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United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

OFFICE OF INSPECTIONS

Inspection of Embassy Dili, Timor-Leste

Report Number ISP-I-11-21A, March 2011

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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, and organizations by this review.



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

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KEY JUDGMENTS

- Embassy Dili has been in an expeditionary mode since the first ambassador arrived in 2003. The time has come to institutionalize the policies and procedures that mark a normal embassy.
- The Department opened an interim office building in 2005 on the chief of mission compound in anticipation that a new chancery would be built starting in 2012. That date has been moved to 2023. The term “interim” no longer applies. The Department and Embassy Dili must make office facilities usable for at least another decade.
- Embassy Dili wants to begin issuing nonimmigrant visas. It has a good case to make for doing so, but it needs to make that case to the Department.
- Management support services at Embassy Dili have been adequate for the limited staff and scope of activities of a fledgling embassy, but embassy managers need to pay greater attention to management controls.
- Attracting, hiring, and keeping qualified locally employed staff is one of the embassy’s greatest challenges. The end of the UN stabilization mandate in 2012 should bring many qualified Timorese into the job market. Meanwhile, American officers are dedicating more time and attention to staff development than is usual in more established embassy.

All findings and recommendations in this report are based on conditions observed during the on-site review and the standards and policies then in effect. The report does not comment at length on areas where the OIG team did not identify problems that need to be corrected.

The inspection took place in Washington, DC, between September 13 and 24, 2010; and in Dili, Timor-Leste, between November 2 and 10, 2010. (b) (6)



CONTEXT

Timor-Leste is one of the world's newest nations, conceived in the abrupt Portuguese decolonization of 1974. Indonesia stepped into the chaos that the Portuguese vacuum created and violently subdued the territory. After 25 years, Indonesia's grip loosened, as President Suharto's power waned. In a referendum offered by Suharto's successor, President B.J. Habibie, the people of Timor-Leste voted overwhelmingly for independence in August 1999. This act fueled a vengeful response by the Indonesian military and local militia allies, until an Australian-led UN military force intervened. In addition to the 1,400 Timorese who died in the violence, about 70 percent of Timor-Leste's economic infrastructure was laid waste. Much of the capital city of Dili and other towns lay in ruins.

International outrage at the violence led to a UN Transitional Administration that prepared the country for full statehood. Under UN auspices, free elections took place in August 2001, and independence of Timor-Leste finally took place on May 20, 2002. The United States established an embassy in Dili the same year.

Timor-Leste's future is buoyed by significant revenues from development of oil fields in the Timor Sea, but it is handicapped by one of the highest birth rates in the world, underdeveloped human capital, and insufficient infrastructure. In April 2006, the prime minister at the time pronounced that, "now we have a state;" however, 6 years of recovery had yielded little improvement in the lives of ordinary Timorese. Non-petroleum gross domestic product recovered modestly in 2005; however, earlier negative growth, coupled with the high birth rate, meant that gross domestic product per capita actually fell from \$450 in 2001 to an estimated \$364 in 2005. The deterioration during the first years of independence contributed to an outbreak of severe violence in 2006 that led to the establishment of the UN Integrated Mission in East Timor.



Map of Dili, Timor-Leste and its surrounding region.

Source: U.S. Government

Even factoring in oil revenues, Timor-Leste's gross domestic product was ranked 134th out of 181 nations by the International Monetary Fund in 2009. According to the United Nations, however, Timor-Leste's economy is now at a turning point, as oil revenues could triple gross domestic product, bringing Timor-Leste to the level of El Salvador or Belize in terms of gross domestic product per capita. As of June 2009, Timor-Leste's petroleum fund contained \$5 billion and was growing.

The small U.S. embassy in Dili operates in a difficult working environment and is confronted with massive developmental challenges. The key goals for this new nation are how to wisely use its oil fortune to create sustainable development, and how to set the stage politically for the departure (beginning in 2012) of the UN Integrated Mission.

EXECUTIVE DIRECTION

MOVING FROM EXPEDITIONARY MODE TO NORMAL OPERATIONS

The first U.S. ambassador to Timor-Leste arrived in Dili in 2003. The third and current Ambassador came in September 2010. When the first ambassador arrived, the embassy operated out of a modest, leased bungalow that now serves as the U.S. Agency for International Development (USAID) offices. Several years passed before that ambassador could occupy the current residence and embassy staff could move into an adjacent interim office building.

For the first two ambassadors and their U.S. direct-hire and LE staff, representing the United States was truly expeditionary. Nothing could be done easily. Acquiring even the most elementary piece of equipment or service took time, and often required looking outside Timor-Leste. Communications were difficult, even when the services were available. Instability and the threat of political violence were ever-present impediments to embassy operations. Implementing every Department requirement to the letter was simply impractical.

Timor-Leste continues to be a challenging environment to pursue U.S. national interests, but the arrival of the Ambassador provides an opportunity to move this embassy from an expeditionary mode to more normal embassy operations. As noted in several sections of this report, the time has come for more discipline and rigor in embassy operations, whether it be in formulating requests for additional resources or programs; providing equal employment opportunity (EEO) services; promoting professional development for entry-level officers (ELO); addressing occupational safety and health; establishing files; or maintaining basic management controls, such as vehicle logs.

The Ambassador has the advantage of having a strong, productive, and motivated team of Department and other agency employees whose morale is high. Despite hardships, which are recognized with a 35 percent pay allowance, American staff members enjoy their work, feel proud of what they are doing, and have a good family life environment. Several Department staff members have extended for a third year of service in Dili, and the embassy generally has been able to attract qualified U.S. direct-hire replacements for current staff.

Part of the transition from expeditionary mode to normal operations is finding the right level of U.S. direct-hire and LE staffing. The LE staff includes some experienced and capable employees across sections and in key management subunits. However, some of the subordinate staff are inexperienced, untrained, or lack requisite job skills, and their performance does not always meet the expectations of their supervisors or customers. As a result, American supervisors must provide more oversight and guidance to their LE staff than is required in more well established embassies. This reality has led Embassy Dili to request an expanding number of American employees. Several sections of this report address staffing requests.

MISSION STRATEGIC AND RESOURCE PLAN PROCESS

The embassy coordinated well its FY 2012 Mission Strategic and Resource Plan (MSRP), and the plan provides a good overview of priorities and resource needs. The principal role of the embassy, as stated in the chief of mission statement, is to help the Government of Timor-Leste maintain stability and promote economic and social development. The primary mission goals focus on strengthening rule of law, professionalizing security forces, bolstering institutions of democratic governance, and promoting private sector economic development.

Department officials noted that the MSRP's performance measures were generally specific and therefore good. They added, however, that the plan was not as forward-looking as it might have been, especially with respect to the scheduled 2012 elections. Moreover, while the MSRP made frequent references to the impact of a possible reduction in the generous assistance levels Congress has designated for Timor-Leste, the plan did not address or establish priorities should assistance levels drop significantly.

The MSRP also included the need to increase American staffing to support anticipated growth in programs, as well as the anticipated return of the Peace Corps as early as 2011. The plan had only a cursory discussion of the need for a new embassy compound to absorb such growth, as well as to allow for the colocation of all U.S. agencies, including USAID. In fact, the Bureau of Overseas Buildings Operations (OBO) has pushed the start date for a projected new embassy to FY 2023, even though the existing interim office building plus ancillary buildings are approaching the bursting point. Both the embassy and Washington need to recognize that existing office arrangements can no longer be characterized as "interim." For the embassy, this will require making sure that the MSRP addresses resource requirements to make these facilities usable for another decade or more; it also will mean balancing requests for staffing increases against the limitations of those facilities.

