



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

Office of Inspections

**Inspection of
Embassy Ulaanbaatar, Mongolia**

Report Number ISP-I-11-58A, August 2011

Office of Inspector General

~~Important Notice~~

~~This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2011 by the Council of Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General (OIG) for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

PURPOSE AND SCOPE

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.



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

Office of Inspector General

PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

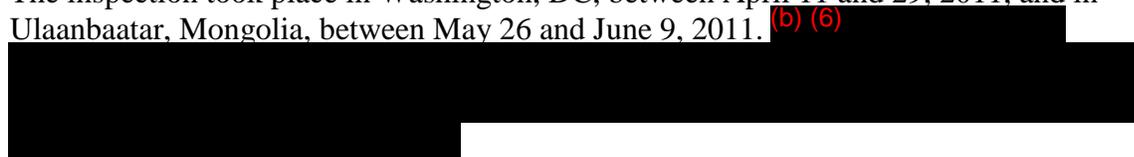
Table of Contents

| | |
|---|----|
| Key Judgments | 1 |
| Context | 2 |
| Executive Direction | 4 |
| Policy Direction and Program Implementation | 4 |
| Security and Management Programs | 5 |
| Policy and Program Implementation | 6 |
| Reporting and Analysis | 6 |
| Political Section | 6 |
| Economic/Commercial Section | 8 |
| Public Diplomacy | 9 |
| Consular Affairs | 11 |
| Resource Management | 14 |
| Human Resources | 16 |
| Financial Management | 18 |
| General Services | 19 |
| Information Management | 20 |
| Quality of Life | 23 |
| Medical Unit | 23 |
| Community Liaison Office | 23 |
| Schools | 24 |
| Management Controls | 25 |
| List of Recommendations | 28 |
| List of Informal Recommendations | 30 |
| Principal Officials | 32 |
| Abbreviations | 33 |

Key Judgments

- The Ambassador and the deputy chief of mission (DCM) work well together to provide clear policy direction and leadership of the embassy. The Ambassador effectively advances U.S. political, economic, security, and commercial interests through his extensive contacts with Mongolian leaders and society, continuous public diplomacy efforts, and good communication with U.S. policymakers. The Ambassador and DCM exercise strong leadership of a unified country team, which works collaboratively on political, development, security, economic, and commercial goals.
- Embassy officers have established close working relationships with Mongolians in many spheres, most significantly in global efforts on peacekeeping and stabilization (security efforts) and on human rights. The mission's activism also has led Mongolia to be more open to U.S. exports and investments.
- Morale in Embassy Ulaanbaatar is notably high among American and Mongolian employees, despite the country's harsh climate and isolation. The Ambassador and the DCM contribute significantly to morale through their openness, easy accessibility, and strong support for an excellent community liaison program.
- Management controls at Embassy Ulaanbaatar need attention. What was formerly a small embassy challenged by isolation is now a mid-sized mission in a growing capital, with an accompanying growth in the complexity of internal communication and program implementation. The management section delivers good service overall, but it must do more to formalize procedures and planning to support the embassy and maintain good morale.
- The embassy must engage with the Department and the Government of Mongolia to develop a mechanism to recover approximately \$730,000 in anticipated local taxes on supplies and services for the major chancery renovation currently underway.

The inspection took place in Washington, DC, between April 11 and 29, 2011, and in Ulaanbaatar, Mongolia, between May 26 and June 9, 2011. (b) (6)



Context

Mongolia is a vast country about the size of Alaska, with a sparse population of 2.8 million, nearly half living in urban centers, including the capital, Ulaanbaatar. Mongolia is an important example in Asia of how to manage an economic transition from a centrally planned economy to a free market economy within a maturing democratic political framework.

Since 1990, Mongolia has held successive, free and fair, multiparty elections for the presidency and legislative assembly. Mongolia values its relationship with the United States as one of its most important “third neighbors” beyond its immediate borders. Other “third neighbors” identified in Mongolia’s security policy are Japan, South Korea, India, and Europe. Mongolia is building regional and global credentials by taking an active role in UN agencies and regional organizations. Mongolia will assume chairmanship of the Community of Democracies in July 2011. It is a significant contributor of troops to coalition efforts in Afghanistan and Iraq, and to UN peacekeeping operations in Africa, the Middle East, and elsewhere.

Ninety percent of Mongolia’s territory is either pasture or desert; only 1 percent of the land is arable, and the rest is mountainous. Severe climate conditions mean agricultural livelihoods are fragile. Seventy percent of the economy now is held by the private sector. Mongolia is developing the mining sector, expanding transportation and communication networks, and diversifying into service industries. The financial sector remains underdeveloped. Global commodity price swings cause volatility in an economy that is reliant on raw material exports. The economy remains heavily influenced by Russia and China. Russia is the source of 95 percent of Mongolia’s imported petroleum products, while China accounts for more than three-quarters of its total external trade.

Mongolia is poised to double its gross domestic product in the next 5 years, due to accelerated mining exploitation that will bring significant profits for both the public and private sectors, including tremendous opportunities for American investors and exporters of heavy equipment. The economic boom also presents Mongolia with the challenges of restraining inflation, battling corruption, generating employment opportunities beyond the mining sector, and providing adequate social services and a reasonable standard of living for the whole population. Mongolian Government officials recognize these challenges and their limitations, which include an inefficient bureaucracy, inadequate political will to fight corruption, and weak capacity to implement laws and policies. U.S. assistance and advocacy are being directed to help Mongolia meet these challenges.

The year 2012 marks the 25th anniversary of U.S.–Mongolian diplomatic ties, and 2011 marks the 20th anniversaries of the presence of the U.S. Agency for International Development (USAID) and the Peace Corps. USAID development assistance will average about \$6 million annually over the next 5 years. The Millennium Challenge Corporation (MCC) is halfway through a 5-year, \$285 million compact. The mission is engaged in promoting U.S. objectives on security and nonproliferation,

democratic governance, economic growth, environmentally sustainable development, commercial advocacy, and the enhancement of educational and cultural relations.

The Department's operating budget for Mission Mongolia totaled \$6.5 million for FY 2010. Since the 2004 OIG report, U.S. direct-hire staffing has more than doubled, to 42 U.S. direct-hires. There are also 8 locally employed (LE) Americans and 129 local employees.

Executive Direction

Policy Direction and Program Implementation

The Ambassador and DCM work well together and share the executive direction of the mission. The Ambassador has extensive experience in Mongolia and throughout Asia and has clear ideas of what U.S. policy goals in Mongolia should be and how to achieve them. He articulates a vision of continued progress toward a market economy; more effective democratic governance; increased military capability for peacekeeping and crisis response; increased support for U.S. policies, goals, and values; and strengthened controls to prevent the proliferation of weapons of mass destruction. The Ambassador provides guidance in his chief of mission statement of the Mission Strategic and Resource Plan (MSRP). He also emphasizes MSRP goals with embassy staff during regular meetings, with the many executive and legislative branch visitors to Mongolia, and with the Department and other agency policy makers with whom he directly communicates. Building on the Ambassador's key goals, embassy sections contribute to the MSRP preparation, although their performance indicators are not all realistically measurable.

The Ambassador has a broad and deep range of contacts in the Mongolian Government and society, with whom he advocates U.S. policy goals. He seeks the implementation of these goals through a range of program activities the United States carries out in Mongolia. He has easy access to the highest levels of the Mongolian Government and uses that access effectively to advance U.S. policy goals. The Ambassador also conducts an extensive public speaking schedule throughout Mongolia and gives frequent print and electronic media interviews. In these forums, the Ambassador advocates U.S. policy in favor of increased economic, political, and military cooperation. He also advocates vigorously and effectively for U.S. commercial and investment opportunities with senior government and economic leaders.

