



UNITED STATES DEPARTMENT OF STATE  
AND THE BROADCASTING BOARD OF GOVERNORS  
*OFFICE OF INSPECTOR GENERAL*

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ISP-I-13-08A

Office of Inspections

January 2013

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# Inspection of Embassy Phnom Penh, Cambodia

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## **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 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

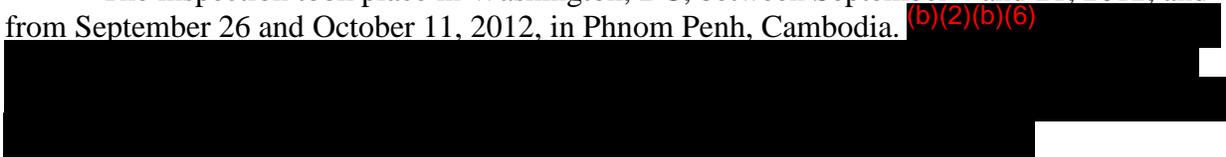
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## Key Judgments

- Embassy Phnom Penh is led by a strong executive team. The Ambassador and deputy chief of mission (DCM) have promoted high morale, effective interagency cooperation, and clear lines of authority.
- The Ambassador has spearheaded an innovative whole-of-government approach to managing U.S. assistance to Cambodia. He has empowered the U.S. Agency for International Development (USAID) and made a concerted effort to improve coordination and oversight for all U.S. assistance.
- The residential security program is costly. Consolidation of the mission's housing stock in cluster housing or apartments could reduce operating costs by at least \$1.5 million annually.
- The embassy successfully managed an unusually high volume of senior visitors associated with Cambodia's 2012 chair of the Association of Southeast Asian Nations (ASEAN).
- The Ambassador strongly supports economic policy reforms, strengthening bilateral economic ties, and promoting U.S. exports. The embassy has begun work toward strengthening its commercial advocacy and economic reporting activities.
- The embassy has set in motion an outreach strategy to engage key elements of civil society. The embassy has integrated public diplomacy into planning and operations.
- The management section provides good service to its customers but should introduce controls to reduce overtime costs of more than \$400,000 incurred in FY 2012.
- The consular section is well positioned to manage anticipated growth in demand for all services, despite a workload complicated by high levels of relationship and document fraud. The consular section is tracking Cambodia's progress toward implementing Hague Convention safeguards in advance of the country's expected resumption of international adoptions in 2013.
- The chancery roof needs to be replaced at a cost of more than \$3 million, even though the new embassy compound was occupied in 2005. The Bureau of Overseas Buildings Operations (OBO) has acknowledged that its representative accepted a defective substitution during the embassy's construction.

The inspection took place in Washington, DC, between September 4 and 21, 2012, and from September 26 and October 11, 2012, in Phnom Penh, Cambodia. (b)(2)(b)(6)



## Context

Cambodia's history over the last half century has been uniquely tragic. In 1975, communist insurgents defeated the Lon Nol government and took control of the country. Pol Pot and his Communist Party of Kampuchea, better known as the Khmer Rouge, launched a xenophobic campaign to turn Cambodia into an agrarian commune. An estimated 2 million Cambodians, almost a third of the population, perished in the ensuing genocide. A long-running Khmer Rouge insurgency ended only in 1993, when a brokered settlement established the modern Kingdom of Cambodia.

Cambodia's poor human rights record, weak judicial and government institutions, and endemic corruption hinder economic development and deter foreign investment. Inadequate government revenues leave the government dependent on foreign assistance to cover its budget deficit and provide even the most basic public services. Elections in 2003 and 2008 produced large majorities for the incumbent Cambodian People's Party, which has increasingly sought to suppress or eliminate opposition. China maintains a strong diplomatic and economic presence in the country. Cambodia remains East Asia's poorest nation, with a per capita gross domestic product (GDP) in 2011 of \$900, barely half that of Vietnam and less than a fifth of Thailand's.

In 2011, Cambodia assumed the chair of ASEAN. During this period, the embassy arranged some 700 meetings, many attended by senior-level U.S. delegations, which imposed an enormous workload on all parts of this medium-sized mission.

The United States has committed significant resources to help Cambodia rebuild institutions shattered during the genocide, subsequent invasion by Vietnam, and civil war. U.S. policy is directed at strengthening governance, enhancing the rule of law, and promoting respect for human rights to create conditions favorable for sustained economic growth and development. Since restrictions on direct foreign assistance to the Government of Cambodia were lifted in 2007, U.S. civilian and defense assistance have increased. The United States supports efforts in country to reduce human trafficking, forced labor, and human rights abuses. With U.S. support, Cambodia has succeeded in halving the rate of HIV/AIDS infections through programs funded under the auspices of the Global Health Initiative and President's Emergency Program for AIDS Relief (PEPFAR). The embassy hosts one of the largest USAID missions in Asia.

Embassy Phnom Penh has a staff of 107 authorized U.S. direct-hire positions and 644 locally employed (LE) staff members; direct-hire staffing levels have more than doubled since 2003. Operating and foreign assistance budgets reached \$109 million in FY 2012. The mission moved into a new embassy compound in 2006 that colocated most employees in a secure and functional facility.

## Executive Direction

Embassy Phnom Penh is led by a strong executive team. The Ambassador, on his second chief of mission assignment in the region, arrived in April 2012. He is respected throughout the mission for his leadership and approachability. The DCM, who arrived more than a year ago, served as chargé d'affaires for 7 months and also as public affairs officer in a previous tour in Cambodia. He has executed his DCM role effectively and with a similar open and supportive management style.

Together, they lead an effective and collaborative interagency process to coordinate and support the work of nine agencies. Both received scores well above Department of State (Department) averages from embassy staff on personal questionnaires.

Cambodia is the 2012 chair of ASEAN and hosts all of the organization's meetings, many involving non-ASEAN partners. This meeting schedule has produced a flood of senior visitors, including 3 cabinet secretaries, 20 assistant secretaries or deputy assistant secretaries, and 3 congressional delegations. The President, Secretary of State, and Secretary of Defense visited in November 2012. The mission has managed this wave of high-level visitors efficiently and effectively. The Ambassador's leadership and commitment to his team sustained high morale and efficiency throughout this busy period.