The embassy soon will begin to develop its FY 2013 MSRP, which will be the first MSRP exercise for the Ambassador. As part of the strategic review process that will lead up to the FY 2013 MSRP (discussed further below), the embassy will need to consider organizing the existing chancery for maximum productivity; installing security upgrades on work spaces behind the chief of mission residence (explained in the classified annex to this report); and instituting replacement and maintenance programs for the gates, doors, and facilities to address deterioration caused by the chancery's seaside location. Such actions are part of the transition from expeditionary to normal status. Recommendations in the management section and classified annex address some of these issues.

COUNTRY TEAM AND INTERAGENCY RELATIONS

In addition to the Department of State (Department) and USAID, the Departments of Defense and Justice have representatives on the country team. A Millennium Challenge Corporation representative is expected to join the team in 2011. Since 2009, a 25-member team of the U.S. Navy Construction Battalion (Seabees), representing U.S. Pacific Fleet command, have been engaged in civic action projects.

Communication and collaboration across the mission are well established and productive. As military-to-military and rule-of-law programs have added complexity to the array of assistance programs the United States implements in Timor-Leste, the embassy has come to realize the need for a better coordination mechanism. The policy and program section of this report recommends establishing a regular assistance working group for this purpose.

In interviews with OIG team members, embassy staff frequently characterized the embassy's small size as its greatest strength, as well as its greatest weakness. The close working conditions and small size of the staff mean that face-to-face communication takes place all the time; it is unavoidable. At the same time, as one staff member put it: "everyone knows what everyone else is doing. There are no secrets here." In addition, the limited number of employees and relative newness of some to the Foreign Service or to their current jobs mean there is limited staff depth. One large congressional delegation or military exercise can overwhelm human resources, as well as physical ones.

The Ambassador arrived in 2010 with high energy and expectations. Shortly after, she traveled to the United States for a Bureau of East Asian and Pacific Affairs Chiefs of Mission conference and consultations at U.S. Pacific Command. At the outset of the inspection, she had been present in Dili for about 4 weeks. Staff described initial impressions of her style as being more directive than that of her predecessor.

The transition of leadership has been bumpy for some embassy staff who were still making adjustments at the time of the inspection. The OIG team urged the Ambassador to establish her expectations and objectives as soon as possible.

During the inspection, the Ambassador and deputy chief of mission (DCM) selected December 1, 2010, for a “thinking strategically” session with all U.S. direct-hire staff. The announcement of the session said it would be an opportunity to discuss “key questions that will help steady our agenda for the coming months.” It specifically noted that the session would serve as a mid-term review of the MSRP and would focus on the “broad sweep of mission operations, including diplomatic, assistance, managerial, morale, etc.” The announcement also indicated that this was the first of a series of sessions, and it urged American personnel to engage their LE staff for ideas and suggestions. This is the kind of process that not only builds cohesion but also is a hallmark of a normal embassy.

EMBASSY FACILITIES

The embassy is located on the site of the former Indonesian governor’s mansion, an oceanfront property in Dili. The U.S. Government holds a long-term lease on the property that extends to 2032. The mansion itself serves as the chief of mission residence. The site also includes a one-story, unclassified office building with 4,750 square feet of usable space and a classified annex containing another 1,350 square feet. A small warehouse and several other permanent and prefabricated buildings are located at the back of the compound, where a medical unit, mail room, recreation center, workshops, and garage space also are situated.

The chancery interior is cramped and barely adequate for current staffing. A space planning specialist from OBO visited Dili in 2010 and proposed expanding the use of modular furniture to accommodate more staff within the existing building. Embassy Dili also had proposed converting an existing compound building to provide more office space; however, a team of OBO and Bureau of Diplomatic Security specialists visited Dili and determined that the upgrade was not feasible. Alternative solutions are being explored, but there is no definitive plan at this time.

In 2004-2005, OBO constructed the chancery. Since then, OBO and the Bureau of Diplomatic Security have called the structure an “interim office building.” The Department expected this facility would be adequate until construction of a new chancery started in 2012, eliminating the need for any interim enhancements. However, the Department has reprioritized construction projects worldwide to more closely align priorities with vulnerability assessments. As a result, OBO now plans to construct a new chancery in Dili in 2023. The current chancery can no longer be

considered an interim facility, and the Department can no longer defer security and functionality upgrades, on the grounds that the current facilities are temporary.

RECOMMENDATION 1: The Bureau of Overseas Buildings Operations, in coordination with Embassy Dili, the Bureau of Diplomatic Security, and the Bureau of East Asian and Pacific Affairs, should stop considering the embassy chancery as an “interim office building,” and should develop a master facilities plan for renovations and expansions to ensure the security and functionality of the current chancery, until a new chancery is constructed. (Action: OBO, in coordination with Embassy Dili, DS, and EAP)

ATTENTION TO SECURITY AND EMERGENCY PREPAREDNESS

The regional security officer has a robust program to address concerns about crime and political violence. He receives strong support from the Ambassador and DCM. The embassy has evaluated threats of natural disaster and sited an alternate command center at a residence that is 30 feet above sea level, which puts it well above the inundation level of a tsunami. During a U.S. military exercise in 2009, the embassy tested elements of its emergency action plan. These steps are indicative of the close and appropriate attention that embassy leadership gives to security and emergency preparedness.

ATTENTION TO PUBLIC DIPLOMACY

The people of Timor-Leste have a positive image of the United States. The embassy’s FY 2012 MSRP includes a separate goal paper on public diplomacy. The embassy has a modest but ambitious program of public diplomacy activities that include exchanges, outreach, and media engagement. USAID underwrites administrative overhead and program costs of an Ambassador’s Self-Help Program, which began in FY 2010. Under guidance of the DCM, a public diplomacy-coned Foreign Service officer, the embassy, and USAID also cooperated to establish an Ambassador’s Self-Help Fund.

The Ambassador arrived in Dili after serving as DCM in Singapore and consul general in Sydney, Australia. Both of these positions provided her extensive experience in public affairs, and she is anxious to use that experience to advance the embassy's public diplomacy agenda.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL AND ECONOMIC AFFAIRS

The embassy robustly promotes democratic values and good governance with the Government of Timor-Leste. It effectively encourages support for U.S. positions in multilateral organizations.

The embassy provides timely, essential information to the Department and other consumers in appropriate volume. The DCM and a first-tour ELO carry out political and economic reporting. When the first public affairs officer curtailed, the ELO assumed responsibility for public diplomacy, in addition to having consular, political, and economic duties. The ELO must invest considerable time to obtain information from Timorese institutions. As OIG teams have found elsewhere, required annual reporting can be quite burdensome in small posts. The ELO spends virtually all of the time for political and economic work on writing required annual reports, leaving most analytic reporting to the DCM. The OIG team advised the staff on how best to organize preparation of these required reports.

In the summer of 2011, a mid-level political/economic officer and a mid-level public diplomacy officer will arrive in Dili. Their arrival will help the embassy to expand outreach and bolster reporting on internal politics in advance of national and parliamentary elections planned for 2012. The embassy also could benefit from conducting an opinion survey of the domestic political scene, to help it plan coverage and reporting of the elections. For instance, such a survey could address how people view the performance of young government institutions; whether they believe elections will be free and fair; and how confident they are about Timor-Leste's stability after the UN Integrated Mission departs. The OIG team informally recommended that the embassy request Department support for such a survey.

RECOMMENDATION 2: Embassy Dili, in coordination with the Bureau of East Asian and Pacific Affairs and the Bureau of Intelligence and Research, should conduct a survey of political opinion in advance of the 2012 national elections. (Action: Embassy Dili, in coordination with EAP and INR)

Law Enforcement and Governance

A security, law enforcement, and justice working group meets regularly and uses a prepared agenda to exchange views and establish synergies among U.S. entities and with foreign donors. Leahy vetting procedures are applied thoroughly.