The Ambassador carries out the larger share of outside representation and public speaking, while the DCM's primary focus is the day-to-day management of the embassy. The Ambassador and DCM talk regularly each day, ensuring that they have a common understanding and approach to the issues they face. The DCM is totally conversant with all the policy issues, has the Ambassador's full trust, and exercises a share of representational and public diplomacy activities. All section and agency heads in the embassy expressed confidence that the DCM speaks for the Ambassador on the policy and operational issues they raise with the DCM. The Ambassador and DCM together provide strong leadership and effective management of the embassy yet, as described elsewhere in this report, management controls need attention.

The country team meets weekly, and agency and section heads review issues and programs for the Ambassador and DCM in this meeting. The Ambassador and DCM also meet regularly with the political and economic/commercial sections, USAID representative, and the MCC representative. They also consult the Defense attaché on security assistance and military cooperation issues. The DCM takes the lead role in

overseeing the management, consular, public affairs, and regional security sections, providing necessary support and guidance for their operational and program issues. The DCM also meets weekly with the medical officer and the community liaison office coordinator. The OIG team observed that the Ambassador and DCM provide the appropriate level of policy guidance and supervision through these scheduled meetings, as well as in the informal exchanges encouraged by their open door policies and their habit of conversing informally with U.S. direct-hire and LE staff in the cafeteria.

Security and Management Programs

The Ambassador and DCM provide strong support to the embassy security program. The DCM meets weekly with the regional security officer (RSO), and the two confer immediately whenever an important issue arises.

The DCM's pragmatic, problem solving style encourages open communication. He holds a regularly scheduled, weekly meeting with the management officer, supplemented by frequent discussions to address any operational problems in the embassy. The embassy failed to make a number of designations in a timely fashion over the past year, including that of an Equal Employment Opportunity (EEO) counselor. However, the embassy recently identified an individual to serve as EEO counselor, who will receive training in Washington before arriving in Ulaanbaatar in the summer of 2011.

The Ambassador exercises appropriate chief of mission authority over all U.S. Government agencies in Ulaanbaatar, measuring requests for additional staff to address perceived needs against policy perceptions and the additional security and administrative costs of adding more positions.

Entry-Level Officers

The embassy has a small but growing number of entry-level generalists and specialists. It does not currently have a formal entry-level officer (ELO) program. The Ambassador has met with ELOs, and the DCM has invited ELOs to lunch on several occasions in order to have informal exchanges and provide mentoring. In this small embassy, informal mentoring opportunities are frequent.

Morale

The Ambassador and DCM contribute significantly to the high morale that the OIG team found in Embassy Ulaanbaatar. Their open and positive attitudes and clear enthusiasm for Mongolia and for U.S. programs in the country help inspire other staff members with similar enthusiasm for their own roles. The Ambassador and DCM provide strong support to an excellent community liaison program, sponsor their own social events for the U.S. direct-hire and LE staff, and participate regularly in community events. Their genuine concern for staff welfare and their easy accessibility are strong boosts to good community morale in a difficult place.

Policy and Program Implementation

Reporting and Analysis

A mid-level political officer and a mid-level economic officer undertake most reporting and analysis, in close collaboration with the DCM and capable ELOs and LE staff. The mission efficiently manages its required reporting and produces an appropriate number of timely cables. Cables are well sourced and have useful context, but they could be more succinct to attract greater readership. Reporting meets the expressed policy interests of U.S. Government consumers, and it is enhanced by worthwhile voluntary submissions, e.g., on developments in Mongolia's provinces and perspectives on Mongolia's relations with third countries. The mission sends numerous emails, including daily summaries to the Department. The mission requested guidance from the OIG team on how to improve official access to information. The inspectors suggested using the record email function of the State Messaging and Archive Retrieval Toolset system for messages such as updates on commercial affairs.

Informal Recommendation 1: Embassy Ulaanbaatar should make appropriate use of the State Messaging and Archive Retrieval Toolset record email function.

Washington consumers commend the biographic reporting submitted to the Department's classified and unclassified biographic Web sites. As time is available, the small staff is working to update biographic files. The inspectors found that not every section of the embassy with meaningful contacts is contributing to biographic reporting.

Informal Recommendation 2: Embassy Ulaanbaatar should include all mission elements in contributions to biographic reporting.

Mongolia's harsh climate means that most visitors come during the short summer season. Visitor programming is well done, and it offers opportunities to expand reporting and deepen relationships with Mongolian counterparts.

For several years, the mission has had separate sections for political affairs and for economic/commercial affairs. The sections work closely with each other and with other sections and agencies. In May 2011, the sections held a joint, off-site session, in anticipation of an interim arrangement that will combine the sections because of an expected 6-month vacancy in the economic/commercial chief position. The mission plans to revert to a structure of two sections, which has the advantage of offering supervisory experience to both mid-level section chiefs.

Political Section

The political section capably handles a wide range of bilateral and multilateral issues. Political officers have cultivated many contacts beyond the capital, in order to understand domestic political issues, including on labor. These contacts can be expected to help the embassy assess how the outcomes of Mongolia's 2012 and 2013 elections

will affect U.S. interests. The section, with other mission elements, is productively involved in efforts to counter human trafficking, protect third-country refugees, and enhance human rights policies and nuclear nonproliferation measures in UN forums. The embassy engages in extensive political-military activities, such as senior-level, bilateral military consultations; capacity building for the Mongolian military forces; and close coordination with the Mongolian military on the latter's valued (and recently doubled) participation in coalition efforts in Afghanistan. Internal cooperation is good, but the embassy has not always succeeded in matching Mongolia's military assistance requests with U.S. funding priorities.

Despite an increased number of convictions by Mongolian authorities under legislation to counter trafficking in persons, trafficking remains a problem. A political officer oversees grants to counter human trafficking, which are implemented by nongovernmental organizations. The designated grants officer is located in Washington. At the time of the inspection, one such grant was near completion; a second large grant application was pending for award. To help assure proper usage of U.S. funds over the course of the grants, the political officer needs to receive grants training, e.g., the Foreign Service Institute's Monitoring Grants and Cooperative Agreements (PY222).

Informal Recommendation 3: Embassy Ulaanbaatar should direct the political officer who oversees grant funds to complete appropriate Foreign Service Institute distance learning courses in grants management.

Leahy Human Rights Vetting

Mongolia is subject to a fast track arrangement that facilitates the processing of candidates for U.S.-funded police and military security personnel training. The OIG team found that some embassy employees did not understand how to comply with the Leahy human rights vetting requirements. In addition, relevant mission elements did not know that the political section is responsible for coordinating the Leahy process. Employees involved with Leahy vetting need to complete appropriate studies, such as the Foreign Service Institute's distance learning course, INVEST: Leahy Vetting at Post (PP-410).

Recommendation 1: Embassy Ulaanbaatar, in coordination with the Bureau of Democracy, Human Rights and Labor, should designate primary and secondary coordinators for the Leahy vetting program and should provide the training and authorization they need to use the International Vetting and Security Tracking system. (Action: Embassy Ulaanbaatar, in coordination with DRL)

Recommendation 2: Embassy Ulaanbaatar should issue an annual, mission-wide notice explaining Leahy vetting requirements, including the requirement that relevant embassy sections, such as the regional security office, consular section, and Defense attaché, participate in the clearance process. (Action: Embassy Ulaanbaatar)

Law Enforcement and Narcotics Affairs

The RSO has responsibility for law enforcement activities and coordinates with the legal attaché's office, as well as a Drug Enforcement Administration office in Beijing. A political officer serves as the narcotics coordinator. The inspection team judged that the mission's size facilitates ready communication and coordination on a relatively low level of law enforcement activities, without need for a formal structure.

