



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

Office of Inspections

**Inspection of
Embassy Ljubljana, Slovenia**

Report Number ISP-I-12-46A, August 2012

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Office of Inspector General

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.



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PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

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Key Judgments

- U.S. interests in Slovenia are modest, and the Ambassador has appropriately directed his primary focus to people-to-people outreach and advancement of U.S. regional and global objectives.
- The Ambassador and deputy chief of mission (DCM) are outstanding leaders who are well respected by embassy staff.
- The mission runs an innovative public diplomacy program. Particularly noteworthy are its successful social media programs and schools outreach program, in which all embassy American employees participate.
- The embassy is adequately staffed. It has taken advantage of regionalization and outsourcing initiatives to reduce operating costs and keep staffing levels low.
- Consular, security, and management operations are small but well functioning.

The inspection took place in Washington, DC, between April 12 and May 1, 2012, and in Ljubljana, Slovenia, between June 12 and 22, 2012. (b) (6)



Context

Independent since 1991, Slovenia is one of the world's smallest countries, with a population of slightly more than 2 million. Nestled between the Alps and the Adriatic Sea, Slovenia emerged relatively unscathed from the former Yugoslavia with the most advanced economy in the region. Now a full member of the European Union and North Atlantic Treaty Organization (NATO), Slovenia has capitalized on its proximity to the markets of neighboring countries to achieve solid economic growth. Prime Minister Janez Janša's center-right coalition, in power since February 2012, heads a government that has continued its predecessors' commitment to NATO and regional stability. Slovenia participates in United Nations-NATO international peacekeeping operations in Europe, Africa, and the Middle East.

Though largely homogeneous and prosperous, Slovenia has not fully addressed the need to modernize its socialist-era economy and welfare system. Stark internal differences and festering regional animosities, many dating to World War II and earlier, have made consensus elusive and fueled political polarization. Slovenia's history as a component republic of the former Yugoslavia has left a residue of mistrust and skepticism about the intentions of the United States as a strategic partner. The sluggish pace of economic growth after the economic crisis of 2008 continues to stimulate discontent. Dependent on foreign trade, Slovenia's initially robust growth slowed when its European Union trading partners were hit by the 2008 economic crisis. The United States is Slovenia's largest non-European trading partner.

Slovenia presents a good opportunity to advance U.S. goals in Europe. Its engagement in NATO, specifically in Kosovo and Afghanistan; its export-oriented economy, which is open to U.S. exports; and its example to other former Yugoslav republics as a NATO and European Union member are all areas where the embassy has openings to advance U.S. objectives in Europe.

Embassy staffing has been stable for the last decade. Current staffing consists of 31 U.S. direct hires and 54 locally employed (LE) staff members, and includes personnel from the Departments of State and Defense. Operating budgets for all agencies totaled \$9.4 million in FY 2012. In addition, the embassy administered a small defense cooperation program of \$1.9 million in FY 2012.

Executive Direction

The embassy is led by an Ambassador with successful leadership experiences across several continents. Slovenia is his second bilateral ambassadorship; he was also a member of the multi-ambassador front office team in Kabul before coming to Ljubljana. He has continued his record of success in Slovenia. The DCM, a mid-level officer with good leadership skills, provides a strong complement to the Ambassador. Both are interested in the welfare and professional development of mission staff. Both have immersed themselves in the intricacies of Slovenian politics and local business practices. The Ambassador has raised Washington attention to Slovenia to the right level.

To pursue U.S. interests in this former socialist, nonaligned, and communist state, the embassy identified four priorities that include people-to-people engagement, partnering with Slovenia to build stability and democratic institutions in the region, deepening military-to-military ties, and improving the economic environment for American businesses and exports. The Ambassador is an energetic advocate for these priorities. He engages with the local media, which is often hostile to the American government and policies. His media presence has made him a hero for many younger Slovenians and anathema to others who came of age in the socialist era. He is admired by many for the candor of his remarks, which are often delivered with a wry touch.

The embassy is adequately staffed to pursue these priorities. Small, but high performing, staffs in the public affairs and political/economic sections, the Defense attaché office, and the Office of Defense Cooperation provide the Ambassador with the policy support he needs. The mission has a limited but effective number of regular meetings, including a daily press briefing that provides an opportunity for the Ambassador, DCM, public affairs and political/economic chiefs, and Defense attaché to coordinate their work; a weekly country team meeting that, once a month, is open to all staff and family members; a monthly political-military meeting; and a series of regular one-on-one meetings between embassy leaders and section and agency heads. These meetings and the DCM's habit of walking around, including to the general services office annex three blocks from the chancery, facilitate communication across the mission.

Planning for Transition

The Ambassador has built an active and effective mission team. That team, however, will undergo a wholesale transition in 2013 when it is anticipated that the Ambassador, DCM, public affairs, political/economic, and consular chiefs, and the head of the Office of Defense Cooperation will all depart at midyear. As much as mission team members are fully engaged in activities that flow from the four priorities, not all easily articulate every priority. The priorities themselves are not written in the language of objectives. In this small embassy, the mission staff interacts frequently, and individual members link their activities to broader mission priorities. However, there is no regular process of assessment where the senior mission staff reviews activities and evaluates their relative success, and where sections and agencies have a chance to identify opportunities for closer coordination. In the absence of a strategic planning process, maintenance of the mission's significant progress in advancing U.S. interests could be put at risk

during the coming transition. The embassy has not created a roadmap for the new leadership team that will arrive in 2013.