Biographic Reporting

The embassy conducts biographic reporting infrequently. Despite having an excellent network of contacts throughout Timor-Leste, it provided only a few insightful biographic reporting products early in 2010. The embassy will be challenged by the 2012 elections, as a new generation of leaders unknown outside Timor-Leste will likely emerge. The OIG team made an informal recommendation that biographic comments about influential Timorese become a regular element in cable reporting.

Records and Data Management

Records and data management is an area where embassy operations can move quickly to a more normal status. Employees have not implemented Department procedures on information sharing and document management, as required by 5 FAM 400 and 5 FAH-1 H-300. They are not using the Department's system for traffic analysis by geography and subject labeling. Officers retain information in personal email folders or electronic document folders that are not readily accessible to colleagues who may need to access the information when an officer is out absent or has been transferred. The OIG team informally recommended that the embassy establish electronic filing systems according to the traffic analysis by geography and subject system.

Staff has not retired files to Department archives. Failure to maintain files causes inefficiency, as staff waste time searching for information. Inexperienced officers may be unable to access model documents, and material that should be retrievable by the Department and historians could be lost. The OIG team made an informal recommendation that the embassy instruct its employees on proper records management and archiving responsibilities and ensure compliance with those requirements.

Embassy Dili installed the State Messaging and Archive Retrieval Toolset (SMART) software system in July 2010, which features a "record email" function by which to archive emails. This function should be used for a significant number of emails relating to schedules for visitors, steps taken to implement programs, and policy-related exchanges with Department offices and other agencies. The OIG team made an informal recommendation that the embassy issue guidance on the types of email correspondence that should be maintained for files and archiving purposes in the new software system.

Commercial Promotion

The Ambassador is weighing whether a more robust embassy effort to promote imports of U.S. goods and services might be productive. She told the OIG team that, in any event, such an initiative would have to be delayed until 2011, when two officers will arrive to handle the political/economic, consular, and public diplomacy functions that are currently being covered by a first-tour ELO.

With the exception of a U.S. investor in offshore oil and gas development, U.S. business interest in Timor-Leste's underdeveloped economy is negligible. American brands are imported via Australia and Singapore. The embassy advises U.S. firms competing for opportunities financed by foreign donors, and is a decisive, strong advocate for U.S. exports with senior host country officials when needed. For instance, embassy staff enlisted Foreign Agriculture Service expertise to secure the removal of non-tariff restrictions on U.S. poultry imports.

Assistance Coordination

The Ambassador, DCM, and USAID staff often consult over the assistance operational plan and its central role in the MSRP. The Department of Defense and the U.S. Pacific Command conduct numerous humanitarian and civic action projects in Timor-Leste, supplementing the large USAID program and Department-funded activities. The embassy coordinates assistance with foreign donors and has leveraged U.S. funds to greater benefit, by arranging joint activities with bilateral partners.

An assistance working group meets monthly or bimonthly, as the workload warrants, to evaluate proposals and discuss ongoing projects. More thorough communication would help preclude duplicative work and would foster the sharing of lessons learned. The OIG team informally recommended that the assistance working group move from informality to establishing a regular schedule with prepared agendas in order to facilitate effective evaluation of complementary opportunities and validate good local partners for sustainable activities.

PUBLIC DIPLOMACY

Outreach has been hampered by the 2010 curtailment of the embassy's first public affairs officer. The ELO, who also does political/economic and consular work, spends 40 percent of his time on public diplomacy. The embassy's public diplomacy efforts are further complicated by Timor-Leste's poor transportation, telecommunications, and institutional infrastructure. Internet connections are slow, unreliable, and costly. The two television stations have minimal original programming. Broadcast and print

journalists lack investigative skills. Moreover, staffing gaps have made it difficult for the embassy to exploit opportunities with local media.

The embassy has a modest public affairs budget that is used to exploit many avenues to promote U.S. values and interests. It is resourceful in reaching out to counterparts in the region that have group international visitor programs to which a Timorese could be added. The embassy has supplemented its annual allotment of two Fulbright scholarships by successfully nominating candidates for exchange programs such as the globally competitive Edward R. Murrow program for journalists. Regional English language and information resources offices in Jakarta provide excellent support for these outreach efforts.

Social media provides a ready channel to reach youth. The Timorese use Facebook more than Web sites to exchange information. The embassy maintains an active Facebook page, in both English and Tetum (one of Timor-Leste's two official languages). The political assistant uses Facebook to track domestic political debate. The embassy and USAID are negotiating with the sole cell phone provider to arrange commercial usage of group (not just individual-to-individual) text messaging – a service that is not yet available in Timor-Leste. Once the cell phone provider agrees, the embassy is planning to use cell phones to transmit Voice of America headline news in Portuguese, the country's second official language. At the time of the OIG inspection, the embassy was replacing its contracted Web master in the United States with a local staff member, who will expand the use of Tetum on the embassy's Web site.

Education is an important component of the public affairs budget. The embassy is supporting a grant to an English language teaching fellow, assisting with English testing services, and providing English instructional books. It also seeks to open an American Corner, once it identifies a suitable partner.

CONSULAR AFFAIRS

Embassy Dili has a small consular operation, but it would like to expand the operation into a more normal consular section; the OIG team supports this initiative. Currently, one part-time ELO (who also does political/economic and public diplomacy work) and one part-time LE staff member (who is also the senior political/economic LE staff member) handle all consular work. They also provide emergency services to American citizens, but that workload is quite small. The embassy has not handled any deaths, arrests, repatriations, or medical evacuations of American citizens in recent memory.

The embassy performs notarial services and helps American citizens register. It also accepts petitions for immigrant visas and applications for U.S. passports and consular reports of birth abroad, which it forwards to Embassy Jakarta for further processing. The staff provides considerable assistance to nonimmigrant visa (NIV) applicants, while advising them that they must apply for visas at Embassy Jakarta or another post.

The biggest consular issue for Embassy Dili is its desire to be authorized by the Department to provide U.S. passport/citizenship services and NIV services.

Passport/Citizenship Services

Most passport/citizenship services in Timor-Leste involve routine applications to renew U.S. passports or requests for extra visa pages in a U.S. passport. Embassy Dili collects the applicable fees and sends the documents to Embassy Jakarta in a pouch twice a week. In 2009, Embassy Dili forwarded 60 U.S. passport applications and two consular reports of birth abroad applications to Embassy Jakarta.

From the time of application, it takes 3 to 4 weeks to receive the requested service, which is approximately twice the average processing time at other posts in the region. American citizens in Timor-Leste are unhappy with this arrangement.

The regional consular officer in Bangkok is responsible for advising Embassy Dili on its consular operations. He visits Dili twice a year. On his visit in September 2010, he provided helpful suggestions to the embassy on alternative arrangements for processing U.S. passport applications, such as sending the applications by courier to the U.S. Passport Agency in Honolulu. Given the low volume of cases in Dili, doing so would not have a significant impact on Honolulu's workload. Embassy Apia in Samoa has a similar arrangement with Honolulu.

RECOMMENDATION 3: Embassy Dili, in coordination with the Bureau of Consular Affairs, should explore alternative arrangements for processing U.S. passport applications from Timor-Leste. The embassy should initiate this dialogue by sending a cable to the Department explaining the problems with the current arrangement. (Action: Embassy Dili, in coordination with CA)

Nonimmigrant Visa Services

As noted above, NIV applicants apply at Embassy Jakarta or another post. Approximately 96 percent of the 150 Timorese who obtain NIVs every year are

Timorese Government officials or people who are being sponsored by the U.S. Government. The refusal rate is therefore extremely low.

