:

Administrative	Lawrence Lee Hess	07/09
Consular	Clay K. Adler	08/09
Political-Economic	Timothy P. Trenkle	08/09
Refugee Affairs	Mark T. Weinberg	10/09
Public Affairs	Nicole A. Chulick	08/08
Regional Security	Bryan Scruggs	08/08

Other Agencies:

Department of Defense		
Defense Attaché	LTC Bryan Chapman	06/07
Office of Defense Cooperation	MAJ Michael Rembold	07/09
Centers for Disease Control and Prevention	William Schluter	08/09
Department of Justice	Denver Fleming	12/07
U.S. Agency for International Development	Kevin Rushing	08/09

ABBREVIATIONS

ACC	alternate command center
AMA	American Mission Association
CLO	community liaison office
DCM	deputy chief of mission
EEO	Equal Employment Opportunity
ELP	entry-level professional
GSO	general services officer
G/TIP	Office to Monitor and Combat Trafficking in Persons
HR	human resources
HR/FM	human resources/financial management officer
ICASS	International Cooperative Administrative Support Services
MCC	mobile command center
MSP	Mission Strategic Plan
MSRP	Mission Strategic and Resource Plan
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
PAS	public affairs section
SCA	Bureau of South and Central Asian Affairs
USAID	U.S. Agency for International Development

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