Through an elaborate yet effective set of weekly and biweekly meetings, including a weekly country team, the front office oversees key U.S. programs in country. These are grouped according to functionally related areas from civil-military cooperation to democracy and governance. Concurrently, the Ambassador himself chairs a weekly all-hands meeting for American employees that facilitates communication about work and community issues.

The Ambassador has inaugurated two outstanding initiatives to amplify the mission's outreach program and address human rights issues. He has established a nongovernmental organization council to bring together a select group of 10 leaders to advise mission leadership on human rights issues and coordinate their message to the Cambodian Government. He has also established an innovative youth council that brings together 15 Cambodians under age 30, selected by the mission for their future promise, to meet regularly with the Ambassador and other mission staff. The inspection team attended the youth council's inaugural meeting with the Ambassador and country team members.

The Ambassador has forged a strong, positive relationship with USAID. He has embraced the Quadrennial Diplomacy and Development Review in designating the USAID mission director as the mission's development coordinator and delegated to him the authority to exercise those responsibilities. While early in the effort, there are signs that the mission's development agencies are collaborating better and supporting one another's respective programs. The Ambassador is making a major effort to gain greater mission visibility into and oversight over the many streams of U.S. assistance, many outside his mission, that flow into Cambodia. At his direction, the USAID mission director has developed a comprehensive inventory of almost \$40 million in U.S. assistance outside the foreign assistance accounts—an inventory that the Ambassador believes now covers 95 percent of the total U.S. Government funding. The

Ambassador is drawing on his extensive network of Washington contacts and the many high-level visitors from some of these agencies to understand disparate assistance elements and how to create a better integrated, whole-of-government coordination strategy that could be a model for other missions.

### *Economic Issues*

The Ambassador and DCM are actively engaged in the review and revision of the current Mission Resource Request (MRR) and called upon all elements to contribute to the plan. The Ambassador also has planned for implementation of the FY 2013 Integrated Country Strategy planning process, which will incorporate all U.S. assistance programs regardless of agency or funding source.

The MRR reflects the extensive emphasis that the United States places on issues such as human rights, trafficking in persons, civil society, rule of law, and corruption. However, the MRR does not include any emphasis on economic and commercial objectives. Moreover, the Ambassador has underscored the importance of economic engagement in his discussions with staff, the American business community in country, and with the OIG team. The formulation of the Integrated Country Strategy, due in 2013, offers an opportunity to formalize the mission's commitment to economic and commercial objectives.

**Recommendation 1:** Embassy Phnom Penh should include in its FY 2013 Integrated Country Strategy an economic engagement objective and performance benchmarks. (Action: Embassy Phnom Penh)

### *Morale*

Morale is high, as substantiated by interviews with American employees and positive results on OIG questionnaires. Mission employees credit the Ambassador and DCM for improving morale over the past year. The two of them have established a reputation for being genuinely interested in ensuring good support to the official American community and their family members in this challenging environment, which includes widespread street crime, poor public health conditions, and chaotic traffic.

### *First- and Second-Tour Officers and Staff*

The DCM oversees efforts to mentor and assist first- and second-tour officers and staff. The mentoring program includes regular monthly meetings chaired by the DCM, sometimes attended by the Ambassador, that feature a description of activities of other mission elements in addition to activities directly related to career planning. American entry-level employees expressed appreciation for these meetings, which include Department and USAID personnel.

### *Deputy Chief of Mission Position Grade*

The DCM position is graded at the FS-01 level. During the past decade, American staffing has more than doubled, and U.S. assistance to Cambodia has grown to more than \$100

million. The position as currently constituted does not reflect expanded responsibilities, which would typically be performed by a Senior Foreign Service officer.

**Recommendation 2:** The Bureau of Human Resources, in coordination with the Bureau of East Asian and Pacific Affairs, should conduct a classification review of the deputy chief of mission position (position number 00-001-085) for a determination of classification as a Senior Foreign Service position. (Action: DGHR, in coordination with EAP)

## Policy and Program Implementation

### Political/Economic Section

Cambodia's ASEAN chairmanship in 2012 created an enormous increase in the political/economic section's workload. Despite this extra workload, the political/economic section maintained an impressive level of reporting that was well sourced and focused on the mission's key MRR goals. The section arranged and reported on upwards of 700 meetings in the past year, many associated with ASEAN work. In-depth, analytic reporting was less extensive during this period.

The section is robustly staffed at present, which has allowed it to support the heavy visitor workload. The five LE staff members in the section are all capable and have received appropriate training, with the exception of one newly hired employee. But American staffing includes a position that will not be filled after 2013, as well as a local-hire eligible family member who covers environment, science, technology, and health issues. There is no certainty that an eligible family member with appropriate expertise and experience will be available when the incumbent departs. The section will need to realign and adjust portfolios to carry out its priority functions but staffing should be adequate to meet MRR goals. The inspectors counseled the section on ways to rebalance portfolios and provide training opportunities in economic and commercial tradecraft.

Work requirements statements assign each officer discrete responsibilities and balance the workload well but do not match up with the position titles in the staffing pattern. In addition, the staffing pattern shows separate political and economic sections, not a combined section, and contains other errors such as incorrect language designations.

***Informal Recommendation 1:*** Embassy Phnom Penh should correct errors in the post personnel staffing pattern to reflect the section's organization and division of labor.

### ***Reporting and Analysis***

Inspectors surveyed embassy reporting covering the January-August 2011 period, reviewing 143 cables. Excluding cables related to high-level visits, foreign policy issues represented about 30 percent of reporting, and about half of these cables addressed Cambodia's ASEAN chairmanship. Reporting on human rights, labor, and trafficking issues accounted for more than a quarter of reporting and is highly praised by end users involved in those issues. The long-running Khmer Rouge Tribunal,<sup>1</sup> a hybrid international-Cambodian court set up to try those responsible for the genocide under the Khmer Rouge regime, also is a significant topic of interest, and reporting on the Tribunal attracts intense interest in Washington.