Timorese officials, including the president, have expressed frustration about the delays and extra expense involved in applying in Jakarta for an NIV. Since no airlines fly between Dili and Jakarta, travelers have to transit through Bali or Singapore and stay overnight in Jakarta before applying. They then have to spend another night in Jakarta while awaiting their visa. Thus, an application for an NIV in Jakarta involves paying for a minimum of two nights' lodging, plus round-trip airfare.

Embassy officials gave the OIG team several examples of how the bilateral relationship has been negatively affected by this cumbersome process. On occasion, American and LE staff members have had to travel to Jakarta to deliver additional documentation requested by Embassy Jakarta to prevent the Timorese in U.S. Government-sponsored activities from missing deadlines for training programs or conferences. In other cases, applicants who were being sponsored through public affairs programs have lost their opportunities because of delays in visa processing.

Embassy officials spend considerable time dealing with the fallout from such missed opportunities, as well as advising applicants, making arrangements for officially sponsored applicants, tracking cases, and resolving unforeseen problems. Their time could be used more productively if they did the NIV work themselves, and they could much more easily resolve any issues that may arise, such as the need for more documents.

The OIG team reviewed the space required for a small consular section to process NIV and U.S. passport/citizenship applications. The embassy already has a consular waiting room and a service window, behind which three LE staff members currently work; the embassy would need to build a wall with a controlled-access door enclosing that area. The LE staff would be moved as part of the space-planning initiative discussed in the executive direction section of this report.

The only additional personnel the embassy would need would be a full-time consular LE staff member. The ELO who is doing consular work part-time is actually in an FS-03 position and is being replaced in the summer of 2011 by an FS-03 officer. That officer would continue to be the part-time consular officer. The workload, even if the expansion of consular services were approved, would not justify a full-time consular officer. As noted above, much of the time currently spent helping NIV applicants to apply in Jakarta could be used to process the applications in Dili.

The OIG team also reviewed the technical capabilities of the embassy infrastructure to support NIV and U.S. passport processing. The embassy's bandwidth has doubled in the past year, and it would be sufficient to support these consular services.

The embassy has a good case to make to the Department for providing NIV services in Dili. Up to the time of the inspection, the embassy had not yet submitted a formal request. The time has come to do so.

RECOMMENDATION 4: Embassy Dili should send a formal request to the Bureau of Consular Affairs, explaining why it should provide nonimmigrant visa services in Dili and what the resource implications would be for doing so. (Action: Embassy Dili)

Timor-Leste's Internet service is slow and erratic. NIV applicants often cannot complete the new visa application form, because they lose Internet service in the middle of completing the form. Embassy employees have resorted to bringing the applicants—many of whom are good contacts or are travelling on U.S. Government programs— into the chancery to complete the forms on OpenNet. The embassy is aware that this unorthodox procedure needs to be stopped; it is installing a stand-alone computer in the consular public waiting room, which NIV applicants can use to complete their online applications.

VISA REFERRALS

The OIG team reviewed the visa referrals submitted by Embassy Dili to Embassy Jakarta. In the last 8 months, the embassy had submitted one referral. Embassy Jakarta, as a matter of policy, provides expedited appointments for applicants from Timor-Leste. This arrangement is the main reason Embassy Dili does so few referrals, as Class B referrals are solely for requesting an expedited appointment. The referral in question was in compliance with the worldwide visa referral policy.

VISAS VIPER

Embassy Dili officers meet once a month to review the Visas Viper policy. The embassy has not had any submissions in the past year, but it is meeting all the requirements under this policy.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2010
State – D&CP	4	1	2	6	\$601,500
State - ICASS	3	1	27	31	\$2,345,800
State - Public Diplomacy	1	0	3	4	\$110,054
State – Diplomatic Security	1	0	94	95	\$257,819
State – Office of Overseas Buildings Operations	0	0	0	0	\$328,347
State – Representation	0	0	0	0	\$14,650
Office of Defense Cooperation	1	0	1	2	\$176,000
USAID – OE					
OE/2010	4	0	8	12	\$1,687,000
DLI OE	2	0	0	2	\$454,318
CC OE	0	0	0	0	\$824,000
MCC OE	0	1 (vacant)	1 (vacant)	2 (vacant)	\$104,960
USAID – DA / CSH/ ESF / MCC / CMM/ AusAid / HDAC	2	0	10	12	\$41,147,000
Dept of Justice – OPDAT	1	0	1	2	
FMF	0	0	0	0	\$500,000
IMET	0	0	0	0	\$330,000
Totals	19	3	147	168	\$48,881,448

MANAGEMENT OPERATIONS

Managing a new embassy in a challenging environment with limited staffing, embassy management has found it difficult to provide the full range of administrative support for this small embassy. Nonetheless, customers are relatively satisfied. The FY 2010 International Cooperative Administrative Support Services (ICASS)

customer satisfaction survey results for Embassy Dili were on par with worldwide and regional averages. The respondents to the workload and quality of life survey rated the overall quality and customer service orientation of the management section at 3.5 on a 5.0 scale, which are respectable scores, given the constraints noted above.

The management section is under the direction of the management officer, a third-tour officer serving in an FS-03 position. He reports directly to the DCM and has immediate responsibility for financial and human resources management, facilities management, the health unit, and the community liaison office. He has indirect responsibility for information management and general services operations. He supervises five LE staff members and three U.S. direct-hire employees: an FS-03 information management officer, an ELO general services officer, and an eligible family member who serves as a community liaison office coordinator.

Embassy Dili depends upon neighboring posts for advice and oversight in several elements of management operations. Embassy Bangkok provides support for the financial management and human resources operations, and employees from both offices in Bangkok make regularly scheduled visits to Dili.

Despite support agreements with neighboring posts, Embassy Dili included a request in its FY 2012 MSRP for a financial/human resources officer position, maintaining that the quality of regional support services from Embassy Bangkok is not adequate for its expanding population. The Bureau of East Asian and Pacific Affairs does not currently support this request, asserting that the regional support arrangement meets Embassy Dili's needs. In fact, embassy managers told the OIG team that they were satisfied with Embassy Bangkok's financial management support, and the OIG team agrees with that assessment. Embassy managers were less satisfied with the human resources support, but the OIG team advised the embassy to document specific problems and discuss those issues directly with the human resources officer in Bangkok.

The OIG team believes that the embassy has not made a compelling case for the additional financial/human resources officer position. Furthermore, the newly arrived general services officer, who is the first incumbent in a new position, will absorb a substantial amount of the management officer's workload. This arrangement will enable the management officer to focus more on internal controls, as well as financial and human resources management.

The LE staff includes some experienced and capable employees in key management units. Some of the subordinate staff are inexperienced and untrained or lack requisite job skills, and their performance does not always meet the expectations of supervisors or customers. Embassy management has recently provided training for many LE staff, including formal training away from post, online courses, and on-the-job training.

RIGHTSIZING AND CONSOLIDATION OF MANAGEMENT SERVICES

Embassy Dili submitted a rightsizing report to the Department in FY 2008, with projected staffing levels for 2013 serving as a basis for final design of a new embassy. The Department review noted that Embassy Dili should continue to receive major administrative support from the regional service center at Embassy Bangkok, rather than creating a full ICASS platform at Embassy Dili.

The review further concluded that USAID and the Department had set up duplicative management platforms, and it recommended consolidating most services prior to relocating to a new embassy. Although the new embassy project now has been postponed for at least another 12 years, Embassy Dili recently completed the recommended merger of assets and personnel who provide general services support in operations such as housing, maintenance, motor pool, and warehousing. The major exception is with furniture and appliance inventories, which is discussed in another section of this report.