Recommendation 1: Embassy Ljubljana should develop a strategic plan based on its Mission Resource Request priorities and implement a process of regular evaluation meetings that track progress and adjust mission goals. (Action: Embassy Ljubljana)

Mission Morale

(b) (5)

The Ambassador began at once and has continued to give personal attention to mission morale. He empowered a new DCM to improve mission cohesion. His efforts succeeded. As indicated in OIG questionnaires completed just before the inspection, mission morale is high. The Ambassador wants to keep it that way.

The Ambassador's experience with poor morale and his desire to maintain a positive working environment led him to take direct interest in factors that affect morale. He personally ensured, for instance, that the embassy's sponsorship program for newly arriving U.S. direct-hire staff and families provides an opportunity to build relationships across sections and agencies. He initially took a personal interest in schools attended by children of the embassy's American staff. More recently, he canceled an assignment to the mission that he felt could have a deleterious effect on morale. Some of these very efforts to promote morale have also dampened morale. Nevertheless, the front office is open and accessible, encourages dissent, and is concerned about staff welfare. This means the mission is productive, positive, and pleased with his leadership.

First- and Second-Tour Officers

The DCM and the Ambassador take a strong interest in the development of the mission's three entry-level officers. The DCM meets monthly with each of them, and he and the Ambassador engage and counsel them almost daily in the normal course of their work. During the inspection, mission leaders asked whether the distribution of entry-level officers between the public affairs section (PAS) and the political/economic section was optimal, given the Ambassador's emphasis on people-to-people engagement.

FY 2014 Mission Resource Request—Defying Gravity

As Slovenia has integrated into Europe and NATO, U.S. interests correspondingly expanded and Embassy Ljubljana's staffing levels grew slightly. Since the last inspection in 2002, American staffing has expanded from 27 U.S. direct-hire staff members to 31. LE staff numbers remained steady. The embassy's operating budget grew from \$8.5 million to \$9.4 million. As noted throughout this report, staffing of most mission elements is adequate.

Embassy Ljubljana's FY 2014 Mission Resource Request acknowledges the potential for future budget cuts. Citing cuts made in FY 2011, the embassy argues that further spending cuts "are not sustainable in future years without reducing both operations and staff." Regarding the upcoming rightsizing report due at the end of this year, the embassy anticipates the need "to increase, not decrease, staffing... to meet operational objectives."

Having noted the gap between Department budget trends and the mission's desire for additional staff, the embassy makes cases to increase staffing by 5.5 LE staff positions and 1 U.S. direct-hire position. These include 2.5 additional LE positions in PAS and 1 new LE staff position each in the facilities maintenance and information management units, and the regional security office. These expectations are not realistic. Although the embassy makes a good case for additional LE staff positions, the OIG team cannot support the embassy's request for an assistant regional security officer position. It is also difficult to justify the proposal to regularize the status of 2.5 LE staff positions that were filled in PAS with temporary funds provided by the Department because it would increase LE staff by more than 50 percent. In the event that the Department does not fund new social media and alumni coordinator positions, the OIG team discussed with the mission ways those activities might continue at the new pace.

Policy and Program Implementation

Political/Economic Section

The political/economic section is sufficiently staffed to meet reporting and advocacy goals. Reporting is timely, concise, and gives Washington readers a clear picture of Slovenia's political economy and role in Europe. In guiding the section, the front office has correctly placed emphasis on outreach rather than more conventional reporting. Additionally, the presence of a productive local staff gives entry-level officers latitude to pursue a range of professional development activities.

Slovenia's partnership with the United States and Europe has matured in recent years. The political/economic chief initiated a team-building and planning process to focus the section's work in this changing political and economic environment and to create a collegial workplace. The success of that process will depend on follow-through and linking section plans for training, staff development, and reporting to the broader missionwide planning process noted above. The OIG team discussed with the DCM and section chief how workplan measures agreed on during the April 2012 offsite meeting can be completed.

Export Promotion

The embassy is well placed to support the National Export Initiative in this small but sophisticated market. The local American Chamber of Commerce works closely with the mission, and the embassy's local staff members are experienced in business promotion and understand the corporate climate in Slovenia. As yet, the mission has not developed a commercial action plan to exploit these advantages. The Foreign Commercial Service office in Vienna, Austria, is charged with supporting Embassy Ljubljana. That office could provide support and guidance to the embassy in developing a commercial action plan but has not visited the embassy in at least a year.

Informal Recommendation 1: Embassy Ljubljana should draft a commercial action plan with the assistance of the Foreign Commercial Service resident office in Vienna as part of an export promotion planning exercise.

Public Affairs Section

Public affairs officers sometimes have a difficult time convincing mission leadership of public diplomacy's importance. This is not the case in Ljubljana, where the mission's top priority is to increase people-to-people ties to counter anti-U.S. media and promote mutual understanding. A forward-leaning public affairs officer and his entry-level deputy, together with an LE staff of seven, conduct this whole-of-mission effort, which involves everyone including the Ambassador, DCM, section heads, office management specialists, and the Marine security guards. PAS employs everything from time-honored tools such as exchanges to theme-focused rock concerts. PAS Ljubljana is a section willing to take chances to change minds, an effort that enjoys the full support of the front office.