Only about a quarter of reporting included analytical content, usually a comment paragraph. The period saw few in-depth, analytical reports. Washington analysts expressed a desire for more analytical reporting. The embassy has a rolling reporting plan stretching into

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<sup>1</sup> Formally known as the Extraordinary Chambers in the Courts of Cambodia for the Prosecution of Crimes Committed during the Period of Democratic Kampuchea.

mid-2013 that addresses the need for more analytical reporting once the East Asia Summit and the President's visit have concluded. The plan could be more robust, given the current staffing level.

**Recommendation 3:** Embassy Phnom Penh should develop a comprehensive reporting plan to complement spot reporting with additional political and economic analytic reporting. (Action: Embassy Phnom Penh)

### *Foreign Assistance*

Cambodia has been a major foreign assistance recipient since the United Nations-managed peace process in 1993 established the Kingdom of Cambodia as a political entity. International assistance from all sources has exceeded \$1 billion annually in recent years. U.S. assistance to Cambodia in foreign operations accounts was approximately \$76 million in FY 2012. But millions more in U.S. assistance reaches Cambodia that is not captured in the MRR, not managed in country, and over which the mission has no oversight or, in some cases, knowledge. Some of this money comes from the foreign operations account, but is outside the chief of mission's formal oversight and control, notably assistance from various Department bureaus, USAID Washington offices, and the regional USAID office in Bangkok. Other parts are in the budgets of other agencies, including the Departments of Defense, Agriculture, Labor, Treasury, Energy, and Justice, and Peace Corps. At the Ambassador's direction, USAID has the lead in identifying an inventory of assistance programs and developing a plan to ensure that the mission can meet a high standard of accountability and the most effective use of U.S. Government resources in support of priority foreign policy goals.

### *Trafficking in Persons*

Cambodia is a trafficking-in-persons (TIP) priority country and the mission is active in countering trafficking. The Office to Combat and Monitor Trafficking funds a grant to a United Nations entity that works to prevent victims from being moved out of Cambodia. USAID is following up a successful antitrafficking project with a 4-year, \$5.4 million project to strengthen the Cambodian Government's antitrafficking efforts. The mission's regular reporting on TIP issues is well done and comprehensive. There is excellent coordination and interaction between the political/economic section and USAID. A TIP working group meets as needed, and the consular section is being invited to future meetings.

Embassy Phnom Penh takes its internal TIP prevention responsibilities seriously. Inspectors reviewed a representative sample of embassy contracts and all included the required TIP language.

### *The President's Emergency Plan for AIDS Relief*

Cambodia's HIV/AIDS epidemic is concentrated among at-risk populations. The United States contributed \$145 million from 2004-2011 for HIV/AIDS prevention and treatment, helping halve infection rates to under 1 percent of the adult population and providing antiretroviral therapy to more than 90 percent of those who meet international criteria. A USAID officer serves part time as the mission PEPFAR coordinator pending the arrival of the full-time

coordinator, who was recently selected. Coordination between USAID and the Centers for Disease Control and Prevention is excellent, a point made both by Washington agencies and personnel on the ground.

### ***Leahy Vetting***

Leahy vetting of candidates for military or law enforcement training represents a significant workload for the political/economic section, with upwards of 1,500 individuals vetted in 2012. The officer responsible for Leahy vetting is familiar with Department guidance and uses the Bureau of Democracy, Human Rights, and Labor's electronic vetting system effectively. Coordination with other sections and agencies is excellent, and nominating offices provide the responsible officer with adequate lead time. Regional offices located outside Cambodia have not always forwarded candidates' biographic information with adequate lead time.

### ***Commercial Advocacy***

There is confusion between the mission and the Bureau of Economic and Business Affairs about responsibility under a State-Commerce memorandum of understanding for developing specific performance goals under the Post Partnership Program plan. The Post Partnership Program is intended to enhance the embassy's support for American companies interested in exporting to new markets. Although Embassy Phnom Penh is a Partner Post for the Foreign Commercial Service in Bangkok, no one from that office has traveled to Phnom Penh in the past year. The enthusiasm of the Ambassador and economic officer for commercial statecraft has produced tangible results with respect to new U.S. exports, to include new-to-market agricultural and medical products. The institutional foundation is lagging, however, and better support is needed to encourage regional planning and increase field collaboration.

**Recommendation 4:** The Bureau of Economic and Business Affairs, in coordination with Embassy Phnom Penh, should develop a Post Partnership Program plan for Cambodia in accordance with the State-Foreign Commercial Service memorandum of understanding, dated September 9, 2011. (Action: EB, in coordination with Embassy Phnom Penh)

### ***Biographic Reporting***

The mission produced little biographic reporting over the last year. Washington agencies expressed a desire to receive more. The section maintains a considerable number of individual biographic reports; those consist of a single document on each individual that can be updated on an ongoing basis. The biographic files are on the political/economic section's shared drive but are not accessible by other sections. Inspectors counseled the section on strengthening biographic reporting to Washington and on ways to make the biographic files more complete, useful, and accessible to the mission.

### ***Electronic Files***

The political/economic section has transitioned to electronic files and places all files on the section's shared drive. However, there is no systematic filing system that would make the files more accessible and useful nor has the section established a program to retire files as

required. The inspectors provided samples of filing systems that might be adapted for the section's use.

***Informal Recommendation 2:*** Embassy Phnom Penh should implement a systematic filing system for the political/economic section's electronic files, including a program for retiring files annually.

## **Public Affairs Section**

The public affairs section (PAS) functions effectively. Both American and Cambodian employees evinced high morale and motivation. The embassy has integrated public diplomacy into planning and operations for outreach efforts by key U.S. agencies working in Cambodia. In addition to a morning press meeting, the Ambassador, DCM, and public affairs officer confer regularly on public diplomacy and media activities. Their consistent focus helps the mission maximize the impact of its work, taking advantage of Cambodians' largely positive disposition toward the United States.

The exceptional number of high-level visits noted elsewhere in this report stretched the section's capacity to its limit in the last year. Some local employees reported workload stress. Such stress is likely to diminish as the mission returns to a more normal work volume after the conclusion of ASEAN meetings in November 2012. The OIG team believes the section has the right number of employees for the work it has to do.