Embassy and USAID managers are satisfied with the consolidated arrangements, but consolidation may result in more, rather than fewer, management support personnel. This is because in-house staff will replace contractors who had previously performed janitorial, gardening, and maintenance support for USAID offices and residences. USAID was dissatisfied with the poor quality and unreliability of the contractor's maintenance services.

HUMAN RESOURCES

As discussed above, the OIG team does not support the embassy's request for an additional officer to support HR and financial management operations.

Embassy Dili has an LE staff committee, but the group tends to be passive and without major issues to advance. However, the small size of the staff and the close working relationship between the LE staff and their U.S. supervisors contributes to a favorable climate for communication between the two groups. Embassy management also has taken several measures to foster good communications, including holding regular meetings and including LE staff in social and recreational events. The Ambassador also has indicated that she intends to pay special attention to LE staff morale and professional development.

FINANCIAL MANAGEMENT

Under the terms of a 2006 memorandum of understanding, Embassy Bangkok provides the full range of financial management services to Embassy Dili, including technical and advisory oversight, guidance and support, and timely processing of documents. The financial management officer at Embassy Bangkok serves as the certifying officer for Embassy Dili, and a senior LE staff accountant from that office visits Dili at least four times per year for extended periods. Embassy Dili's management is satisfied with the quality and timeliness of the regional support, although some embassy staff expressed unhappiness about perceived delays in the processing of travel vouchers.

Even with extensive regional support, there are some elements of financial management that Embassy Dili performs. The management officer serves as funds control officer and approving officer for cashier operations. He directly supervises an LE staff cashier, who has completed the cashier training course. (b)(2)(b)(5)(b)(6)

In FY 2010, Embassy Dili received \$601,500 in program funds and \$2,345,800 in ICASS funds. Other major Department allotments included \$257,819 from the Bureau of Diplomatic Security and \$328,347 from OBO.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

Embassy Dili established an ICASS council in October 2009, with representatives from USAID and the Departments of State, Defense, and Justice. The DCM is engaged in ICASS and has attended every council meeting thus far. The ICASS service center provided onsite training for council members in January 2010, and the council has subsequently proven effective in considering such important issues as LE staff salary increases, Department/USAID consolidation of services, and requests for new positions.

FACILITIES MANAGEMENT

The facilities management unit is under the general direction of the management officer, but an LE third country national provides ongoing supervision of a staff that

includes four LE tradesmen, three janitors, and six gardeners. Embassy customers are pleased with the quality of maintenance support. This satisfaction is all the more remarkable, given the poor municipal infrastructure for providing power and water, which puts significant demands on the maintenance staff.

Generator Issues

Frequent power interruptions require emergency generator support for residences and offices, and the embassy maintains a large inventory of generators. However, a major deficiency in emergency generator support is that the chancery compound has only two generator sets. A visiting OBO contractor addressed this issue in a July 2010 report, noting that both generators were running above load. He recommended installing two additional generators to support the total demand for emergency power. At the time of this inspection, they had not yet been installed. One of the generators has been malfunctioning. In the annex to this report, the OIG team explains further the effects of this deficiency.

RECOMMENDATION 5: The Bureau of Overseas Buildings Operations, in coordination with Embassy Dili, should procure and install the additional generator sets at Embassy Dili, as recommended in the report of the contractor who conducted the July 2010 preventative maintenance visit. (Action: OBO, in coordination with Embassy Dili)

Residential Maintenance

The facilities maintenance staff has to devote considerable attention to residential maintenance. Some residential landlords are willing to make necessary upgrades and fulfill their contractual obligations for major maintenance and repairs, but the staff must often cover emergency repairs and preventive maintenance. With the consolidation of ICASS and USAID housing pools in FY 2011, the demand for both routine and extraordinary ICASS maintenance services in embassy residences has doubled. Moreover, the USAID residences had used local contractors to maintain their residences, but the poor quality of their work has left the units in relatively poor condition. The embassy believes it does not have enough residential maintenance staff and funding to accomplish work objectives and is preparing a proposal for the ICASS council to address these needs.

Safety, Health, and Environmental Management Program

According to 15 FAM 933.2 a., overseas embassies with more than 25 staff members must have a fully functional safety, health, and environmental management (SHEM) program. Basic elements of a SHEM program should include monitoring and reporting problems, establishing embassy policies, and providing guidance to the embassy community. Although various management units perform certain SHEM activities as part of their routine operations, Embassy Dili does not have a fully functioning SHEM program.

Embassy management recognizes the importance of the program but competing management priorities, limited staffing, and lack of training have limited its ability to carry out all of the required SHEM program activities. The embassy recently designated a SHEM committee, but some members were unaware of their designation at the time of the inspection. The committee must meet to develop a formal SHEM policy, assess health and safety conditions, and identify program objectives. Considering the health and safety hazards present in Dili, an active SHEM program is vital to the safety of embassy staff.

RECOMMENDATION 6: Embassy Dili, in coordination with the Bureau of Overseas Buildings Operations, should establish a fully functional safety, health, and environmental management program. (Action: Embassy Dili, in coordination with OBO)

GENERAL SERVICES OPERATIONS

Until recently, Embassy Dili did not have a general services officer, and the management officer had found it increasingly difficult to oversee all administrative operations. Although customer satisfaction with general services operations was relatively high, the necessary span of control over the various management units was lacking, and incidents of inefficiency and malfeasance had occurred. The Department approved the embassy's request to establish the position, and a first-tour officer arrived in late FY 2010. She reports directly to the management officer, supervises 12 LE staff members, and is responsible for overseeing all elements of general services operations.

Housing

The management officer oversees the housing program, and the general services officer manages the ongoing responsibilities for leasing. With the recent consolidation of USAID units into the housing pool, Embassy Dili has established a housing board that includes two voting members and the management and security officers as ex officio members. The board assigns housing for all incoming personnel, in consideration of special needs or expressed preferences, contingent upon the timing of arrivals and vacancies. The community liaison office (CLO) coordinator provides incoming staff with information about post housing, but there is no housing handbook that explains the regulations, procedures, and other aspects of the housing program. The OIG team made an informal recommendation that the embassy develop a housing handbook.

The small housing pool consists of one long-term leased residence, the chief of mission residence, and 17 short-term leased residences, all located within walking distance or a short commute from the chancery. The other housing units are relatively comfortable, functional, and attractive, with annual lease costs ranging from \$5,000 for smaller modular units to \$50,000 for larger single-family houses. Recent customer surveys indicate a high degree of satisfaction with embassy housing.

Motor Pool

Even after the recent absorption of USAID vehicles and drivers, Embassy Dili has a small ICASS motor pool, which is adequate to meet its needs. The general services officer provides overall direction, with an LE supervisor/dispatcher managing routine operations and supervising nine drivers. The motor pool fleet includes 16 vehicles, collectively valued at over \$553,000. The fleet consists primarily of left-hand drive Toyota sedans and vans, as well as a few utility vehicles. The fleet is relatively new and in good condition, with nine of the vehicles dating from model year 2007 or newer. The operating conditions for the motor pool are relatively benign; most trips are within Dili, where the traffic is relatively light, so there is less likelihood of delays or accidents.

The embassy has issued a motor pool policy outlining the regulations for motor pool use and operation. However, some fundamental elements of the local policy and Department regulations are not being consistently enforced. There is no vehicle signage reminding passengers to fasten seat belts, nor do the drivers enforce seat belt use. Drivers do not always enter trip data in vehicle usage logs before requesting passenger signatures. Of greatest concern is the fact that regulations prohibiting personal use of official vehicles are not consistently enforced.