Media Reporting and Information Advocacy

PAS provides an oral press briefing every morning to the Ambassador and senior staff. PAS also subscribes to and sends out a daily news roundup in English provided by the Slovenian Press Agency. The roundup is comprehensive but, intended as it is for multiple subscribers, does not emphasize bilateral issues or those that might be of special interest to Washington policymakers.

Informal Recommendation 2: Embassy Ljubljana should restructure the daily news roundup sent to Washington to emphasize stories of bilateral interest or of greatest importance to policymakers.

Slovenian media traditionally are anti-American in outlook. Though the Ambassador and other senior embassy officials engage with local media in quarterly on- and off-the-record meetings, the embassy does not rely only on print or broadcast media to get its message across to the public. Instead, it emphasizes social media and personal contact.

Outreach via Social Media—and More

Embassy Ljubljana has taken to heart the Department's directive to increase social media outreach. The embassy Web site is clean, crisp, easy to navigate, and regularly updated. It conveys policy messages and carries transcripts of speeches by senior Administration officials. Equally important, it links directly to the mission's multiple social media sites, including Facebook, Twitter, and YouTube, where more people-to-people links are established. The public affairs officer and his deputy are the most frequent contributors to the sites, but the Ambassador is also involved and has his own Facebook page. His regular "Facebook coffees," hosted at his residence, bring him into contact with Slovenians who otherwise would not have the chance to interact with him, making him a real person not just a name in the newspapers.

The coffees and the embassy's social media presence have proved very popular. Since August 2010, when the current public affairs officer arrived, to mid-June 2012, the embassy's Facebook friends grew from 289 to 6,503. Its Twitter base grew from less than 100 to 2,258 during the same period. Credit belongs not only to the public affairs team and the Ambassador but also to a part-time contract social media specialist that PAS hired so it could employ software programs not permitted on government-owned computers and target postings to issues on which Slovenians and Americans had a common interest, or the possibility of establishing one.

Innovative Practice: SLOcast

Innovative Practice: SLOcast - reaching audiences via podcasts with a local flavor

Issue: Reaching new and younger audiences and presenting them with alternative view of the United States and its people is an important public diplomacy goal. Personal connections are not always easy or feasible; audio connections, with a personal flavor, are.

Response: Using the talents of its American and local staff, Embassy Ljubljana developed SLOcast, a monthly podcast available in both Slovene and English. Each 35- to 40-minute episode—some serious, some light—centers around a question that PAS explores from a variety of angles. Each episode comes complete with music, narration, excerpts, and personal interviews edited to weave a cohesive narrative. Guests include, among others, embassy officers, alumni of U.S.-sponsored exchange programs, Slovenians who have achieved success in the United States, and visiting Americans with interesting stories to share. The first SLOcast focused on an unusual question: Does Slovenia really have the friendliest bears in the world? It drew people in, if only out of curiosity. Listeners heard from a zoo official, two Slovenian students who worked in U.S. national parks on the Summer Work Travel program, a hunter turned wildlife aficionado, the public affairs officer, and others. The initial SLOcast struck a chord, and by the 50th episode—by now exploring more serious issues—attracted more than 400 unique visitors a month. PAS uses noncopyrighted music and staff from all over the mission—including the local guard force—for voiceovers. PAS set up a unique Web site for the podcast (slocast.si) that is linked to the embassy Web site and its Facebook and Twitter accounts. Listeners can also download new episodes automatically from iTunes.

Result: Researching, interviewing, and making each podcast helped the mission achieve its top strategic goal: increasing people-to-people engagement. As the number of listeners grows with each podcast, so does the chance to positively influence the next generation of Slovenian leaders.

PAS has also expanded a speaker program that sends diplomats and others working at Embassy Ljubljana to speak at schools across the country. PAS reached out to every public school in Slovenia, and by June 2012, officers and staff had visited more than 100 schools and addressed more than 4,500 students, many of whom subsequently became Facebook friends. Responsibility for the program rests with the former director of the now-defunct Information Resource Center, which the public affairs officer realized was not well used and decided to close, allowing its director to focus her attention on a different kind of information outreach. The public affairs officer also decided to close an underperforming American Corner in the coastal city of Koper.

The section's biggest initiative was its sponsorship in 2011 of a project that involved a massive public concert, a documentary film, and a music CD featuring 14 of Slovenia's best-known recording artists performing songs, each matched with an important issue and at least one local nongovernmental organization dealing with that issue and seeking volunteers to help expand its efforts. Based on its success—the project will even result in a new verb in Slovene meaning “volunteer”—PAS will sponsor a similar effort in 2012, with ancillary events designed

to highlight environmental concerns and coincide with a 2-month local photo exhibition in conjunction with a large U.S. nonprofit scientific and educational organization.

Exchange Programs

An LE staff member oversees the embassy's well-run exchange programs, including the International Visitor Leadership Program and the Fulbright Scholarship Program. Alumni of these and other U.S.-sponsored exchange programs hold important positions in Slovenian society. After years of negotiations, the U.S. and Slovenian Governments signed a memorandum of understanding in October 2011 to continue the Fulbright Program. The U.S. Government continues to provide the majority of funding, but the Slovenian Government contributes a substantial amount to the program's overall funding.