Economic/Commercial Section

The economic/commercial section performs well in encouraging Mongolia to carry out economic and trade policy reforms, improve the business climate, and initiate negotiation of a bilateral aviation services agreement. Led by the Ambassador, the section conducts effective advocacy for specific American companies. The economic/commercial section obtains support, as necessary, from regional Foreign Commercial Service and from Foreign Agricultural Service representatives in Beijing. The regional Foreign Agricultural Service office is especially responsive to mission requests. The embassy also has enlisted the Department of Agriculture to provide commodity aid to help Mongolia increase rural incomes and promote economic diversification. The embassy makes good use of U.S. programs, such as the Overseas Private Investment Corporation.

Bilateral trade grew from \$55 million in 2009 to \$126 million in 2010, primarily in U.S. exports. While modest, U.S. exports reached \$114 million in 2010, and indications are that they will be even larger in 2011. The section proactively takes measures to promote U.S. goods and services exports in Mongolia, where transport costs can erode the competitiveness of American products. To expand its marketing outreach, the section has recruited the Washington-based Department of Commerce trade officer for Mongolia to visit annually. Mongolian buyers are more cognizant that an initial higher investment in quality products—particularly for American mining, agricultural, and transport equipment—can prove to be a better choice than lower-price products from traditional, regional suppliers. American retail exports also are gaining a foothold in the Mongolian market. Larger numbers of Mongolian business executives are traveling to trade fairs in the United States.

Environment, Science, Technology, and Health Affairs

The economic/commercial section gained an entry-level environment, science, technology, and health (ESTH) position in FY 2010. The first-tour ESTH officer also oversees nonproliferation training programs and export controls. The economic chief and DCM provide good guidance to the ESTH officer, who refers readily to the regional ESTH officer in Bangkok and also seeks specialized help from the Bureau of Oceans and International Environmental and Scientific Affairs.

Foreign Assistance

The economic/commercial section consults regularly with the USAID and MCC offices to avoid duplication and to reinforce joint objectives, particularly countering corruption. USAID has shifted its focus from emergency and humanitarian aid to the promotion of good governance and environmentally sustainable economic growth. USAID's assistance to Mongolia is expected to average about \$6 million annually in the next 5 years. USAID's location in the embassy facilitates coordination, e.g., in preparing the MSRP. Supplemental foreign assistance funding in FY 2009 and FY 2010 provided budget support to the Government of Mongolia during the global financial crisis; it also funded expert advisors assigned by the Department of the Treasury to help Mongolian officials address financial and banking reforms. MCC is halfway through a 5-year \$285 million bilateral compact agreement with Mongolia that focuses on improving vocational education and expanding health promotion. Mongolians hold the Peace Corps program in high esteem. The program focuses on teaching English and fostering health and has volunteers in virtually every province. Mission officers hold formal and informal discussions on aid plans with other donors. The inspection team encountered a number of Mongolian officials and representatives of other governments and nongovernmental organizations who reported that the effective donor coordination promotes synergy in implementing assistance programs.

Public Diplomacy

The public affairs section consists of the public affairs officer and six (soon to be seven) Foreign Service nationals. With this small staff, they manage the full complement of exchange programs and a limited number of speaker and media programs.

As there is no Fulbright Commission in Mongolia, the public affairs section oversees Fulbright programs, which are very popular in Mongolia. For example, more than 100 Mongolians applied for only 8 spaces in the Fulbright Foreign Student Program, and more than 50 Mongolians applied for only 4 places in the Hubert H. Humphrey Fellowship Program. In FY 2010, the United States provided \$500,000 for the Fulbright Program and, beginning this year, the Government of Mongolia will provide \$300,000.

The Bureau of International Information Programs supports one speaker per year for Mongolia. The public affairs section supplements this speaker with Fulbright program participants, English teaching assistants, and embassy staff.

There are two American Corners in Mongolia: one in Ulaanbaatar and one in Khovd, in western Mongolia. Both Corners attract significant numbers of Mongolian visitors: in April 2011, the American Corner in Ulaanbaatar recorded 2,807 visitors; in March 2011, the American Corner in Khovd attracted 375 visitors. Both Corners conduct regular programs, including video screenings. The section also regularly places press releases and opinion pieces in the Mongolian media.

The section has had great success in obtaining grants for the embassy from the Department's Ambassador's Fund for Cultural Preservation. In FY 2010, the section was awarded funds for three grants, including a \$586,000 grant to preserve an early 18th century Buddhist monastery. The OIG team noted that the public affairs officer visited the monastery site four times during the year prior to the inspection, providing oversight for the large project.

A review of the embassy's 2011 and 2012 MSRPs, plus the MSRP draft for 2013, found that public diplomacy activities were not integrated into all appropriate MSRP goals. While doing so is not a requirement, it does help ensure that the embassy uses public diplomacy tools to meet embassy goals.

Public diplomacy tools can be valuable to achieving embassy goals in almost all of the areas addressed in the embassy's MSRP. Offices in the Bureau of Educational and Cultural Affairs and in the Bureau of International Information Programs have materials and programs to support economic and business issues; democratization, good governance, rule of law, nonproliferation, and trafficking in persons. For example, the list of publications available from the Bureau of International Information Programs is 15 pages long and includes electronic and printed items on all the topics in the embassy's MSRP. Speaker programs include the U.S. speaker program (bringing U.S. speakers to Mongolia) as well as digital video conferences, telephonic conferences, Web chats, and podcasts. Integrating the public affairs section and public diplomacy materials and programs into embassy efforts to achieve high priority goals would help the embassy work toward those goals.

Recommendation 3: Embassy Ulaanbaatar should create a written plan, supplementary to the Mission Strategic and Resource Plan, to integrate the use of public diplomacy tools into embassy work on all appropriate goals. (Action: Embassy Ulaanbaatar)

The Information Resource Center associate has not made outreach calls on important embassy contacts to explain the research resources available and to offer research assistance, as recommended in the regional information resource officer's reports of 2009 and 2010.

Informal Recommendation 4: Embassy Ulaanbaatar should make outreach calls to promote the use of its Information Resource Center.

The American Corner book collection in Ulaanbaatar contains materials that do not belong in an American Corner collection (for example, fiction by the British authors William Thackeray and George Eliot). The inspection team did not have an opportunity to determine whether there were such volumes in the collection at the American Corner at Khovd.

Informal Recommendation 5: Embassy Ulaanbaatar should review the book collection at the American Corners in Ulaanbaatar and Khovd and donate any materials it removes from the collection to an appropriate Mongolian institution.

Embassy Ulaanbaatar's public Web site is updated only once or twice per week. The site should be updated at least daily, so that visitors have access to the latest information.

Informal Recommendation 6: Embassy Ulaanbaatar should update its public Web site every workday.

Consular Affairs

The consular section provides effective and courteous service, despite crowded working conditions and a relatively inexperienced staff. The section also has good relations with other sections of the embassy. The LE staff is engaged and enthusiastic. A regional consular officer stationed in Bangkok provides guidance through email and telephone calls and also visits the embassy twice a year, most recently in April 2011.