In support of a mission objective to reach out to young people, PAS played a central role in establishing a 15-person youth council that will meet with embassy staff over the next year, jointly developing activities geared to younger Cambodians. During the inspection, the Ambassador inaugurated the project, for which the Office of the Under Secretary for Public Diplomacy and Public Affairs provided \$21,000.

## ***Strategic Planning***

PAS developed a useful public diplomacy plan for the Ambassador's first months in Cambodia. However, a fair number of FY 2012 activities were targets of opportunity, in part because the pace of high-level visits this year reduced the time available for long-term planning. Although PAS activities support mission goals, the section can strengthen its planning by linking resources to objectives in a more structured way. For example, the allocation of funds for exchange programs, social media, and grants and cooperative agreements can be modified to reflect the full range of MRR priorities, such as programming focused on economic development or civil society. The public affairs officer has scheduled an offsite meeting to plan the FY 2013 agenda. This meeting presents an opportunity to plan strategically for exchange and speaker programs and identify opportunities to support the full range of mission goals through public diplomacy programming.

***Informal Recommendation 3:*** Embassy Phnom Penh should develop a public diplomacy plan with quarterly goals that maximizes program and exchange resources with specific ties to mission objectives.

### ***Press and Information***

PAS spends an appropriate amount of time monitoring the media and producing a daily summary for mission and Washington readers. The public affairs officer and a senior local employee maintain regular contact with journalists, and the public affairs officer frequently speaks with reporters in Khmer. Journalists attend embassy events and cover U.S-sponsored activities. Although newspapers are the least important communications medium in the country behind television and radio, the Ambassador's weekly column, published in a leading paper, has become influential with Cambodian elites.

### ***American Spaces***

PAS operates an Information Resource Center on the embassy compound that attracts an average of 25 students daily and serves as a platform for hosting public events. The center staff also reaches out electronically to an audience of more than 300 print and broadcast journalists and other contacts, relying on materials prepared by the Bureau of International Information Programs and the embassy. PAS maintains productive relations with four American Corners located in universities and educational institutions around the country. Although the number of visitors varies, the Corners typically enjoy heavy usage and comply with the terms established by their memoranda of understanding with the embassy. The mission regularly hosts American speakers in the embassy and at American Corners outside the capital. The embassy takes advantage of the expertise of its American officers, tapping many of them to speak at the Corners.

### ***Web Site and Social Media***

The embassy Web site complies with Department standards and is updated frequently. PAS maintains a presence on social media platforms aimed at establishing a dialogue with younger Cambodians. The embassy has reinvigorated its Facebook presence and attracted 40,000 friends in the last year, a significant number given low Internet penetration in the country. The consular section and USAID regularly submit content to PAS to post on the Web site and social media platforms, and that collaboration works well.

### ***Cultural and Educational Programs***

The exchange programs, including the Fulbright Program and the International Visitor Leadership Program, run without major problems. PAS oversees the nomination and selection processes, but other embassy sections are involved as warranted. The DCM chairs the selection committee. Nominees and grantees and the programs in which they participate generally track with mission priorities.

PAS sustains contact with alumni of Department exchange programs through an active outreach program, led by a full-time LE alumni coordinator. The embassy invites alumni to its events and hosts an annual reception for returned exchange visitors. The embassy is in the process of transferring alumni contact information to the Department-recommended Contact Management Database.

Specialists in educational advising and English language teaching visit the embassy regularly to provide guidance and training and conduct outreach activities. During the inspection, the Ambassador inaugurated an Education USA center at an American Corner to facilitate study in the United States by Cambodian students.

### **Grants**

In FY 2012, PAS awarded \$388,000 in grants and cooperative agreements to Cambodian recipients. While the grants activities themselves typically supported mission objectives, grants procedures and files need attention. In some instances, grants awards documents lacked required information, including a check of the Excluded Parties List System. Some grants did not specify grantee program reporting needed to document the outcomes of embassy-funded activities. Other grants files did not specify how the U.S. Government would be publicly credited for its support in cases when this objective was important.

***Informal Recommendation 4:*** Embassy Phnom Penh should tighten its public diplomacy grant procedures so that grantees understand and agree in writing to all award stipulations and the files accurately reflect the status and outcome of the funded activity.

### **Consular Section**

The consular section does a good job managing operations in a complex, high-fraud environment. Three of four American officers departed for onward assignments in 2012, and the LE staff are relatively inexperienced. Despite these challenges, the section effectively manages a modest but growing workload. American staffing levels will increase with the arrival of a consular associate, an additional American officer, and an assistant regional security officer-investigator, all of whom are expected to join the mission in 2013. The new consular section chief and visa chief are analyzing workload to manage anticipated growth. The consular staff has been active with public outreach to Cambodian and American citizens. During the inspection, the consular chief conducted an interview on Cambodian national television, and the section organized several outreach events for American citizens on voting.

Evolving job responsibilities have caused confusion among LE and American staff in terms of work flow and duties. The consul plans to redefine roles to incorporate the new American positions and clarify supervisory responsibilities and job duties.

***Informal Recommendation 5:*** Embassy Phnom Penh should revise work requirements for all American staff in the consular section to clarify lines of responsibility and authority.

### **Consular Section Space**

The consular work and public areas meet current needs but are not optimally configured for the expected increase in workload. The chancery has a separate public consular entrance, but this entrance is subject to intermittent flooding during the monsoon season, which precludes use of the entrance for part of the year. Consular traffic flow in the public waiting areas is inefficient and confusing. The entrance building has two unused consular service windows and a secure

workspace that could be used to streamline consular work processes. Currently, consular clientele pass repeatedly through security and enter the consular waiting room to be interviewed, deliver documents, and pick up passports and visas. Some of these tasks do not require access to secure consular areas. These repeat visits create unnecessary congestion and require additional guard services.

***Informal Recommendation 6:*** Embassy Phnom Penh should evaluate consular processes and traffic flow to make better use of the workspace and public service windows outside of the secure consular area but inside the consular compound access control building.