Alumni Programs

Using temporary funding from the Bureau of Educational and Cultural Affairs, PAS hired a part-time alumni coordinator, who is a former American Fulbright scholar resident in Slovenia. She worked with the American Chamber of Commerce to establish a database of Slovenians with significant educational or business experience in the United States upon which the Chamber and its member companies could draw when looking for new talent. With initial funding from the alumni affairs division of the Bureau of Educational and Cultural Affairs, she also developed a pilot program through which Chamber members will fund a 1-month internship for 20 Slovenian university students to provide them a real-world introduction to business economics and entrepreneurship.

Grants Management

PAS has a well-managed grants program. In FY 2011, it issued 110 grants with a total value of more than \$325,000. The public affairs officer and his deputy have grants warrants, but two LE staff members oversee day-to-day management of the grants program in addition to other duties. One employee handles traditional public diplomacy grants, while the other employee oversees nongovernmental organization grants. Though they effectively act as grants officer's representatives, neither is officially designated as such in the grants files.

Informal Recommendation 3: Embassy Ljubljana should include in all grants files official grants officer's representative designation letters indicating who is responsible for maintaining contact with the grantee and monitoring grantee performance.

Cross-Training of Political/Economic and Public Diplomacy Employees

PAS and the political/economic section serve as the core Department policy units to assist the Ambassador in advancing mission's priorities. PAS and political/economic section LE staff members are not cross-trained and have no regular joint meetings. The rigidities of the Department's traditional approach to staffing of a small mission may have served as a disincentive to the mission's thinking about the staffing of policy elements in a more holistic way. For instance, the current Ambassador has given the highest priority to people-to-people

engagement. The two PAS American officers have been stretched, but not overwhelmed, in responding to the Ambassador's enthusiasm, in part because that section's LE staff level has undergone a de facto expansion. Meanwhile, American and LE staff members in the political/economic section have worked at a steadier pace.

The embassy has not considered training and deploying LE staff across sections or adjusting work requirements statements for entry-level officers to allow for greater flexibility in assigning them cross-sectional duties when circumstances require. Cross-training would offer benefits, such as providing opportunities for analytical reporting for PAS officers, expanding outreach for all to political and cultural contacts, offering useful opportunities to oversee programs, and enhancing the embassy's ability to respond to one-time surge requirements. In the event the Department is unable to support the mission's request for additional LE staff positions, the mission can meet its staffing needs through more formally integrating cross-section responsibilities.

Informal Recommendation 4: Embassy Ljubljana should implement a pilot program to assign both public diplomacy and reporting and advocacy duties to American entry-level officers and local employed staff members in the public affairs and political/economic sections to allow them to meet changing policy priorities.

Consular Section

An American consul and one LE consular assistant head one of the smallest full-service consular sections in the world. The consul and consular assistant ably handle the modest workload. Slovenia participates in the Visa Waiver Program and is one of 26 member countries of the Schengen Area, which operates like a single state for international travel but does not have internal border controls for travel between Schengen countries. In the event of a disaster or mass casualty event, regional support would need to be called upon to provide back-up assistance. The consul is an active member of the country team and is fully integrated into the mission, regularly participates in public outreach activities, and seeks professional development opportunities.

Regionalization of Consular Services

In 2010, the embassy proposed closing the consular section and transferring responsibility for routine consular services to Embassy Zagreb. Under this proposal, Embassy Zagreb would have incorporated Slovenia into its consular district and periodically sent a consular officer to provide limited consular services at Embassy Ljubljana. The Department declined to support this proposal. The OIG team supports the Department's decision to retain the consular section in Ljubljana under the management of a full-time consular officer. Though the workload is light, the need to provide quality American citizens and visa services is best met by retaining the current consular configuration.

The Frankfurt regional consular officer conducted the first ever support visit to Embassy Ljubljana in March 2012 and will continue such visits on a twice-yearly basis. The consular officer welcomed the regional consular officer's visit and looks forward to continued regional support.

Physical Space

The section's work area is comfortable, efficient, and functional. It consists of three interview windows, a cashier booth, a privacy booth accessible to members of the public with physical disabilities, and Internet terminals for consular clients. Offices behind the hardline are configured to allow line of sight for the American consul.

Consular Staffing

The consul and LE consular assistant provide good service to the public. The termination of one LE staff member in May 2011 through a reduction-in-force placed additional work responsibilities on the remaining LE staff member, a 19-year veteran of the American citizens services unit. She has learned visa procedures and regulations and is performing her additional duties well.

Given the small size of the operation, appropriate backup coverage for both the consular officer and the LE consular staff member is critical. Two American officers with consular commissions, one in the political/economic section and one in the general services office, provide backup assistance as needed. The consul helps both officers remain informed on current consular regulations and procedures. Both have recent consular experience, which helps this arrangement work effectively and reinforces the integration of the consular section with the mission as a whole. For longer absences, the consular section obtains temporary duty assistance from U.S. consular operations in Zagreb and Munich.

Because of the decision to eliminate a full-time consular assistant position, the embassy identified an LE staff member to provide backup consular services when necessary. The telephone/radio technician provides good support and is taking appropriate online training courses to assume these duties. Although his position description has been rewritten to incorporate consular backup duties, the percentage of time allocated in the new position description does not accurately reflect actual job responsibilities for the position.

Informal Recommendation 5: Embassy Ljubljana should revise the position description for the backup consular locally employed staff member to reflect accurately critical consular job duties.