Consular Management

The size of the section requires the section chief to serve as both a manager and adjudicating officer, and it is challenging to balance operational tasks with management responsibilities for updating policies, planning workload, performing, and internal communication. The chief adjudicates just under half the nonimmigrant visa cases, an equitable distribution of the daily workload that enables the ELO to cover other consular functions, conduct some outreach, and help provide support for high level visitors. The officers and LE staff meet once a week as a group. Information is shared openly and everyone participates, providing updates on current tasks as well as discussing future plans.

Each LE staff member works on nonimmigrant visas every morning, but also has a well defined, individual portfolio. All have taken formal training, including online courses appropriate to their duties, and most have attended Foreign Service Institute training courses or workshops in Washington. The LE staff reported a high level of satisfaction with their work, and their team spirit is evident.

The chancery renovation project currently underway will ease crowding in the work area and in the waiting room, allowing for greater privacy during consular interviews.

American Citizens Services

Routine services to U.S. citizens are offered twice a week in the afternoons, and the embassy handles emergencies as they arise. At the time of the inspection, the consular section was planning to implement an appointment system. There is insufficient waiting room space to accommodate visa applicants and U.S. citizens at the same time. Although there are few Americans currently resident in Mongolia, an increasing number of children born in the United States are being sent back to school in Mongolia by their working parents. Some parents may eventually need information about what to do to prevent or respond to child custody disputes, but the embassy has not posted country-specific information about international parental child abduction on the Department's consular affairs Web site.

Informal Recommendation 7: Embassy Ulaanbaatar should prepare country-specific information about international parental child abduction, for public dissemination on the Department's consular affairs Web site.

The embassy has a developed warden network and holds an annual warden meeting. Many U.S. citizens in Mongolia are missionaries or nongovernmental organization workers, whose administrative offices participate in the warden system. The consular chief has established a text messaging network, but this system of notification is not yet reliable. Only a few business representatives are permanently based in Mongolia, and there are not enough of them at this time to warrant establishing an overseas security advisory council.

Nonimmigrant Visas

Referral Policy

The embassy's visa referral policy, as published in its management notice of May 2011, is outdated and does not contain the language required in 9 FAM, Appendix K, as amended in September 2010. The worldwide policy requires that only officers who attend a referral policy briefing and certify that they have read the policy are permitted to refer visa cases. Some of the embassy's referring officers have signed an acknowledgement that they have read the current policy, but since that policy was not disseminated in the relevant management notice, the inspectors had no way to confirm this. The inspectors also found that the section's records regarding the referring officers' compliance with this directive were incomplete.

Recommendation 4: Embassy Ulaanbaatar should promulgate in a management notice the Department's most current visa referral policy, along with post-specific procedural guidelines; require all referring officers, before referring any more visa applicants, to attend a briefing on the new policy and certify that they understand it; and update and maintain the embassy's records regarding the referring officers' compliance with this directive. (Action: Embassy Ulaanbaatar)

Until recently, more than half the embassy's visa referral cases were initiated by the economic/commercial section, on behalf of applicants going to U.S.-sponsored trade shows. Not long ago, the consular section learned that some delegation organizers had added to the list of applicants the names of people who were not members of the delegation, believing these cases would thereby receive more favorable consideration. The section now instructs members of trade delegations to use the embassy's successful business executive program, which allows participants to request an expedited visa interview appointment.

Fraud Prevention Programs

An LE staff investigator maintains excellent contacts among the Mongolian police and Mongolian authorities who issue civil documents. The consular fraud investigator and the regional security office's investigator work cooperatively.

Visas Viper Program

Embassy Ulaanbaatar discusses Visas Viper in its regular country team meetings, and the consular section submits all required reports on time. The meeting the OIG team observed was conducted in a pro forma manner, and it was not clear that those present understood how they were supposed to participate. The embassy did not make any classified Visas Viper submissions during the past year. Guidance on the Visas Viper program, including examples of the types of submissions, is available at 9 FAM 40.37.

Informal Recommendation 8: Embassy Ulaanbaatar should provide all Visas Viper representatives with a clear explanation of the benefits of the Visas Viper program and examples of the breadth of submissions that other posts have made through the program.

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 | 17 | 4 | 32 | 53 | \$1,906,548 |
| State – ICASS | 4 | 4 | 71 | 79 | \$3,082,800 |
| State – Public Diplomacy | 1 | - | 8 | 9 | \$248,696 |
| State – Diplomatic Security | 1 | - | - | - | \$163,491 |
| State – Representation | - | - | - | - | \$17,020 |
| State – OBO | 4 | - | - | 16 | \$1,083,142 |
| Department of Defense - Defense Attaché Office | 5 | - | 1 | 6 | \$346,207 |
| Department of Defense – Office of Defense Cooperation | - | - | 3 | 3 | - |
| Department of the Treasury – Office of Technical Assistance | 2 | - | 1 | 3 | \$19,254 |
| Millennium Challenge Corporation | 2 | - | 3 | 5 | \$291,054* |
| Peace Corps | 3 | - | 3 | 6 | - |
| United States Agency for International Development | 3 | - | 7 | 10 | - |
| Totals | 42 | 8 | 129 | 190 | \$7,158,212 |

*Operating budget only

Management Operations

Embassy Ulaanbaatar’s management section delivers good service to the embassy community. The management officer, serving in an out-of-cone tour, has worked to build administrative expertise at a small post where employees must regularly perform multiple job responsibilities. Scores on the OIG administrative services questionnaires were at or above Department averages for all services, with the exception of information management services, discussed in detail below. Community morale overall is excellent, in part because of the efforts of an especially energetic community liaison office coordinator.

Since the 2004 inspection, authorized U.S. direct-hire positions at the embassy have more than doubled, leading to overcrowding in the chancery and annex and an increased workload for the management section. The Department has initiated a \$27 million major renovation project to address the chancery’s security and functionality

deficiencies. The renovation will entail a comprehensive facilities upgrade, and executing it will be the embassy's most important administrative challenge in coming years.

The embassy has requested an additional financial management/human resources officer position in the FY 2013 MSRP. Such a position may be necessary, but in the meantime the embassy could make more use of LE staff and regional support.

As the embassy manages the transition from a small post to a medium-sized post, it will need to move from ad hoc procedures to more strategically planned and systemic management operations, especially with respect to budget planning and communication between the management section and its interagency customers. The OIG team provided counseling on ways to reduce the management officer's daily workload, to allow time for longer term planning.

Value Added Tax Collection for Chancery Renovation Project

In the spring of 2011, the Department initiated the first phase of a \$27 million project to renovate the chancery and annex. According to project staff, the U.S. Government will pay approximately \$730,000 to the local government in value added taxes for the acquisition of supplies and services related to this project. Although the embassy has in place procedures to claim refunds for goods and services purchased under the name of the embassy, the Government of Mongolia has indicated that it cannot reimburse value added tax paid on behalf of the U.S. Government by a contractor.

Neither the embassy nor the Bureau of Overseas Buildings Operations (OBO) has established procedures to recover value added taxes paid to Mongolia to procure goods and services for this project. OBO has developed a mitigation strategy to buy materials outside Mongolia, to the greatest extent practicable. The absence of a mechanism to recover value added tax payments raises the risk that the U.S. Government may be unable to recover the \$730,000 in taxes it expects to pay for this project. The embassy must take steps to raise this issue at higher levels with the Government of Mongolia – to include negotiation of a bilateral agreement and/or development of standard operating procedures, whereby Department contractors can avoid paying local taxes.