The consular subcashier booth is located in front of a building support pillar that obstructs line-of-sight supervision by American officers. Per 7 FAH-1 H-283(4), American officers should have line-of-sight supervision for consular subcashier operations. The consular section operates a reception booth located in the interview area that is within line of sight of the American officers and has a secure storage area. By moving the consular subcashier to this location, the embassy can establish line-of-sight supervision and reduce the risk of malfeasance.

**Recommendation 5:** Embassy Phnom Penh should relocate the consular subcashier to the space currently used by the consular receptionist. (Action: Embassy Phnom Penh)

Signs in the consular section are inadequate and traffic flow is confusing. Two large pillars impede waiting room traffic flow, and signage does not guide the public to service windows efficiently. American citizens services has no designated waiting or service area. Clear signage in the waiting room will facilitate better traffic flow.

***Informal Recommendation 7:*** Embassy Phnom Penh should install signs in the public waiting room in the consular section to facilitate efficient public traffic flow and to identify interview areas.

### ***American Citizens Services***

The American citizens services workload is dauntingly complex. Under the new consular chief's guidance, one entry-level officer and two LE staff members manage this workload skillfully. Repatriation of destitute Americans and death cases have increased in recent years. Fifteen prisoners require regular prison visits around the country. Arrest cases, many involving drugs or child sexual abuse, are labor-intensive. Federal beneficiaries in Cambodia have increased from 5 to 90 in the past 10 years. The Social Security Administration classifies Cambodia as a country that requires exceptional processing. Each beneficiary must register monthly in person at the consular section to receive benefits checks. Almost half the consular report of birth abroad applications require genetic testing due to unreliable evidence of biological parentage.

### ***Adoptions***

In 2001, Embassy Phnom Penh processed 404 immigrant visa cases for adopted Cambodian children, one of the largest adoption workloads in the world that year. In 2002, Cambodia suspended international adoptions because of issues relating to trafficking of children.

Cambodia is poised to resume international adoptions, having signed the Hague Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption (Hague Convention) on August 1, 2007, and put in place compliance mechanisms to implement the convention. The Ministry of Social Affairs, Veterans, and Youth Rehabilitation, which serves as Cambodia's international adoption central authority, has confirmed that Cambodia will restart international adoptions on January 1, 2013. The Hague Convention requires new implementation procedures that are unfamiliar both to the consular section and the Government of Cambodia. The embassy and Department must balance public demand for adoptions with legal requirements to ensure that Cambodian implementation complies with U.S. and Hague Convention requirements. The Special Advisor for Children's Issues is scheduled to visit Cambodia and advise the embassy on how or whether to proceed with immigrant visa processing for adopted orphans processing in 2013.

Requests for information from prospective adoptive parents and from adoption service providers require consistent and clear public communication regarding U.S. plans to partner with Cambodia under the Hague Convention. The consular section is monitoring Cambodia's new adoption laws, implementing regulations, and procedures, but has not always reported via front channel cable events of interest to the Department and other agencies. The OIG team counseled the embassy on the value of front channel spot reporting on the status of intercountry adoptions given the high level of U.S. interest in Cambodian adoptions.

### ***Immigrant Visas***

A well-managed immigrant visa unit oversees a complex workload. The refusal rate is about 50 percent. Official documents are unreliable and altered official documents are easily obtained on the local market. The consular section anticipates continued growth in immigrant visa applications due to diversity visa applications and the expected resumption of immigrant visas for adopted orphans. The section plans to fill a currently vacant LE staff position when international adoptions resume.

### ***Nonimmigrant Visas***

Nonimmigrant visa operations function well despite a restrictive visa reciprocity schedule between the United States and Cambodia, which increases the nonimmigrant visa unit's workload. The maximum validity for tourist and business visas is 3 months and, as a result, frequent travelers must reapply for visas on a regular basis. The appointment system is locally managed and all fees are collected on site. LE staff members take photographs of visa applicants at the embassy because few Cambodians have access to the Internet needed to process visa applications. Local courier service is unreliable and applicants must pick up passports with visas in person.

The visa referral process works well. The consular section chief briefs new embassy officers and maintains excellent records related to referrals. The Visas Viper committee meets regularly and submits reporting cables on time.

### *Fraud Prevention Unit*

The visa chief serves as the fraud prevention manager and oversees fraud prevention activities for American citizens services and the visa units. Fraud is pervasive in Cambodia. Many government-issued identity documents were destroyed during the Khmer Rouge period and fraudulent documents are readily available. Relationship fraud is also common. The unit has uncovered marriage fraud and human smuggling rings. The fraud prevention manager has instructed staff to use the Bureau of Consular Affairs fraud tracking system, the Enterprise Case Assessment Service. The slowness of the Web-based system has been a disincentive to its use.

### *Genetic Testing*

Given the high incidence of document and relationship fraud, each month approximately 100 applicants must undergo DNA testing under the direct oversight of a cleared American employee. About half the testing is related to immigrant visa cases; the remainder is divided between cases involving applications for consular reports of birth abroad or cases referred by U.S. Citizenship and Immigration Services offices in the United States.

### *Consular Systems*

The information management office provides excellent support to the consular section. However, slow response times from Washington-based Web applications, especially nonimmigrant visa and fraud prevention systems, adversely affect operations. The consular section is overdue for a hardware upgrade to improve system performance. The Bureau of Consular Affairs committed to replace the section's aging server in May 2011, but the server had not been sent at the time of the inspection. New information technology hardware needs to be replaced on a predictable schedule since operations depend on electronic systems for all services.