American Citizens Services

The section provides excellent services to a resident American citizen population estimated at 600 people, approximately 50,000 American tourists, and 175 Federal beneficiaries. It also processes passport applications from military personnel assigned to the Aviano Air Base in northern Italy. The section is restarting a newsletter for American citizens to provide consular information and maintain communication with the resident American community, many of whom do not have access to the Internet and live in widely dispersed areas of the country. The consul updates the embassy Web site's consular section and works with PAS to provide relevant information through social media.

Emergency Preparedness

Slovenia is located in a seismically active zone, and the consul distributes emergency preparedness information in the American citizens services newsletter and on the Web site. The management section manages the embassy duty program, and the consul regularly briefs duty officers on consular responsibilities that may arise on weekends or after hours. The consul has focused some attention on crisis preparedness, but more can be done to prepare the embassy for contingencies such as natural disasters or plane crashes.

Informal Recommendation 6: Embassy Ljubljana should plan for emergency response including assembling an emergency kit for responding to American citizens in case of a mass casualty event.

Federal Benefits

In October 2011, the Social Security Administration closed its regional federal benefits office in Zagreb and transferred support responsibilities to its Athens regional office. The transition was not smooth initially, and the consular section continues to spend more time supporting American citizen beneficiaries. For example, the Zagreb regional office was able to communicate easily with elderly Slovenian-American beneficiaries because its employees spoke Serbo-Croatian, a language closely related to Slovenian. The section spends time answering telephone and drop-in questions that must in turn be relayed to the Social Security Administration's Athens regional office. Many beneficiaries are not computer savvy.

The Social Security Administration will cease mailing paper checks to beneficiaries and will require that they receive benefits by direct deposit or a commercial debit card, which has fees associated with its use. The Social Security Administration has planned a visit and offered training later in the year for the LE staff consular assistant. The consular section is planning outreach and training to resident American citizens. Because the U.S. Treasury does not have a bank transfer agreement with Slovenia, the only option for beneficiaries will be either a U.S. bank or the bank card. Having an option to use a Slovenian bank that can receive direct deposit payments from the Social Security Administration would be of great value for elderly beneficiaries.

Informal Recommendation 7: Embassy Ljubljana should investigate options for direct transfer of federal benefits in non-Slovenian banks that provide retail bank services in Slovenia.

Visa Services

Slovenia participates in the Visa Waiver Program, and most citizens do not require visas to travel to the United States. The embassy processed fewer than 2,000 nonimmigrant visas and 18 immigrant visas in 2011. Document and identity fraud is rare. Third-country nationals account for fewer than 20 percent of nonimmigrant visa applicants. The consul is completing a validation study of third-country national visa applicants and has found that less than 1 percent

of third-country nationals overstayed their visas. The DCM regularly reviews adjudications and provides feedback during his weekly meetings with the consul.

The consul has implemented the worldwide referral policy, briefs new officers on the policy, and retains certifications on file that briefings took place. However, the section has not handled a referral case in over 4 years because of the relatively low workload and a visa appointment wait time that rarely exceeds 2 days. The consul reports that there have been no attempts to issue visas outside the formal referral channel.

Visas Viper

The Visas Viper committee meets regularly and the embassy has designated, in writing, a coordinator. All but one monthly report was submitted on time in the past year; the consul is aware of the importance of timely submissions.

Resource Management

Agency	U.S. Direct- Hire Staff	U.S. Local- Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2011
Department of State					
Diplomatic and Consular Programs	15	0	7	22	\$1,973,160
ICASS	2	4	33	39	\$3,375,700
Public Diplomacy	2	0	7	9	\$895,900
Diplomatic Security	1	1	1	3	\$757,783
Marine Security	6	0	2	8	\$164,725
Representation	0	0	0	0	\$24,300
Overseas Buildings Operations					\$756,304
Liability Fund Employee/ Employer Contributions					\$991,199
Consular Affairs (machine-readable visas)					\$1,192
Department of Defense					
Defense Attaché Office	3	0	1	4	\$261,077
Office of Defense Cooperation	2	0	3	5	\$382,000
Foreign Assistance Programs*					\$1,981,000
Totals	31	5	54	90	\$11,564,340

* International Military Education and Training program: \$712,000; Counterterrorism Fellowship Program: \$126,000; 1206 program: \$395,000; Foreign Military Sales: \$748,000.

Management Operations

The management section staff is lean and efficient. Morale is high, despite the fact that most management section employees work in an offsite annex. The management officer, the Ambassador, and the DCM interact frequently with management staff and include them in community events, such as town hall meetings in the annex conference room. Customers express satisfaction with management services. OIG questionnaire scores were all above average, most of them significantly so. The overall International Cooperative Administrative Support Services (ICASS) customer service satisfaction score was also above global and regional averages, though lower than in the previous year. Information management, facilities maintenance, and financial management services received significantly higher than average scores in both sets of questionnaires, a commendable achievement.

The management section's challenges result primarily from its small size, which requires American and local employees to perform many job duties and makes development of standard

operating procedures impractical for certain functions. The management officer, upon her arrival, made it a priority goal to update management policies and establish standard operating procedures.

Financial Management

The financial management office provides strong customer service to the embassy community. The embassy managed funding that totaled approximately \$9.4 million in FY 2011. Accounting, vouchering, and cashiering services function well, and the inspectors found no significant problems in any of these areas, with one exception. Because many local invoices require translation, and the embassy has already outsourced all travel voucher processing to the post support unit, further opportunities for regional vouchering processing are limited.