Recommendation 5: Embassy Ulaanbaatar, in coordination with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, should develop and implement a plan to recover all value added taxes the U.S. Government pays to the Government of Mongolia, either directly or through a contractor, in the process of renovating the embassy's chancery and annex. (Action: Embassy Ulaanbaatar, in coordination with DS and OBO)

Embassy Renovation Project Move Coordination

The management section's most important responsibility in the next several years will be to support the complex procurement and move scheduling requirements for

the renovation project. In FY 2011, the embassy must procure furniture and furnishings valued at approximately \$600,000 to meet the project's milestones. The embassy is in the process of obtaining funding for this furniture from the Bureau of East Asian and Pacific Affairs and tenant agencies. Successful implementation of the renovation project will require input and coordination from various sections within the embassy. Forming a working group will help the embassy to efficiently manage the numerous tasks.

Recommendation 6: Embassy Ulaanbaatar should convene a chancery/annex renovation working group to meet monthly to review the project's status, requirements, and milestones. (Action: Embassy Ulaanbaatar)

Management Notices

The embassy does not have a complete set of management notices and policies on the use of official vehicles, rest and recuperation travel, procurement procedures, and other mission policies and processes. Department regulations require each embassy to issue such policies, most notably a designations list that identifies statutory and regulatory responsibilities at post. Regulations at 2 FAM 113.3 a. require that a post make designations by written memorandum of specific responsibilities for embassy operations. These designations include important internal controls duties such as safeguarding government property, certifying vouchers for payment, authorizing travel, and carrying out a wide range of other duties essential to ensuring efficient post operations. Regularly issuing management policies creates a positive environment for internal controls and keeps the embassy community informed about administrative procedures.

Recommendation 7: Embassy Ulaanbaatar should develop a list of standard management notices and policies to be issued over the course of a calendar year and reissue these policies annually. (Action: Embassy Ulaanbaatar)

Human Resources

The human resources unit delivers satisfactory services. It relies heavily on regional support from Embassy Seoul, which includes a weekly teleconference and regular visits from the regional human resources officer. The embassy also has outsourced the function of LE position classification to Embassy Bangkok, a practice that has reduced workload but has customer service implications.

Wage inflation and competition from mining industry employers have reduced the embassy's ability to attract and retain qualified LE staff. Attrition stood at 13 percent in 2010, and the embassy reports a steady decrease in the number of qualified applicants for embassy jobs. The embassy has requested an exception to the worldwide salary freeze, citing deteriorating labor market conditions and a stronger local currency as factors contributing to a decline in salary competitiveness. Aside from the issue of compensation, morale among local employees is good.

American Employee Evaluation Reports

The embassy does not have a system for tracking the status of American employee evaluation reports. Regulations at 3 FAH-1 H-2813.3-6 require that the embassy ensure that all elements of the performance evaluation process are carried out in a timely manner. During the past year, at least one American employee evaluation was submitted late. The use of a spreadsheet to monitor preparation of these reports is standard practice at other overseas missions and could be delegated to a cleared American family member who works in the human resources office. The lack of a tracking system increases the risk that performance management will not be carried out effectively.

Recommendation 8: Embassy Ulaanbaatar should develop and implement a tracking system for employee evaluation reports and work requirements statements, and should submit monthly updates to the deputy chief of mission. (Action: Embassy Ulaanbaatar)

Locally Employed Staff Evaluation Reports

The embassy does not have adequate procedures to ensure that LE staff evaluation reports are prepared in a timely manner. At the time of the inspection, about a dozen such reports were overdue. Regulations at 3 FAH-2 H-135.5 A. (2) require that supervisors prepare annual performance evaluations for LE staff. Timely evaluation of local employees is an important responsibility, and supervisors must be held accountable for it. Failure to prepare evaluations results in a delay in within grade pay increases and diminishes the effectiveness of the embassy's local employee performance management.

Informal Recommendation 9: Embassy Ulaanbaatar should forward to the deputy chief of mission a monthly update listing overdue local employee evaluation reports.

Locally Employed Staff Training

The embassy has instituted several policies for LE staff training that may be overly restrictive. For example, the embassy requires local employees who receive government-sponsored training to sign an agreement that they will repay the U.S. Government the cost of training if they accept another position in the embassy or with an outside employer within 2 years. The embassy also does not allow new employees to receive training in the first year of their employment. These policies are unusually restrictive and have the effect of discouraging employees from seeking training that is necessary for their jobs. Training is required by regulation for many local employees, such as consular section employees and the embassy's Class B cashier. Because the embassy has not issued a written training policy, American supervisors and local employees do not clearly understand current practices and procedures. Managers need a clearly articulated training policy that is consistent with the local compensation plan so that they can equitably plan and provide training for their LE staff.

Informal Recommendation 10: Embassy Ulaanbaatar should issue a management notice on training policy for locally employed staff that balances training needs against stewardship of U.S. Government resources.

Equal Employment Opportunity

The embassy has not had a trained Equal Employment Opportunity counselor for nearly 2 years, but it has designated an incoming officer to receive the required training this summer. Some female LE staff members expressed concern regarding inappropriate workplace behavior on the part of local supervisors. It is important for the embassy to continue its efforts to revitalize its Equal Employment Opportunity program to allow both American and LE staff a mechanism for raising potential Equal Employment Opportunity concerns.

The embassy has made reasonable accommodation for a visually disabled LE staff member who uses a guide dog.

Mongolian Language Proficiency

The embassy has 10 Mongolian language-designated positions, including 7 designated at the general professional proficiency level (3/3). Facility with the Mongolian language is important for conducting diplomacy and public outreach, because not many Mongolians speak English at a high level of proficiency. Most employees who occupy language-designated positions have met the required language proficiency levels specified for their positions. About 10 employees participate in the post's language training program.

Financial Management

The management officer directly supervises the financial management unit. The majority of the unit's LE staff members have been hired in the past year and need training. Accounting and vouchering operations are satisfactory, but procedural areas such as year-end planning and clearing in-transit cashier items could be improved. Cashier operations require closer supervision. The OIG team counseled staff on ways to operate more efficiently, such as consolidating the travel vendor's invoices into a single monthly payment, canceling vouchers at the time of payment, and making all employee reimbursement transactions by electronic funds transfer.

Regional Financial Management Support

The Department does not provide regional financial management support to Embassy Ulaanbaatar. Both the management officer and local staff would benefit from working with more experienced counterparts in a neighboring mission, such as Embassy Seoul or Embassy Beijing. For example, cashiering services, discussed further in the management controls section of this report, need attention in order to correct management controls issues.

Recommendation 9: The Bureau of East Asian and Pacific Affairs should designate a neighboring post to provide financial management regional support to Embassy Ulaanbaatar and arrange a regular schedule of support visits. (Action: EAP, in coordination with Embassy Ulaanbaatar)

Locally Employed Certifying Officer

The management officer is the principal certifying officer for vouchers at this post. Voucher processing comprises about a third of the financial management unit's workload. The embassy does not currently have an LE staff member designated to certify vouchers, which would ease the management officer's workload. The financial specialist has the requisite skills and abilities to assume this responsibility, after training and formal designation as a certifying officer.

Informal Recommendation 11: Embassy Ulaanbaatar should designate the financial specialist to receive training as a certifying officer.