**Recommendation 6:** The Bureau of Consular Affairs should expedite shipment of the replacement computer hardware to Embassy Phnom Penh. (Action: Bureau of Consular Affairs)

## Resource Management

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2012
<b>Department of State</b>					
D&CP	33	5	25	63	\$2,866,096
ICASS	6	15	139	160	\$5,231,645
Public Diplomacy	2	2	8	12	\$600,291
Diplomatic Security	4	0	380	384	\$3,469,369
Marine Security	6	0	3	9	\$72,286
Representation	0	0	0	0	\$28,490
OBO	1	0	0	1	\$1,608,790
<b>Department of Defense</b>					
Defense Attaché Office	5	0	1	6	\$383,257
Office of Defense Cooperation	2	0	6	8	\$1,781,000
Naval Medical Research Unit-2	4	0	11	15	\$3,482,187
PACOM Augmentation Team	9	0	0	9	\$444,000
<b>Department of Justice</b>					
Federal Bureau of Investigation	3	0	1	4	\$125,000
<b>Department of Homeland Security</b>					
Immigration & Customs Enforcement	2	0	2	4	\$167,347
<b>USAID</b>	20	7	42	68	\$78,860,000
<b>CDC</b>	6	0	22	28	\$8,846,562
<b>Peace Corps</b>	3	1	2	6	\$1,330,500
<b>Treasury</b>	1	0	0	1	\$63,960
<b>Office of Special Counsel</b>	0	0	2	2	\$57,700
<b>Totals</b>	107	30	644	780	\$109,418,480

### Management Overview

The management section is led by a seasoned management officer who actively supervises and directs his staff. Unit chiefs, including first- and second-tour officers also have turned in strong performances. Overall International Cooperative Administrative Support Services (ICASS) service satisfaction scores and OIG questionnaire responses exceed both the regional and worldwide averages. Since the 2007 inspection, the mission has added 42 American

positions and 145 LE staff positions. The new chancery, opened in early 2006, is spacious and functional, easily accommodating the personnel expansion.

The management section's major challenge in the last year has been supporting a surge in visits associated with Cambodia's role as ASEAN chair, to include planning for the East Asia Summit.

### ***Housing and the Residential Security***

The general services office and interagency housing board operate a smoothly run housing program. The embassy's 2011 housing survey indicated high satisfaction with the program. Families usually request and receive single-family residences.

The current configuration of the housing pool, however, does not provide the most cost effective use of resources, nor is it consistent with security regulations for missions at critical threat level for residential crime. Consolidating the single-family houses in the embassy housing pool into apartments and other cluster housing could save more than \$1.5 million annually in direct security costs. In addition, the mission could achieve significant economies in residential maintenance, motor vehicle costs, generator acquisition, and associated administrative overhead by consolidating housing. OBO has identified Phnom Penh as a market in which it intends to purchase residential properties. Acquiring residential properties could also significantly reduce costs incurred for short-term lease expenses.

Of 367 security guards employed by the mission, 293 serve as residential security guards. These guard services accounted for almost 70 percent of the mission's FY 2013 security budget of approximately \$3.9 million. The residential guard force is staffed for approximately 68 single-family residences in neighborhoods around Phnom Penh. Most of these individual homes require (b) (6) guards per home for 24-hour coverage. By contrast, the 17 residents living in one apartment building require only (b) (6) guards for 24-hour protection.

Managing the large local guard force required to provide security guards and mobile patrols for all single-family homes and apartment buildings in the embassy housing pool places a significant burden on the regional security officer. The FY 2012 MRR justified the need for an additional assistant regional security officer to help manage the large guard force.

Per 12 FAH-6 H-412.2 b., at critical residential crime threat posts, preference should be given to residences that minimize the need for security upgrades and personnel. Apartment buildings and cluster housing should generally be favored over single-family residences.

There is considerable scope to adjust the embassy's housing mix while maintaining appropriate security. Consolidating housing into apartments, townhouses, or cluster housing would result in better security coverage and more efficient use of resources without affecting housing quality. As discussed in 12 FAH-8 H-146, cluster housing and apartments generally provide a more secure environment, offer greater protection against criminal intrusion, present a more difficult target, especially on higher floors, offer the tenant some degree of anonymity, and make the absence of the tenant less obvious. Cluster housing provides many of the same advantages with the added benefit of having other residents available to aid in the event of an

emergency. Transitioning the majority of single-family residences into apartment buildings or cluster housing would significantly reduce direct security costs and manpower resources. Further cost savings would result from a decrease in support costs such as the purchase of guard uniforms, equipment, and vehicles.

**Recommendation 7:** Embassy Phnom Penh, in coordination with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, should develop a multiyear plan to increase the number of apartments, townhouses, or cluster housing in the embassy's housing pool and adjust the size of the local guard force as new properties are leased. (Action: Embassy Phnom Penh, in coordination with DS and OBO)

### ***Consolidation and Rightsizing***

The embassy's management section has consolidated administrative operations with USAID in the 15 service areas identified by the Department of State and USAID Joint Management Board. The section is working out responsibilities for LE staff recruiting responsibilities relating to screening applicants for job vacancy announcements.

In 2010, the Office of Management, Policy, Rightsizing, and Innovation conducted a formal rightsizing study. At the time, the mission proposed to add 38 American positions by 2015. None of the American increases have materialized; however, the LE staff has increased by 80 positions.

### ***Tour of Duty***

The quality of life in Phnom Penh has steadily improved since the end of Cambodia's civil war in 1993. Discussions with American employees elicited many positive comments about the quality of life in Cambodia, notwithstanding real hardship conditions. Employees attributed their high comfort level, in part, to the fact that residential guards are stationed at residences 24 hours a day, 7 days a week. Nevertheless, Embassy Phnom Penh remains a 25 percent hardship differential embassy and tours of duty are 2 years with one rest and recuperation trip, per Bureau of Human Resources Standard Operating Procedure A-3. The Bureau of Human Resources reports that 10 employees requested and received tour extensions in 2011; several others extended in 2012. In addition, the human resources officer and the Bureau of East Asian and Pacific Affairs indicated that the mission received a large number of bids from qualified employees for positions opening in 2013.

**Recommendation 8:** The Bureau of East Asian and Pacific Affairs, in coordination with the Bureau of Human Resources and Embassy Phnom Penh, should extend the duration of the tour of duty for assignments to Embassy Phnom Penh from 2 to 3 years. (Action: EAP, in coordination with DGHR and Embassy Phnom Penh)

### **General Services**

The general services office performs well, although property management requires closer attention to management controls in some areas. All general services categories received scores above worldwide averages in the 2012 ICASS survey. Two entry-level American employees

manage the office. The embassy's supervisory general services officer position was filled by an entry-level officer as part of the Diplomacy 3.0 exercise but will revert to a mid-level position in the next bidding cycle.