Funding of Local Guard Contract Services

The embassy has experienced difficulties in obtaining funding from the Bureau of Diplomatic Security for its centrally managed local guard contract. In May 2011, the Office of Acquisition Management signed a new 5-year contract with an annual value of approximately \$1 million. At that time, the Department transferred responsibility for contracting responsibilities to the Office of Acquisition Management, though contract management and invoice payment responsibilities remained with the embassy. The Bureau of Diplomatic Security issues advice of allotment notifications to fund embassy guard operations, but it has funded these requirements below amounts needed to support guard operations as identified in the guard contract. The embassy reports that it has submitted five cables in FY 2012 to request emergency contingency funding to fund the contract. The embassy and the Bureau of Diplomatic Security remain in a dialogue to regularize the funding process for this contract.

International Cooperative Administrative Support Services

The embassy's small ICASS committee consists of four agency members. The council functions productively and meets approximately 4 times per year. Although the council does not have a budget subcommittee, the embassy's small size facilitates communication across agencies and working-level communication on ICASS matters is good.

Human Resources

The small human resources office provides good support to the mission community. The embassy recently transferred responsibility for local employee position classification to the Frankfurt Regional Support Center. The human resources office operates informally and without standard operating procedures and policies that would be in place at a larger mission. This informal approach generally has worked satisfactorily because local staff members are trained, experienced, and work effectively as a team. The embassy is updating various required management policies, such as those pertaining to recruitment, awards, training, job classification, and outside employment, among others.

Issues of concern to LE staff members include their employment status under local labor law, the continuing effects of the U.S. Government-wide salary freeze, and transparency in hiring and reduction-in-force decisions. In 2004, the embassy transitioned LE staff to an employment status with the host government that permits the embassy to pay local social security and pension contributions, but not income tax. This situation has created administrative difficulties for local employees who must manually pay their income taxes. Embassy management plans to review the issue in further detail.

Rightsizing and Regionalization

The embassy last conducted its 5-year rightsizing exercise in 2007 and is due to prepare a new report in 2012. With four American employees in the management section, opportunities for staffing reductions or significant costs savings at a mission of this size are few. Embassy Ljubljana has made substantial progress in achieving cost savings through implementation of established regionalization and outsourcing best practices. For example, the embassy outsources motor vehicle maintenance, local guard services, daily press summaries, and a number of other business processes. In most areas, the embassy has either implemented best practices initiatives identified by the Regional Initiatives Council or developed a business case for not adopting such processes. The OIG team noted potential opportunities in one area, motor pool outsourcing, but the small size of the mission may preclude implementation in this operating environment.

Locally Employed Staff Handbook

The LE staff handbook is outdated. During the past year, the embassy conducted a reduction-in-force exercise that resulted in the elimination of two LE staff positions. (b) (5) it conducted the separations consistent with local labor law, (b) (5) [REDACTED] The front office and human resources office maintain an active dialogue on issues of mutual concern through regular meetings. This dialogue would be enhanced by updating the mission's LE staff handbook, which was issued in 2002 and has never been translated into Slovenian.

Informal Recommendation 8: Embassy Ljubljana should update and reissue its locally employed staff handbook in English and Slovenian.

Locally Employed Staff Recruitment

Turnover among LE staff is very low. Because opportunities for advancement within the mission are limited, each hiring decision attracts considerable scrutiny from LE staff members. LE staff expressed concerns to the OIG team about a lack of transparency in hiring for recent recruitment actions. The embassy does not have a current LE staff recruiting policy and does not follow all procedures mandated by the Office of Overseas Employment for staff recruitment. The inspectors counseled human resources staff to document in writing the screening procedures for applicants' education, experience, and language credentials. The issuance of a new recruitment policy offers an opportunity to communicate the embassy's LE staff recruitment practices and procedures.

Informal Recommendation 9: Embassy Ljubljana should update and issue an embassy management notice on the recruitment policy for locally employed staff.

Language-Designated Positions

Embassy Ljubljana recently reviewed the need for Slovene language training for its American officers. This review resulted in the redesignation of four positions as not requiring Slovene language training. The OIG team reviewed the requirements for language training for the remaining positions and believes that the embassy's justifications for maintaining training are appropriate.

Equal Employment Opportunity

The public affairs officer is the mission's Equal Employment Opportunity (EEO) counselor. He has received required training. The embassy has distributed appropriate EEO notices, publicized the program at country team meetings, and provided informal counseling on potential EEO complaints. The embassy has not formally designated an EEO liaison for the LE staff. Designating a local employee EEO coordinator would provide the LE staff an additional resource for identifying and resolving EEO issues.

Informal Recommendation 10: Embassy Ljubljana should designate and train a locally employed staff member to serve as a liaison to local staff concerning Equal Employment Opportunity issues.

General Services

The general services office provides strong support to the mission. Scores on OIG questionnaires were nearly all above average, and the ICASS survey yielded positive comments from the community. The general services officer, a midlevel officer doing a first tour in this role, provides good leadership to the staff, many of whom have multiple responsibilities. The OIG team reviewed housing, shipping, and travel operations and found them to be in good order. The general services officer identified a number of policies and procedures that required updating during the months preceding the inspection and plans to continue this process. Motor pool and property management operations, in particular, will benefit from this review.

Motor Pool Services

The motor pool chauffeurs work early morning shifts because this is the period of highest demand, but this schedule leaves the late afternoon and evening hours without chauffeur coverage. As a result, drivers frequently must work overtime. In some cases, employees must take taxis, which results in a significant number of taxi vouchers that the financial management office must process.