International Cooperative Administrative Support Services

The embassy's International Cooperative Administrative Support Services (ICASS) council meets regularly and maintains minutes of its deliberations. Interagency discussions occasionally have been contentious. Two agencies have refused to sign ICASS invoices in the past 2 years, citing concerns about services and disagreement about workload counts. The management section requested the establishment of new positions at various times over the course of the last fiscal year, which created difficulties for agency members whose parent agencies do not have the flexibility to change funding levels outside established budget timeframes. Interagency agreement on the proper way to charge for reduced work count subscriptions has been elusive. The embassy can address these problems by providing training for incoming council members on the purpose and function of ICASS. The DCM's continued involvement in ICASS issues also will be helpful.

Informal Recommendation 12: Embassy Ulaanbaatar should provide annual training for new International Cooperative Administrative Support Services council members on the function, purpose, and mechanics of International Cooperative Administrative Support Services.

Informal Recommendation 13: Embassy Ulaanbaatar should consolidate requests for additional International Cooperative Administrative Support Services resources and positions, in coordination with International Cooperative Administrative Support Services customer agencies.

General Services

The general services unit provides good service. A first-tour general services officer has streamlined operations and obtained training for his staff. The travel and transportation unit is in transition as it implements the Department's standard electronic

travel application and prepares to select a new travel contractor. Other services, such as property management, the motor pool, and procurement function well operationally, although the embassy needs to make the internal controls improvements described later in the report.

Housing

Satisfaction with the housing program is high. The majority of embassy employees live in short-term leased housing at an attractive and functional compound. This compound includes amenities such as a community center, the medical unit, recreation facilities, and backup generators. A small but growing number of employees live in housing located farther from the chancery at two other compounds, which do not offer comparable amenities and facilities maintenance support. In particular, these facilities lack backup generators and backup water tanks, deficiencies that the embassy is in the process of addressing with landlords and OBO. Strengthened support to these facilities will assist in addressing a perceived inequity in housing assignments that undercuts the otherwise good morale at the embassy.

Facilities and Real Property

The embassy's small facilities maintenance unit delivers good service to the embassy community. The facilities unit oversaw implementation of the embassy's Greening Diplomacy Initiative, which won the Department's first-ever Greening Diplomacy Award. Initiatives included calculation of the embassy's carbon footprint, replacement of inefficient light fixtures, and a tree planting program that received favorable local media coverage. The facilities unit is much leaner than would be normal at a post of this size, because most embassy housing is leased from a landlord who is responsive and efficient. The unit has satisfactorily addressed outstanding fire and life safety deficiencies in the chancery.

Information Management

The information management section's staffing level, when everyone is in place, is appropriate to the workload. However, the section is frequently challenged by the absence of one of the two U.S. direct-hire employees, which affects its ability to provide adequate customer support, as reflected in the low customer satisfaction scores on the OIG survey referenced above. For instance, at the time of the OIG inspection, the information management officer was absent from post for a 2-month period, and the transfer of the information management specialist was imminent. The second-tour information management specialist has managed the section on his own for extended periods, despite a lack of sufficient mentoring. There is no one at the embassy with the training to assist in staffing gaps or emergencies. Additionally, 3 of the 5 LE staff members have less than 1 year of experience at the embassy. Thus, the section lacks the capacity to operate efficiently or proactively; its time and energy are consumed by performing routine tasks and meeting basic customer service requirements. The increase in congressional delegations and high level visitors during the short Mongolian summer further strains the section's capacity.

Recommendation 10: The Bureau of East Asian and Pacific Affairs, in coordination with Embassy Ulaanbaatar, should schedule a long-term assignment for a temporary duty employee to assist the embassy's information management section until it is appropriately staffed. (Action: EAP, in coordination with Embassy Ulaanbaatar)

Informal Recommendation 14: Embassy Ulaanbaatar should identify and secure appropriate training and clearances for an American employee to perform basic system management tasks.

The recently appointed LE staff supervisor has 5 years' experience as system administrator but has not received supervisory training. Supervisors without proper training cannot lead and direct staff effectively.

Informal Recommendation 15: Embassy Ulaanbaatar should arrange supervisory training for the information management section's locally employed staff supervisor.

The air filtration system in the enclosed information program center does not effectively remove contaminants. The planned renovation will alleviate this condition in the long run. Meanwhile, the information program center's environment should be kept clean.

Recommendation 11: Embassy Ulaanbaatar should procure and install high-efficiency particulate filters for the information program center. (Action: Embassy Ulaanbaatar)

(b) (5)

Recommendation 12: (b) (5)

(b) (5)

Informal Recommendation 16: (b) (5)

Posts are required, per 12 FAM 629.4-4 c., to ensure that air conditioning and humidity controls and gauges are installed in the computer room to ensure that the environment is maintained within the specifications established by the equipment manufacturers. The information systems center server room does not have a temperature sensor to warn operators of potential overheating. The network servers and devices

create heat that could cause the servers and devices to malfunction if the air conditioning units fail, resulting in high replacement costs. A temperature sensor would allow for mitigation of loss of air conditioning.

Informal Recommendation 17: Embassy Ulaanbaatar should install a temperature sensor in the information systems center to notify staff if the center is about to overheat.

(b) (5)



Informal Recommendation 18: (b) (5)



Quality of Life

Medical Unit

The medical unit is under the capable direction of a Foreign Service health practitioner. She is assisted by a full-time LE physician, who is also the post medical adviser. The regional medical officer in Seoul provides oversight, and visits four times a year.

The medical unit occupies several basement rooms in the housing complex where most, but not all, American employees live. There is no private entrance; patients enter through a recreation room or through a back door, passing local guard changing rooms to get to the medical unit. Although it is convenient for those eligible family members who live on the housing compound, the unit's distance from the chancery makes it difficult to provide occupational health and medical services to employees during the workday. The facility also is damp and dark in the winter.

The chancery renovation plan does not include space for the medical unit. Instead, there is space planned for a "wellness room," where medical staff could carry out administrative duties while at the chancery. This room does not have space for an exam table, lavatory, or storage of medical supplies, and so could not serve as a clinic. This arrangement limits the embassy's ability to provide high-quality medical services in the chancery, and it may need to be revisited in the future.

The health practitioner encourages appointments, although there are some walk-ins. Medical records and controlled substances are properly stored in secure containers. The medical staff trains local guards and drivers as first responders. The local guard mobile patrol vehicle is equipped with a trauma kit and a portable stretcher, so it can be used as an ambulance. Trauma kits also are placed throughout the chancery, in the safe haven, and in the waiting room area adjacent to the front gate. The medical unit has published protocols for their use.

The embassy has a contract with a private medical services provider to supply emergency services to its American employees, at a cost of approximately \$1,500 per employee per year. The contractor can provide hospitalization, radiology, laboratory work, ultrasound, and trauma stabilization, services that are not available outside working hours at public or private hospitals. Given the current lack of adequate health care facilities in Mongolia, the OIG team concluded that continuation of this contract is justified.

Community Liaison Office

The community liaison office coordinator operates a very strong program. Good morale in the community is not a given in this isolated post, which is afflicted much of the year by extreme cold and air pollution. The coordinator devoted considerable time to developing a customized orientation program for new arrivals and actively programming

events for the entire community, including LE staff. The coordinator actively participates in emergency action committee meetings; this engagement could be supplemented with activities addressing crisis management and emergency preparedness.

Informal Recommendation 19: Embassy Ulaanbaatar should organize personal preparedness seminars and conduct crisis management awareness activities to better prepare the embassy community for emergencies.