RECOMMENDATION 7: Embassy Dili should create and implement management controls to keep mission employees in compliance with all U.S. Government and Department of State regulations regarding operation and use of official vehicles. (Action: Embassy Dili)

Customs and Shipping

The newly-arrived general services officer provides overall supervision for the customs and shipping unit, and an LE staff member handles routine arrangements for shipping and customs clearance. Despite reports of lengthy delays in receiving incoming personal shipments, survey responses indicate that customers are satisfied with the quality of the services.

Contracting and Procurement

The general services officer also has assumed overall responsibility for contracting and procurement, and has a contracting warrant for acquisitions up to \$250,000. She is assisted by one full-time procurement assistant and another who also has some collateral duties for travel management. Embassy Dili has no major contracts for such support services as janitorial, gardening, and local guard services, which are performed by directly hired staff. There are a few contracts for services, such as Internet service, trash collection, and various maintenance operations, but none in excess of \$100,000. Following several recent incidents of unauthorized obligations, the management officer issued a notice in early FY 2011, reiterating to staff that any procurement requests must be submitted to the new general services officer, and that only designated contracting officers can commit U.S. Government funds.

Property Management and Warehousing

Property management and warehousing are also under the direct supervision of the general services officer. She supervises two LE staff positions, a clerk and a warehouse supervisor, but the latter position was vacant at the time of the inspection, [REDACTED] [REDACTED] As noted above, the main embassy warehouse and maintenance shops are located on the chancery compound. With the recent consolidation of warehousing operations, the embassy has taken possession of the former USAID warehouse, a commercially leased building located a few minutes from the chancery.

Although USAID has transferred the warehouse and property management function to the embassy, the agency retains control over its inventory of furniture and

appliances. The USAID executive officer indicated an interest in consolidating this inventory into a mission-wide furniture and appliance pool, but did not think USAID had sufficient funding to invest in new assets as required to buy into the pools. The ICASS Service Center in Washington is developing alternative methods for funding furniture and appliance pools outside of ICASS, and the embassy should determine if such alternative funding procedures could work for Dili.

RECOMMENDATION 8: Embassy Dili should coordinate with the International Cooperative Administrative Support Services Service Center to determine if alternative funding methods could be implemented at the embassy, thus enabling the U.S. Agency for International Development to participate in mission-wide furniture and appliance pools. (Action: Embassy Dili)

The OIG team inspected the warehouses and found a number of deficiencies that could result in damage or loss of property. The chancery warehouse currently is staffed by one clerk, and the leased warehouse has only an external guard, so inventory controls are tenuous at best. Neither warehouse has adequate climate controls, and the combination of intense heat, humidity, dust, and salt air in Dili pose a real threat of damage to furniture, appliances, and other inventory items. The contents of the chancery warehouse were stored in a haphazard manner, without proper shelving or easy access to all items.

The owner of the former USAID warehouse has indicated interest in constructing a new build-to-lease warehouse that could be designed to embassy specifications. Considering the condition of the two current warehouses, this is an opportunity worth pursuing.

RECOMMENDATION 9: Embassy Dili, in coordination with the Bureau of Overseas Buildings Operations, should negotiate terms and conditions under which a developer would construct a new, purpose-built warehouse that would be leased to the embassy. (Action: Embassy Dili, in coordination with OBO)

Travel Services

The general services officer is the authorizing and approving official for all embassy travel, while the LE travel assistant carries out the actual tasks associated with travel. She has about one year of experience in managing embassy travel, but has

completed formal Department training courses in travel management. Her duties include preparing travel orders and vouchers on the E2 system, making airline and hotel reservations for embassy and temporary duty travelers, working with the American Express contract travel agency at Embassy Bangkok, preparing necessary reports and documentation, and ensuring that travel is made in accordance with U.S. Government regulations. Among these regulations is the control over the use of premium class air travel. Embassy Dili reports that one business-class ticket was issued during the past year, and travel files included the required DS-4087, "Authorization Request for Business-Class Air Travel."

Considering the remoteness of Timor-Leste, travel service is an important element of ICASS operations. Recent customer survey results would confirm that embassy customers are not satisfied with the quality of travel services provided by American Express. The average scores for travel services on both the 2010 ICASS customer satisfaction survey and the OIG work and quality of life questionnaire were well below average. The embassy is looking at local options for travel services.

INFORMATION MANAGEMENT

Overall, the information management (IM) program works well and operates as a cohesive unit. The IM officer has been stationed at the embassy since 2009 and has had to overcome a number of issues, including that the IM program recently experienced a complete transition in staffing. In addition, a number of system upgrades and site reviews have added to a disruptive workload for the IM shop. The IM operation also has been fortunate to have an assigned backup IM officer who is assigned as the Ambassador's office management specialist. The individual is experienced in IM duties and has assisted the program during key times of need, including a recent communications security audit.

The IM officer has made the most of temporary duty support, and she rated the support as excellent. Project planning for the various IM temporary duty employees has been routinely mapped out, ensuring full utilization during the transition. The employees on temporary duty have issued detailed trip reports outlining areas addressed and projects completed.

Despite Embassy Dili's relatively small infrastructure, the IM program entails all of the functional areas that require constant operational support. In addition to administration of the OpenNet and ClassNet networks, the program covers pouch management, mailroom operations, and radio/telephone network. ICASS and OIG questionnaires reflect favorable feedback from the mission customers. Management has begun mitigation in several areas of concern identified during the course of the inspection.

Information Systems Staff

The IM program has experienced a complete transition in all facets of operations. Both information systems center LE staff administrators are relatively new. The mailroom/telephone operator position also has experienced turnover; this is discussed in the mailroom section of this report.

The departure of the previous, seasoned LE staff systems manager was a setback to program continuity. The recently hired systems manager is relatively untrained and still in a probationary status, pending completion of needed training and on-the-job experience. The OIG team suggested that the systems staff could also benefit from a cross-training program with Embassy Jakarta. The information systems center in Jakarta is currently establishing a regionalization platform that incorporates sharing best practices and operating procedures within the region.

Radio/Telephone Technician Support

Embassy Dili does not have a telephone/radio technician on its IM staff. While the telephone/radio duties are currently covered by the two information systems center administrators and the IM officer, the IM staff does not have adequate training or expertise. A local service provider supports the telephone infrastructure. The regional information management center in Bangkok also has provided trouble shooting intermittently by phone. Regardless of the size of the embassy, the telephone and radio infrastructure requires constant maintenance. The OIG team discussed possible solutions and made an informal recommendation.

Information Management Office

The IM office contains an unclassified switch that is housed in a vacated server rack. Cabling and wiring have been left exposed and unorganized on the walls and flooring of the room. The server rack was left in the office to be used as a training platform. The OIG team made an informal recommendation to remove the server rack and replace it with a switch box, which would meet Department standards and free up space that could be used more efficiently for storage in the information systems center. Management agreed with the OIG team's suggestion and plans to procure the necessary equipment.

Mail and Pouch Operation

Embassy Dili's mail and diplomatic pouch operation has been an issue. (b)(2)(b)(5)(b)(6)

[REDACTED] The embassy has selected a replacement, but in

the meantime the general services staff has had to provide backup support. Embassy managers are committed to turning the program around.

Some American employees have also abused pouch privileges. During the inspection, the IM officer asked the OIG team for guidance about a large shipment of household effects that arrived through the unclassified pouch. The shipment, which weighed over 220 pounds, was sent from Embassy Bangkok through the unclassified pouch and constituted a violation of pouch privileges. The IM officer, who is the designated pouch control officer for the embassy, notified the employee who had committed the violation, and that individual agreed to reimburse the embassy for transportation costs.