Informal Recommendation 11: Embassy Ljubljana should enter into a contract with a local taxi company to provide additional transportation services that are billed via invoice to the mission.

Procurement

The embassy has established a blanket purchase agreement with a local company to provide LE payroll services. Each month, the company determines appropriate payroll deductions for local social security contributions and provides the information to the Charleston Financial Services Center. Blanket purchase agreements are an appropriate vehicle for procurement for repetitive but unpredictable needs under the micropurchase threshold of \$3,000; the Federal Acquisition Regulation, Subpart 6.102(b), requires the use of a competitive acquisition procedure to provide full and open competition. The use of a noncompetitive acquisition procedure is contrary to Federal regulation under this circumstance. The estimated annual value of the LE payroll services is \$15,000.

Recommendation 2: Embassy Ljubljana should prepare a solicitation for a competed annual contract to provide the monthly payroll calculations for locally employed staff. (Action: Embassy Ljubljana)

Facilities Maintenance

The general services officer manages the facilities maintenance program with support from Embassy Zagreb's facilities manager. The four-person staff is responsible for the U.S. Government-owned chancery and chief of mission residence as well as for minor repairs at short-term leased residences. Both the chancery and chief of mission residences have been renovated with modern systems, though the older core structures and façade require a well-planned maintenance program. Customer satisfaction with the maintenance program is high.

The general services officer worked with the maintenance staff to identify steps for reinvigorating the safety, health, and environmental management program, which had been dormant prior to her arrival. The general services officer recently established the standing committee but has not yet held a meeting as required by 15 FAM 933.2.

Informal Recommendation 12: Embassy Ljubljana should hold semiannual meetings of the safety, health, and environmental management standing committee.

Information Management and Information Security

The embassy's information management (IM) section is managed by a midlevel officer who enjoys the respect of the staff and the mission. OIG questionnaires reflect high marks for IM services. The embassy is in the midst of a 4-month staffing gap because of the curtailment of the former IM specialist. In addition, the LE staff telephone/radio technician has assumed consular collateral duties that reduce the time available for IM duties. The IM officer has implemented new standard operating procedures, inventory controls, employee check-in procedures, and other steps to promote efficient operations.

The OIG team interviewed all IM employees, inspected facilities, reviewed classified and unclassified computer systems as well as mail and pouch operations, and examined the inventories and operations of the telephone and radio programs. All recommendations from a

2012 Bureau of Information Resource Management team's computer security assessment have been closed. Although internal operations and systems are solid, the OIG team determined that areas of improvement include contingency planning, physical security, and inventory controls, which are addressed in the classified annex to this report.

The IM office is undergoing modernization of its technical infrastructure. The embassy expects to upgrade workstations and replace the telephone system in the near future. In addition, the Department is migrating to Kenwood radios but has not announced a deployment schedule. The IM officer is seeking clarification from the Frankfurt Regional Information Management Center on the radio replacement prioritization, timeline, and payment process. Mail and pouch volume has increased in the past 5 years, which has resulted in some delays in mail delivery, a problem compounded by limited staffing in the mailroom.

Although the IM office's workload has grown, staffing has remained unchanged over the past several years. Recently, the IM office has supported innovative PAS program activities, such as podcasting, and the IM team would like to facilitate more projects. However, the current staffing does not allow expansion of support responsibilities without additional resources. The IM officer requested an ICASS IM assistant position, which has been approved and included in the FY 2014 Mission Resource Request.

Quality of Life

Slovenia is an advanced industrial country that offers good medical services, quality schools, and a wide variety of goods and services on the local economy. The embassy receives many bids on available midlevel positions and sections are fully staffed by at-grade personnel. The embassy receives a 50 percent cost-of-living allowance to compensate for living costs that are higher than the Washington, DC, area. As noted earlier in this report, morale among American employees is high.

Health Unit

An LE nurse staffs the embassy's health unit, which relocated from the general services annex to the embassy, thereby increasing the unit's visibility and the number of visits by embassy staff. The nurse is implementing a telemedicine pilot project to permit specialist consultation for personnel assigned to the mission. The OIG team discussed with the nurse several issues such as managing medications supply, replenishing the embassy's depleted inventory of controlled substances, trauma kit acquisition, and first aid training for high-risk areas such as the warehouse. The embassy took action in each of these areas prior to the end of the inspection.

Community Liaison Office

The community liaison office delivers outstanding service and received high scores on OIG questionnaires. The coordinator recently attended required training and has updated human resources systems to include emergency contact information. She attends meetings of the housing board, emergency action committee, and the country team, and regularly meets with the Ambassador and DCM, who fully support the office and its priorities. The coordinator recently conducted a needs assessment survey to further refine the mix of services available to embassy clients.

Recreation Association

The Bureau of Administration approved a charter in 2011 for the newly formed Ljubljana Employee Association to provide cafeteria sales and sales of duty-free goods. The association is in its first 6 months of operations, and as a microassociation, must submit limited reports to the Office of Commissary and Recreation Affairs later this year. The association has no employees and is still a fledgling operation that is defining its scope of operations.