Schools

(b)(5)(b)(6) the Department-assisted school, was founded in 1992. Since 2007, it has occupied an attractive, purpose-built facility. The school's multinational board of directors provides for one representative from the mission, currently the DCM. (b)(5)(b)(6)

(b)(5)(b)(6) and does not provide enough options to be considered adequate under Department standards. (b)(5)(b)(6)

(b)(5)(b)(6) because of the small size of the student body and the need to meet International Baccalaureate requirements, the options for courses are very limited. Unlike many other Department assisted schools, (b)(5)(b)(6)

(b)(5)(b)(6) Nevertheless, the school took steps in 2009 and 2010 to improve staff resources in order to provide college counseling.

Management Controls

Management controls at Embassy Ulaanbaatar need attention. The Ambassador signed the annual chief of mission management controls certification in 2010. The certification noted steps the mission had taken to identify fraudulent travel vouchers submitted by embassy employees. The OIG team found internal controls deficiencies in financial management, general services, and consular operations.

Cashier Operations

Cashiering internal controls need improvement. At the time of the inspection, the alternate Class B cashier was providing services, because of the long-term absence of the principal cashier. However, the alternate Class B cashier's temporary designation had expired, and she had not received the cashier training required by 4 FAH-3 H-393.1-1 c. to maintain the designation. Her accountable cashiering documents are not maintained properly, and several in-transit items could not be located during a pro forma cash count. The alternate Class B cashier needs more supervision, training, and oversight.

The embassy has not issued a management policy for cashier operations. Regulations at 4 FAH-3 H-399.4-2 a. require that the embassy issue a policy that explains the need for cash payments and outlines operating procedures for the cashier and embassy customers. The inspectors found a number of cashiering related internal controls issues that must be corrected. These include a lack of documentation that supervisors were conducting quarterly cash counts, an excessive number of subcashiers, subcashiers whose job duties included procurement, payment of employee reimbursements over \$25 in cash, payment of invoices without American signatures, and payments made without fiscal data. These practices are contrary to regulation and could allow fraud or misuse of government resources to occur.

Recommendation 13: The Bureau of East Asian and Pacific Affairs, in coordination with Embassy Ulaanbaatar, should arrange for a temporary duty visit by a neighboring post's Class B cashier, to provide training and assist the embassy to establish proper cashiering procedures. (Action: EAP, in coordination with Embassy Ulaanbaatar)

Home-to-Office Collections Procedures

The embassy is incorrectly depositing collections for unofficial use of government vehicles as refunds. Regulations at 4 FAH-3 H-322 b. (4) require that these be deposited to the U.S. Treasury account as miscellaneous receipts.

Informal Recommendation 20: Embassy Ulaanbaatar should credit the correct U.S. Treasury account for collections of fees for home-to-office transportation.

Procurement and Contracting

The procurement unit does not maintain written documentation of procurement actions required by regulations. Federal Acquisition Regulation 4.802 (f) allows agencies to retain electronic records, but requires retention of the same information as would be contained in a paper contract file. When the embassy implemented the Department's electronic procurement system, it decided to maintain files primarily in electronic format. In reviewing procurement records, the OIG team found that contracts, purchase orders, and blanket purchase agreements were missing required documentation, such as evidence of price competition.

Recommendation 14: Embassy Ulaanbaatar should implement standard operating procedures to maintain complete procurement records in its files. (Action: Embassy Ulaanbaatar)

Blanket Purchase Agreements

Embassy Ulaanbaatar has executed more blanket purchase agreements than it may require. It also has agreements with a large number of vehicle and translation services. Most of these services were used only once or twice during FY 2010, while a few were used the majority of the time. The records for the agreements did not show evidence of competition for transactions over the \$3,000 threshold. Federal Acquisition Regulation 13.303-5 (d) requires that the contracting officer ensure maximum practicable competition for blanket purchase agreements. Blanket purchase agreements typically should be established with more than one qualified supplier for supplies or services of the same type, and purchases should be distributed equally among qualified suppliers to provide maximum practicable competition.

Recommendation 15: Embassy Ulaanbaatar should review and restructure all blanket purchase agreements to allow for maximum practicable competition. (Action: Embassy Ulaanbaatar)

Nonexpendable Property Internal Controls

The embassy does not properly separate duties for the control of personal property. The warehouse supervisor is responsible for all aspects of disposing of property and maintaining property transfer records. Regulations at 14 FAM 411.2 d. require that no individual be in the position to control all aspects of any transaction affecting the receipt, storage, or disposition of expendable and nonexpendable property. In the absence of proper separation of duties, diversion of government property could go undetected.

Recommendation 16: Embassy Ulaanbaatar should designate in writing an employee other than the property supervisor to maintain property accountability records. (Action: Embassy Ulaanbaatar)

Consular Management Controls

The section chief is the designated accountable consular officer for fees, with the ELO serving as the alternate. The designation letters were updated during the inspection to correct minor errors. The regional consular officer recently had reviewed cash accounting procedures with the consular chief, and end-of-month reports were up to date. As the section and workload have grown, the consular section would benefit from closer tracking of management and accountability tasks to make sure deadlines are met.

Informal Recommendation 21: Embassy Ulaanbaatar, with the help of the regional consular officer in Bangkok, should create and use a consular management calendar to track deadlines for daily, weekly, monthly, and annual management reports and responsibilities.

The ELO serves as administrator for access to consular systems. The OIG team reviewed the access records and found that the user roles were correct. The DCM was conducting meaningful reviews of visa adjudications, but not frequently enough. The OIG team explained the importance of this process. Consular cashiers were designated correctly, with separate advances. The team found no cash anomalies, although one (an overage) had occurred recently. The consular chief and the management officer addressed this anomaly and reconciled fiscal records during the inspection.

Completion of the annual certification of consular management controls offers an excellent opportunity for the consular chief to review management practices with the DCM and to identify areas for improvement. The embassy's March 2011 certification did not identify the deficiencies in the visa referral system noted earlier in the report. It also did not reveal the inconsistencies in cash accounting and access to systems that were subsequently corrected with the assistance of the regional consular officer.

Recommendation 17: Embassy Ulaanbaatar should conduct a comprehensive review of consular management controls, backing up its certification with primary evidence of the assertions made in the document. (Action: Embassy Ulaanbaatar)

List of Recommendations

Recommendation 1: Embassy Ulaanbaatar, in coordination with the Bureau of Democracy, Human Rights and Labor, should designate primary and secondary coordinators for the Leahy vetting program and should provide the training and authorization they need to use the International Vetting and Security Tracking system. (Action: Embassy Ulaanbaatar, in coordination with DRL)

Recommendation 2: Embassy Ulaanbaatar should issue an annual, mission-wide notice explaining Leahy vetting requirements, including the requirement that relevant embassy sections, such as the regional security office, consular section, and Defense attaché, participate in the clearance process. (Action: Embassy Ulaanbaatar)

Recommendation 3: Embassy Ulaanbaatar should create a written plan, supplementary to the Mission Strategic and Resource Plan, to integrate the use of public diplomacy tools into embassy work on all appropriate goals. (Action: Embassy Ulaanbaatar)

Recommendation 4: Embassy Ulaanbaatar should promulgate in a management notice the Department's most current visa referral policy, along with post-specific procedural guidelines; require all referring officers, before referring any more visa applicants, to attend a briefing on the new policy and certify that they understand it; and update and maintain the embassy's records regarding the referring officers' compliance with this directive. (Action: Embassy Ulaanbaatar)

Recommendation 5: Embassy Ulaanbaatar, in coordination with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, should develop and implement a plan to recover all value added taxes the U.S. Government pays to the Government of Mongolia, either directly or through a contractor, in the process of renovating the embassy's chancery and annex. (Action: Embassy Ulaanbaatar, in coordination with DS and OBO)