The embassy has no written policy stipulating regulations and the appropriate use of the diplomatic pouch and mail services. The lack of a policy leaves room for error and surprise when violations occur. Since this situation has been an ongoing problem, management needs to advise mission personnel of the rules and responsibilities for using the pouch.

RECOMMENDATION 10: Embassy Dili should establish a pouch policy that explains authorized use of the diplomatic pouch, and should distribute the policy to all mission staff. (Action: Embassy Dili)

Contingency Plan

Embassy Dili does not have an updated contingency plan for its unclassified network. Per 12 FAM 622.3, the data center manager and system owner, in conjunction with the information management officer, should develop a contingency plan for all systems. The plan should be coordinated with the embassy's emergency action plan to ensure consistency between the two. Additionally, the plan should be updated annually or whenever major modifications occur to the systems. (b)(2)(b)(5)



RECOMMENDATION 11: Embassy Dili should develop and test a contingency plan for the unclassified network in accordance with Department regulations. (Action: Embassy Dili)

Dedicated Internet Network

Embassy Dili is currently operating a dedicated Internet network that is providing service to several offices on the compound. According to 5 FAM 872.2, the dedicated Internet network must be formally registered with the Department and approved. Dedicated Internet networks that are not registered must be immediately terminated. Management has acknowledged the issue and has begun compliance.

Information System Security Officer

As is common in small embassies, information systems security officer duties are not appropriately separated, as required by Department regulations. Embassy Dili's IM officer is designated as the information systems security officer for both the unclassified and classified systems. The regional security officer is the alternate for both systems but has not completed the required information systems security officer's course, per 12 FAM 622.2. The OIG team made an informal recommendation on this subject.

QUALITY OF LIFE

The overall morale of embassy staff and their families is high, judging from the scores of respondents to the survey conducted for this inspection. There are numerous factors that influence morale, including but not limited to the following areas.

COMMUNITY LIAISON OFFICE

Embassy Dili has an energetic and effective CLO coordinator, who has offered a wide range of programs and activities for the embassy community. She has had CLO training and provides important information to the embassy staff through such means as a pre-arrival letter, an orientation for newcomers, and a monthly newsletter highlighting activities and host country culture. The CLO coordinator participates in all appropriate embassy committees and serves as a liaison with the local school attended by embassy dependents. The community is extremely pleased with her performance.

Dependent Education

Embassy Dili's American employees expressed satisfaction with the education for their children at post, (b) (6)

[REDACTED]

The embassy works closely with the school on logistical support and security, and the school has received grant funding to upgrade physical security installations.

HEALTH UNIT

In a region where tropical diseases abound, and in a country with very limited medical infrastructure, it is essential that Embassy Dili staff and family members have access to high quality medical care. The embassy health unit provides primary care, wellness programs, and assistance with arranging for medical evacuations for more serious medical issues.

The health unit is staffed by a locally hired medical doctor, who works under the supervision of the management officer. With the departure of the Peace Corps in 2006, Embassy Dili inherited a modular medical unit that now sits at the rear of the embassy compound. The medical unit features a waiting room, an office for the doctor, an examination room, and a lockable storage room where supplies and medicines are maintained under appropriate conditions. There is a defibrillator and oxygen at the medical unit, and the embassy has ordered additional defibrillator units to be installed elsewhere around the compound.

The doctor has worked closely with the regional medical officer from Embassy Jakarta, as well as the regional medical officer psychiatrist from Embassy Bangkok. Both of these physicians visit Dili on a regular basis and provide advice and assistance via telephone or email. Embassy staff with medical conditions that require secondary treatment are evacuated to Singapore or Australia, depending on the availability of scheduled commercial air transportation.

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

Embassy Dili only recently has established a formal EEO program; embassy management needs to devote more attention to developing the program. An EEO policy was issued in late October 2010. A Federal Women's Program coordinator was designated under a separate management notice in October 2010. The EEO program notice highlights basic EEO objectives and principles, and advises that further information can be obtained on a Department Web site, and also is posted on an EEO bulletin board in the chancery. These are good initial steps.

The notice also acknowledges that the embassy does not have certified EEO counselors. It refers staff members to the Department for names of certified EEO counselors at nearby embassies. The Department gives small embassies the option to either have their own certified counselors or use counselors from neighboring posts. Given the remoteness of Embassy Dili, it would be beneficial to have a certified counselor who could provide counseling, raise post awareness of EEO issues, and offer advice on the subject to embassy management.

RECOMMENDATION 12: Embassy Dili, in coordination with the Office of Civil Rights, should designate a U.S. direct-hire employee to serve as an Equal Employment Opportunity counselor, and should arrange for training for the selected individual as soon as possible. (Action: Embassy Dili, in coordination with S/OCR)

In addition to an EEO counselor, embassies are encouraged to have at least one EEO liaison from the LE staff. Embassy Dili does not currently have a locally employed EEO liaison, but would benefit from having one, particularly in view of the limited English language skills and cultural differences between American and Timorese staff. The OIG team made an informal recommendation on this issue.

EMPLOYEE ASSOCIATION

Embassy Dili has an employee association, which is appropriate where recreational opportunities are extremely limited. The association has a board of volunteers from the mission, but no formalities such as by-laws, membership, or paid staff. The primary activities include promoting social activities and operating a small cafeteria that is open to all American and Timorese employees. The cafeteria was closed at the time of this inspection, as the prior concessionaire had resigned and had not yet been replaced. The association generates limited income through sales of logo items and food and beverages at social events.

MANAGEMENT CONTROLS

MANAGEMENT SECTION

Embassy Dili submitted the 2010 chief of mission annual certification of management controls on August 13, 2010, reporting that the system of overall management controls was adequate. However, the OIG team believes there is room for improvement in management controls at Embassy Dili. The embassy must further enhance the controls as it evolves into a more normal embassy. A past incident of cashier malfeasance and more recent incidents of unauthorized obligations, abuse of pouch privileges, and noncompliance with Department regulations on use of government vehicles are symptomatic of fundamental problems. At times, embassy staff demonstrate a lack of understanding about or interest in management controls. Embassy management must institutionalize internal control standards at all levels.

The executive office is demonstrating intense interest and active involvement in tightening internal controls in all embassy operations. Actions are being taken to resolve some deficiencies. As the embassy management controls coordinator, the management officer is engaged in improving the span and effectiveness of management controls. The cashier embezzlement incident of 2009 prompted the management officer and regional financial assistant to increase oversight of cashier operations, and the management officer has completed a cashier supervisor course.

Internal controls over general services operations will be greatly enhanced, now that there is a general services officer. Also, management has instituted new procedures for the physical control of high-value items, and it plans to request additional LE staff to better manage property inventories. The embassy recently issued comprehensive policies regarding procurement and motor vehicle use. These steps are significant advances, but embassy management must continue to improve internal controls by making sure that all staff members understand and comply with these policies.

CONSULAR MANAGEMENT CONTROLS

The primary consular management control in this small operation is accounting for consular cash collections. The OIG team reviewed the procedures with the ELO in charge of consular work and the Class B cashier, and determined that they are in compliance with the regulations.

GRANTS MANAGEMENT

The OIG team found grants properly managed. The LE staff have grants officer representative training. As road conditions allow, embassy staff endeavor to travel to monitor projects in remote locations.