### ***New Embassy Compound Roof Issue***

The new embassy compound was completed and occupied in 2005. The facility is spacious, well maintained, and contributes positively to embassy morale. In 2007, the embassy identified problems with leaking roofs in the chancery and five other compound buildings. OBO attempted to seek warranty compensation from the general contractor and roof subcontractor, but applicable construction warranties had already expired when the defect was discovered. OBO determined that the government had accepted a poorly designed and installed substitution proposed by the contractor during the construction process. As a result, the government has no remedy against the contractors and must undertake a costly replacement of the chancery compound's roofs only 7 years after occupancy. The first phase of this replacement project will cost \$2.75 million and does not include replacement of the roofs of the four annex buildings. OBO reports that it now requires review by the Roof Management Program of all future roofing and waterproofing efforts at the architecture and engineering design phase, attendance by roof program personnel at preconstruction meetings, and inspection of works in progress to assist project directors in accepting properly designed and installed roof systems.

### ***Procurement***

The procurement unit operates well. The section documents sole source procurements adequately and manages the procurement and contracting process in a satisfactory manner. Procurement agents ensure close-out procedures and contracts comply with Department standards. Contracting officer's representative controls are effective.

### ***Motor Pool***

The motor pool provides good service. The Ambassador issued a motor vehicle policy and sets charges for other authorized use. The embassy and USAID successfully completed motor pool consolidation in 2012. The mission's motor pool safety program is effective, with one exception noted below, and incorporates regular safe driving training for chauffeurs.

Many drivers complain they are required to drive in excess of 10 hours, which is a driver safety issue. In a sample pay period, for example, drivers worked 55 hours of overtime, most of which was in excess of the 10-hour-per-day limit stipulated by the Department's Motor Vehicle Safety Management Policy. Nonobservance of the Department's safety policy for driver shifts could result in a higher risk of vehicle accidents.

**Recommendation 9:** Embassy Phnom Penh should limit the number of hours worked by motor pool drivers in accordance with the Department of State's motor vehicle safety management policy. (Action: Embassy Phnom Penh)

### *Facilities Management*

The facilities management office performs well and received high scores on OIG questionnaires. The office workspace benefits from the modernity of the embassy compound. Residential housing maintenance also received high scores on OIG questionnaires. The work order application system is used effectively. Unscheduled maintenance is timely.

The Office of Safety, Health, and Environmental Management conducted its most recent site visit in October 2011. The embassy has addressed all the report's recommendations; however, the inspectors found that one residence, the Hampton apartment building, does not have a self-latching gate at the swimming pool. The absence of a gate is contrary to the Department's Swimming Pool Safety Standard. Although the embassy assigns only employees without children to the Hampton apartment building to mitigate the risk of accidental drowning, families with children also visit the compound.

**Recommendation 10:** Embassy Phnom Penh should require the landlord to install a self-latching gate at the swimming pool at the Hampton apartment. (Action: Embassy Phnom Penh)

### **Financial Management**

The financial management office is directed by a first-tour financial management specialist. Her successful initiatives included meeting with relevant sections and agencies to reduce unliquidated obligations and engaging a local bank to provide accommodation exchange, thus reducing the cashier's operating advance. The latter initiative resulted in a (b) (5) reduction of the cashier's operating advance.

The financial management office uses the Department's regional Post Support Unit to process permanent change of station vouchers, but in FY 2012, the embassy sent only two vouchers to the Post Support Unit. The Department encourages use of the center to reduce transaction costs, but the LE staff is reluctant to increase the percentage of vouchers processed by the regional center. Increasing the number of vouchers handled by the Post Support Unit would increase efficiency in the unit and likely reduce costs.

**Recommendation 11:** Embassy Phnom Penh should increase the number of vouchers it sends to the Post Support Unit for processing. (Action: Embassy Phnom Penh)

### *Cashiering*

The OIG inspection team observed a cash reconciliation conducted by the financial management officer. The fact that Cambodia has no coinage and that the smallest bill denomination is 50 riels (approximately 1.25 U.S. dollars) leads to constant rounding issues during cash reconciliations, thus the reconciliation conducted during the visit uncovered a discrepancy of less than \$1. Subcashier reconciliations are performed in a timely manner. Occasional money holders are frequently reminded that they cannot keep advances outstanding for more than 72 hours.

A review of recent records indicated a trend of cashier reconciliations consistently occurring during the last days of the month rather than staggered to include reviews at various times during subsequent months. Random cashier reconciliations provide a more effective deterrent to cashier misconduct.

***Informal Recommendation 8:*** Embassy Phnom Penh should conduct cashier reconciliations on a random basis.

### ***International Cooperative Administrative Support Services***

Embassy Phnom Penh has established a budget committee and an ICASS council. The committees meet regularly. The chair of the ICASS committee, in consultation with the management officer, prepared the required annual assessment of ICASS services and submitted it to the Ambassador in September.

The embassy does not prepare invoices to temporary duty employees for indirect ICASS costs, in part because it does not have full and complete records of executive branch visitors from Department of Defense agencies under combatant commander authority. The budget committee reviewed the mission policy and, after discussion, agreed that the embassy would not seek to recoup indirect costs associated with short-term visitors. Currently, ICASS can identify only short-term visitors who submit country clearance requests through the Department. Some Department of Defense agencies under the authority of the combatant commander do not seek country clearance and therefore are not visible to ICASS. According to 6 FAH-5 H-362, all official executive branch, temporary duty visitors must obtain country clearance via the Department's automated country clearance system prior to arrival.

***Informal Recommendation 9:*** Embassy Phnom Penh should reexamine the issue of charging short-term visitors for indirect International Cooperative Administrative Support Services costs by designing a system to track all visitors with a view to instituting such charges.

### **Human Resources**

The human resources office is managed effectively, and the recent hiring of two new LE staff members has addressed understaffing in the office. Staffing levels are now appropriate. Some human resources policies are outdated but draft revisions are in process, including the LE staff handbook and the nepotism policy.