Recommendation 6: Embassy Ulaanbaatar should convene a chancery/annex renovation working group to meet monthly to review the project's status, requirements, and milestones. (Action: Embassy Ulaanbaatar)

Recommendation 7: Embassy Ulaanbaatar should develop a list of standard management notices and policies to be issued over the course of a calendar year and reissue these policies annually. (Action: Embassy Ulaanbaatar)

Recommendation 8: Embassy Ulaanbaatar should develop and implement a tracking system for employee evaluation reports and work requirements statements, and should submit monthly updates to the deputy chief of mission. (Action: Embassy Ulaanbaatar)

Recommendation 9: The Bureau of East Asian and Pacific Affairs should designate a neighboring post to provide financial management regional support to Embassy

Ulaanbaatar and arrange a regular schedule of support visits. (Action: EAP, in coordination with Embassy Ulaanbaatar)

Recommendation 10: The Bureau of East Asian and Pacific Affairs, in coordination with Embassy Ulaanbaatar, should schedule a long-term assignment for a temporary duty employee to assist the embassy's information management section until it is appropriately staffed. (Action: EAP, in coordination with Embassy Ulaanbaatar)

Recommendation 11: Embassy Ulaanbaatar should procure and install high-efficiency particulate filters for the information program center. (Action: Embassy Ulaanbaatar)

Recommendation 12: (b) (5)

Recommendation 13: The Bureau of East Asian and Pacific Affairs, in coordination with Embassy Ulaanbaatar, should arrange for a temporary duty visit by a neighboring post's Class B cashier, to provide training and assist the embassy to establish proper cashiering procedures. (Action: EAP, in coordination with Embassy Ulaanbaatar)

Recommendation 14: Embassy Ulaanbaatar should implement standard operating procedures to maintain complete procurement records in its files. (Action: Embassy Ulaanbaatar)

Recommendation 15: Embassy Ulaanbaatar should review and restructure all blanket purchase agreements to allow for maximum practicable competition. (Action: Embassy Ulaanbaatar)

Recommendation 16: (b) (5)

Recommendation 17: Embassy Ulaanbaatar should conduct a comprehensive review of consular management controls, backing up its certification with primary evidence of the assertions made in the document. (Action: Embassy Ulaanbaatar)

List of 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.

Informal Recommendation 1: Embassy Ulaanbaatar should make appropriate use of the State Messaging and Archive Retrieval Toolset record email function.

Informal Recommendation 2: Embassy Ulaanbaatar should include all mission elements in contributions to biographic reporting.

Informal Recommendation 3: Embassy Ulaanbaatar should direct the political officer who oversees grant funds to complete appropriate Foreign Service Institute distance learning courses in grants management.

Informal Recommendation 4: Embassy Ulaanbaatar should make outreach calls to promote the use of its Information Resource Center.

Informal Recommendation 5: Embassy Ulaanbaatar should review the book collection at the American Corners in Ulaanbaatar and Khovd and donate any materials it removes from the collection to an appropriate Mongolian institution.

Informal Recommendation 6: Embassy Ulaanbaatar should update its public Web site every workday.

Informal Recommendation 7: Embassy Ulaanbaatar should prepare country-specific information about international parental child abduction, for public dissemination on the Department's consular affairs Web site.

Informal Recommendation 8: Embassy Ulaanbaatar should provide all Visas Viper representatives with a clear explanation of the benefits of the Visas Viper program and examples of the breadth of submissions that other posts have made through the program.

Informal Recommendation 9: Embassy Ulaanbaatar should forward to the deputy chief of mission a monthly update listing overdue local employee evaluation reports.

Informal Recommendation 10: Embassy Ulaanbaatar should issue a management notice on training policy for locally employed staff that balances training needs against stewardship of U.S. Government resources.

Informal Recommendation 11: Embassy Ulaanbaatar should designate the financial specialist to receive training as a certifying officer.

Informal Recommendation 12: Embassy Ulaanbaatar should provide annual training for new International Cooperative Administrative Support Services council members on

the function, purpose, and mechanics of International Cooperative Administrative Support Services.

Informal Recommendation 13: Embassy Ulaanbaatar should consolidate requests for additional International Cooperative Administrative Support Services resources and positions, in coordination with International Cooperative Administrative Support Services customer agencies.

Informal Recommendation 14: Embassy Ulaanbaatar should identify and secure appropriate training and clearances for an American employee to perform basic system management tasks.

Informal Recommendation 15: Embassy Ulaanbaatar should arrange supervisory training for the information management section's locally employed staff supervisor.

Informal Recommendation 16:

(b) (5)

Informal Recommendation 17: Embassy Ulaanbaatar should install a temperature sensor in the information systems center to notify staff if the center is about to overheat.

Informal Recommendation 18:

(b) (5)

Informal Recommendation 19: Embassy Ulaanbaatar should organize personal preparedness seminars and conduct crisis management awareness activities to better prepare the embassy community for emergencies.

Informal Recommendation 20: Embassy Ulaanbaatar should credit the correct U.S. Treasury account for collections of fees for home-to-office transportation.

Informal Recommendation 21: Embassy Ulaanbaatar, with the help of the regional consular officer in Bangkok, should create and use a consular management calendar to track deadlines for daily, weekly, monthly, and annual management reports and responsibilities.

Principal Officials

| | Name | Arrival Date |
|--|-------------------|---------------------|
| Ambassador | Jonathan Addleton | 11/2009 |
| Deputy Chief of Mission | Nicholas Hill | 8/2008 |
| <i>Chiefs of Sections:</i> | | |
| Management | Charles Bouldin | 8/2009 |
| Consular | Philip Cargile | 9/2010 |
| Political | Andrew Covington | 8/2008 |
| Economic | Vincent Spera | 7/2008 |
| Public Affairs | Marissa Maurer | 7/2008 |
| Regional Security | Timothy Feeney | 12/2009 |
| <i>Other Agencies:</i> | | |
| Department of Defense | LTC Jonathan Lau | 7/2010 |
| Peace Corps | Ellen Paquette | 8/2010 |
| Millennium Challenge Corporation | Robert Reid | 4/2008 |
| U.S. Agency for International Development | Charles Howell | 11/2009 |

Abbreviations

| | |
|------------|---|
| BBG | Broadcasting Board of Governors |
| DCM | Deputy chief of mission |
| Department | Department of State |
| EEO | Equal Employment Opportunity |
| ELO | Entry-level officer |
| ESTH | Environment, science, technology, and health |
| ICASS | International Cooperative Administrative Support Services |
| LE | Locally employed |
| MCC | Millennium Challenge Corporation |
| MSRP | Mission Strategic and Resource Plan |
| OBO | Bureau of Overseas Buildings Operations |
| OIG | Office of Inspector General |
| RSO | Regional security officer |
| USAID | United States Agency for International Development |

~~SENSITIVE BUT UNCLASSIFIED~~

**FRAUD, WASTE, ABUSE,
OR MISMANAGEMENT**
of Federal programs hurts everyone.

Contact the
Office of Inspector General
HOTLINE
to report illegal or wasteful activities:

202-647-3320
800-409-9926

oighotline@state.gov

oig.state.gov

Office of Inspector General
U.S. Department of State
P.O. Box 9778
Arlington, VA 22219

Cables to the Inspector General
should be slugged "OIG Channel"
to ensure confidentiality.

~~SENSITIVE BUT UNCLASSIFIED~~