Schools

Children of U.S. Government employees attend [redacted] schools. [redacted] (b)(5)(b)(6) [redacted] is the officially-supported embassy school, with a total of [redacted] (b)(5)(b)(6) students, including [redacted] (b)(5)(b)(6) dependents of official American employees. [redacted] (b)(5)(b)(6) also offers instruction on a [redacted] (b)(5)(b)(6) curriculum, and is a popular option with parents. The embassy maintains strong relationships with [redacted] (b)(5)(b)(6) schools, having overcome some working-level frictions

over the past years. (b)(5)(b)(6) school offers educational services in line with international educational standards, according to officials from the Office of Overseas Schools. (b)(5)(b)(6) is not yet accredited by either (b)(5)(b)(6) or International Baccalaureate accrediting authorities, which is a potential concern. However, parents are satisfied with the quality of education offered, as evidenced by generally high scores on OIG's surveys with respect to schools.

Management Controls

Embassy Ljubljana has effective management controls to protect against waste, fraud, and mismanagement of U.S. Government resources. The annual chief of mission certification signed by the Ambassador in July 2011 did not identify any material weaknesses or reportable conditions in embassy operations. The consular section completed the most recent annual certification of management controls on time. Consular management controls are in good order: files are organized, up to date, and easily retrievable; controllable items are inventoried and stored appropriately. Overall, the OIG team found appropriate management controls in place for most operations.

Property Management

The embassy warehouse contains a number of items that are not included in the official inventory records. The embassy is required to track all expendable and nonexpendable property located in warehouses or storerooms and include this information in the official inventory (14 FAM 411.4 (1) (k)).

Informal Recommendation 13: Embassy Ljubljana should include all personal property stored in the warehouses and stockrooms in the official inventory records.

Embassy Ljubljana operates a small motor pool that provides 60 trips per month on average. The drivers complete their daily trip reports and generally perform the required daily checks. However, the trip information in the vehicle registration management database is incomplete, and the office does not prepare the DS-1775 monthly fuel consumption record and the DS-1830 fleet summary report required by 14 FAH-1 H-816.1 a. and b.

Recommendation 3: Embassy Ljubljana should maintain all required reports and records for the management of U.S. Government-owned vehicles. (Action: Embassy Ljubljana)

List of Recommendations

Recommendation 1: Embassy Ljubljana should develop a strategic plan based on its Mission Resource Request priorities and implement a process of regular evaluation meetings that track progress and adjust mission goals. (Action: Embassy Ljubljana)

Recommendation 2: Embassy Ljubljana should prepare a solicitation for a competed annual contract to provide the monthly payroll calculations for locally employed staff. (Action: Embassy Ljubljana)

Recommendation 3: Embassy Ljubljana should maintain all required reports and records for the management of U.S. Government-owned vehicles. (Action: Embassy Ljubljana)

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 Ljubljana should draft a commercial action plan with the assistance of the Foreign Commercial Service resident office in Vienna as part of an export promotion planning exercise.

Informal Recommendation 2: Embassy Ljubljana should restructure the daily news roundup sent to Washington to emphasize stories of bilateral interest or of greatest importance to policymakers.

Informal Recommendation 3: Embassy Ljubljana should include in all grants files official grants officer's representative designation letters indicating who is responsible for maintaining contact with the grantee and monitoring grantee performance.

Informal Recommendation 4: Embassy Ljubljana should implement a pilot program to assign both public diplomacy and reporting and advocacy duties to American entry-level officers and local employed staff members in the public affairs and political/economic sections to allow them to meet changing policy priorities.

Informal Recommendation 5: Embassy Ljubljana should revise the position description for the backup consular locally employed staff member to reflect accurately critical consular job duties.

Informal Recommendation 6: Embassy Ljubljana should plan for emergency response including assembling an emergency kit for responding to American citizens in case of a mass casualty event.

Informal Recommendation 7: Embassy Ljubljana should investigate options for direct transfer of federal benefits in non-Slovenian banks that provide retail bank services in Slovenia.

Informal Recommendation 8: Embassy Ljubljana should update and reissue its locally employed staff handbook in English and Slovenian.

Informal Recommendation 9: Embassy Ljubljana should update and issue an embassy management notice on the recruitment policy for locally employed staff.

Informal Recommendation 10: Embassy Ljubljana should designate and train a locally employed staff member to serve as a liaison to local staff concerning Equal Employment Opportunity issues.

Informal Recommendation 11: Embassy Ljubljana should enter into a contract with a local taxi company to provide additional transportation services that are billed via invoice to the mission.

Informal Recommendation 12: Embassy Ljubljana should hold semiannual meetings of the safety, health, and environmental management standing committee.

Informal Recommendation 13: Embassy Ljubljana should include all personal property stored in the warehouses and stockrooms in the official inventory records.

Principal Officials

	Name	Arrival Date
Ambassador	Joseph Mussomeli	11/10
Deputy Chief of Mission	Eugene Young	8/11
Chiefs of Sections:		
Management	Ann Gabrielson	6/11
Consular	Nomi Seltzer	7/11
Political/Economic	H. Martin McDowell	7/10
Public Affairs	Christopher Wurst	8/10
Regional Security	Kristi Sarosik	9/11
Other Agencies:		
Defense Attaché Office	Col. James McKinney	2/10
Office of Defense Cooperation	Maj. Layne Trosper	7/10

Abbreviations

DCM	Deputy chief of mission
Department	U.S. Department of State
EEO	Equal Employment Opportunity
ICASS	International Cooperative Administrative Support Services
IM	Information management
LE	Locally employed
NATO	North Atlantic Treaty Organization
OIG	Office of Inspector General
PAS	Public affairs section

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