RECOMMENDATIONS

RECOMMENDATION 1: The Bureau of Overseas Buildings Operations, in coordination with Embassy Dili, the Bureau of Diplomatic Security, and the Bureau of East Asian and Pacific Affairs, should stop considering the embassy chancery as an “interim office building,” and should develop a master facilities plan for renovations and expansions to ensure the security and functionality of the current chancery, until a new chancery is constructed. (Action: OBO, in coordination with Embassy Dili, DS, and EAP)

RECOMMENDATION 2: Embassy Dili, in coordination with the Bureau of East Asian and Pacific Affairs and the Bureau of Intelligence and Research, should conduct a survey of political opinion in advance of the 2012 national elections. (Action: Embassy Dili, in coordination with EAP and INR)

RECOMMENDATION 3: Embassy Dili, in coordination with the Bureau of Consular Affairs, should explore alternative arrangements for processing U.S. passport applications from Timor-Leste. The embassy should initiate this dialogue by sending a cable to the Department explaining the problems with the current arrangement. (Action: Embassy Dili, in coordination with CA)

RECOMMENDATION 4: Embassy Dili should send a formal request to the Bureau of Consular Affairs, explaining why it should provide nonimmigrant visa services in Dili and what the resource implications would be for doing so. (Action: Embassy Dili)

RECOMMENDATION 5: The Bureau of Overseas Buildings Operations, in coordination with Embassy Dili, should procure and install the additional generator sets at Embassy Dili, as recommended in the report of the contractor who conducted the July 2010 preventative maintenance visit. (Action: OBO, in coordination with Embassy Dili)

RECOMMENDATION 6: Embassy Dili, in coordination with the Bureau of Overseas Buildings Operations, should establish a fully functional safety, health, and environmental management program. (Action: Embassy Dili, in coordination with OBO)

RECOMMENDATION 7: Embassy Dili should create and implement management controls to keep mission employees in compliance with all U.S. Government and Department of State regulations regarding operation and use of official vehicles. (Action: Embassy Dili)

RECOMMENDATION 8: Embassy Dili should coordinate with the International Cooperative Administrative Support Services Service Center to determine if alternative funding methods could be implemented at the embassy, thus enabling the U.S. Agency for International Development to participate in mission-wide furniture and appliance pools. (Action: Embassy Dili)

RECOMMENDATION 9: Embassy Dili, in coordination with the Bureau of Overseas Buildings Operations, should negotiate terms and conditions under which a developer would construct a new, purpose-built warehouse that would be leased to the embassy. (Action: Embassy Dili, in coordination with OBO)

RECOMMENDATION 10: Embassy Dili should establish a pouch policy that explains authorized use of the diplomatic pouch, and should distribute the policy to all mission staff. (Action: Embassy Dili)

RECOMMENDATION 11: Embassy Dili should develop and test a contingency plan for the unclassified network in accordance with Department regulations. (Action: Embassy Dili)

RECOMMENDATION 12: Embassy Dili, in coordination with the Office of Civil Rights, should designate a U.S. direct-hire employee to serve as an Equal Employment Opportunity counselor, and should arrange for training for the selected individual as soon as possible. (Action: Embassy Dili, in coordination with S/OCR)

INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau and are not subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

Political-Economic Affairs

The embassy does biographic reporting infrequently.

Informal Recommendation 1: Embassy Dili should include biographic reporting responsibilities in the work requirements statements of all reporting officers who have significant amounts of contact work.

Employees have not been keeping files according to the Department's Traffic Analysis by Geography and Subject (TAGS) system. Documents are not readily retrievable by colleagues, or by replacement staff with 2-year tours.

Informal Recommendation 2: Embassy Dili should establish shared electronic filing systems according to the Department's Traffic Analysis by Geography and Subject system.

Embassy Dili has not retired files to the Department archives in years, creating a loss of material for the Department and historians.

Informal Recommendation 3: Embassy Dili should issue an administrative notice with instructions on records management and archiving responsibilities and develop and implement a plan to enforce compliance with these requirements.

In July 2010, Embassy Dili installed the State Messaging and Archive Retrieval Toolset (SMART) software. Employees are not making use of the SMART "record email" function for policy and programmatic messages.

Informal Recommendation 4: Embassy Dili should issue an administrative notice with guidance on the types of email correspondence that should be maintained for files and archiving purposes by using the State Messaging and Archive Retrieval Toolset "record email" function.

Embassy Dili convenes an assistance working group irregularly without a prepared agenda. Projects have not been fully vetted to avoid poor or unsustainable outcomes, partly because of the working group has not prepared well for coordination.

Informal Recommendation 5: Embassy Dili should establish a regular schedule with prepared agendas for its assistance working group to effectively evaluate complementary opportunities and validate good local partners for sustainable activities.

Public Diplomacy

The ELO responsible for political/economic affairs and consular operations also assists in public diplomacy work. The curtailment of the public affairs officer, however, led to a substantial increase in his responsibilities in public diplomacy. The current work requirements do not reflect his current duties.

Informal Recommendation 6: Embassy Dili should amend the work requirements statement for the entry-level officer doing political/economic/consular work to reflect his increased responsibilities for public diplomacy during the vacancy in the public affairs position.

Consular Affairs

The consular warden system has not yet been created, although the embassy is working on it. Lack of a warden system would be a problem if the embassy needed to notify American citizens in an emergency situation.

Informal Recommendation 7: Embassy Dili should complete establishing a warden system for American citizens in Timor-Leste.

The LE staff member primarily responsible for consular work, in addition to other duties, left the embassy for another job. Another LE staff member is currently performing most of the consular duties, with another as backup, but the work requirements for those employees do not reflect these duties.

Informal Recommendation 8: Embassy Dili should revise the work requirements for the two locally employed staff members who currently assist in performing consular work to reflect their new duties.

Management Section

Embassy Dili does not have a housing handbook to provide guidance to employees as well as the new housing board.

Informal Recommendation 9: Embassy Dili should create and distribute a housing handbook.

Information Management

The IM office contains an unclassified switch that is housed in a vacated server rack.

Informal Recommendation 10: Embassy Dili should appropriately relocate the network switch in the information management office into a secured switch box.

Embassy Dili does not have a telephone/radio technician on the IM staff. The two information systems center administrators and information management officer service the telephones and radios but they do not have the appropriate training to perform these duties.

Informal Recommendation 11: Embassy Dili should create a locally employed telephone/radio technical position.

The regional security officer is the alternate information systems security officer but does not have the requisite training.

Informal Recommendation 12: Embassy Dili should require the regional security officer designated as the alternate information systems security officer to complete the required training course.

Equal Employment Opportunity

In addition to an EEO counselor, embassies are encouraged to have at least one EEO liaison from the LE staff. Embassy Dili does not currently have an LE staff EEO liaison but would benefit from having such a person, particularly in view of the limited English language skills and cultural differences between American and Timorese staff.

Informal Recommendation 13: Embassy Dili should designate a locally employed staff member as an Equal Employment Opportunity liaison.

PRINCIPAL OFFICIALS

Position	Name	Arrival Date
Ambassador	Judith R. Fergin	09/2010
Deputy Chief of Mission	Jonathan Henick	06/2009
Chiefs of Sections		
Management	John LaRochelle	09/2009
Political/Economic/Consular	Christopher Crawford	02/2010
Public Affairs	Vacant	
Regional Security	Jan Hiemstra	07/2009
Other Agencies		
U.S. Agency for International Development	Cheryl Williams	08/2009
Department of Defense		
Office of Defense Cooperation	Steven Johnson	05/2009
Department of Justice		
Resident Legal Advisor	Alison Igoe	06/2009

ABBREVIATIONS

CLO	community liaison office
DCM	deputy chief of mission
EEO	Equal Employment Opportunity
ELO	entry-level officer
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
ICASS	International Cooperative Administrative Support Services
IM	information management
LE	locally employed
MSRP	Mission Strategic and Resource Plan
NIV	nonimmigrant visa
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
Seabees	U.S. Navy Construction Battalion
SHEM	safety, health, and environmental management
SMART	State Messaging and Archive Retrieval Toolset
USAID	U.S. Agency for International Development

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