Supervisors generally complete performance evaluations on time for U.S. direct-hire employees and LE staff members; however, this is not true for eligible family members. During the past year, 4 of 13 evaluations were completed after due dates. Late completion of evaluations may disadvantage these employees.

**Recommendation 12:** Embassy Phnom Penh should institute procedures for tracking eligible family member performance evaluations. (Action: Embassy Phnom Penh)

### *Language-Designated Positions*

Embassy Phnom Penh has 13 language-designated positions. For the most part, embassy employees in these positions regularly use Khmer and deem it essential for professional duties. For two positions, however, Khmer appears to be unnecessary. The DCM conducts official business exclusively in English or with an interpreter. The general services officer does not regularly use Khmer in work with local landlords, vendors, and employees. Per 13 FAM 221 b., language training should be provided only where it is essential, not merely useful. Language training for these positions requires the expenditure of approximately \$200,000 in funds that could be put to better use.

**Recommendation 13:** The Bureau of East Asian and Pacific Affairs, in coordination with the Bureau of Human Resources, should remove Khmer language designation from the general services officer position (position number 52-014001) and the deputy chief of mission position (position number 00-001085). (Action: EAP, in coordination with DGHR)

### *Locally Employed Staff Issues*

The inspection team met with the LE staff community association. The association is satisfied with the frequency of meetings and quality of communication with the front office. The DCM meets quarterly with the association committee. The association indicated that the LE staff is satisfied working in the mission, feels respected, and appreciates working in a new facility. LE staff members expressed dissatisfaction with the wage freeze. Communication with the LE staff community association, though good, is generally in the form of oral conversation. In cases where the mission has sought and received guidance from Washington, written communication would also be useful to assist in publicizing the outcomes of discussions.

**Informal Recommendation 10:** Embassy Phnom Penh should regularly communicate in writing the outcomes of its discussions on matters of interest to the locally employed staff association.

### *Overtime*

In a 6-month period in 2012, Embassy Phnom Penh authorized more than 19,000 hours of overtime for LE staff members, the majority by local guards, but a significant amount by general services office and facilities maintenance employees as well. In FY 2012, Embassy Phnom Penh incurred \$400,000 in overtime costs. According to the management office, much of the local guard overtime occurred because of a staffing shortage in the office. Additional hiring resulted in diminished overtime for the month of August, but overtime performed by other sections remains higher than necessary.

**Recommendation 14:** Embassy Phnom Penh should reduce the amount of overtime performed by its locally employed staff members. (Action: Embassy Phnom Penh)

The embassy has not established procedures to directly charge overtime costs incurred during official visits. In the absence of such procedures, it is more difficult for the mission to recover costs associated with these visits and appropriately manage overtime expenditures.

**Informal Recommendation 11:** Embassy Phnom Penh should issue overtime reports that clearly separate routine overtime and overtime chargeable to official visits.

### ***Embassy Duty Program***

Embassy Phnom Penh has an active embassy duty program, but the embassy's duty book does not have specific information for dealing with crises or mass casualty events. Some reference material is several years old. The duty officer has a laptop for creating a log with reference material, but the log is not configured to permit efficient management of duty information. In the absence of an up-to-date duty book, the embassy may not be positioned to respond to a mass casualty event or crisis.

**Recommendation 15:** Embassy Phnom Penh should revise duty book materials to include guidance on dealing with crises and mass casualty events. (Action: Embassy Phnom Penh)

### ***Equal Employment Opportunity and Federal Women's Program***

The Equal Employment Opportunity (EEO) program functions well. The American EEO counselor has received mandatory training and five LE staff liaisons are scheduled to receive formal EEO training in the near future. The embassy prominently displays EEO and Federal Women's Program information within the mission and maintains a presence on the mission's Web site.

### **Information Management**

The information management office is an efficient, well-managed operation that provides quality service, as evidenced by high marks in OIG and ICASS questionnaires. The office successfully maintains a high level of customer service despite an increased workload associated with staffing growth and the demands of many high-level visits in the past year. The information management team has implemented contingency planning, which has not been the case in the majority of OIG overseas inspections. The internal Web page and organization of information services center staff are areas for improvement. The classified annex to this report contains recommendations concerning information management physical security.

### ***Information Management Team***

Embassy Phnom Penh's information management office is appropriately staffed to support 320 users. An experienced information management officer oversees the information management office, which includes an information programs officer and an information management specialist. The university-educated LE staff is highly motivated and cross-trained, but all five employees are graded at the same level, an unusual configuration. Although the staff successfully supports customers, there has been little innovation. The primary focus has been on supporting mission and official visits. The information services center would benefit from reconfiguring LE staffing with a lead manager and deputy. These positions have been reclassified but not advertised. Advertising and filling these positions would assist the team in developing new goals and prioritizing projects geared toward meeting the mission's needs.

**Recommendation 16:** Embassy Phnom Penh should advertise and fill the information services center's locally employed staff computer manager and deputy positions. (Action: Embassy Phnom Penh)

***Internal Web Page***

The information management team designed Embassy Phnom Penh's intranet site and embassy sections maintain site content. Intranet content is not well organized, not all links work, and material is out of date. For example, the map to the medical facilities in Phnom Penh does not work. Per 5 FAM 722.6 (7), it is the site manager's responsibility to keep content current and routinely verify that links are valid. Although the mission's internal Web site is a joint effort between the information management office and its customers, the mission has no project plan that identifies the implementation steps, timelines, or opportunities for content submission needed to maintain a well functioning site.

***Informal Recommendation 12:*** Embassy Phnom Penh should designate a project manager in the information management office to oversee design, content, and maintenance of the mission's Web site in coordination with representatives appointed by each section.

## Quality of Life

As noted throughout this report, morale among American and LE staff members is high. Many American employees request tour extensions. Housing is good. Petty crime is a concern among embassy residents. Morale challenges include limited employment opportunities for eligible family members, hot weather, a lack of basic medical care, and limited recreational facilities at residences and in the community. Except for the lack of employment opportunities, these factors do not appear to effect morale significantly. The community liaison office provides numerous social opportunities. The medical unit is spacious, well equipped, and receives frequent visits from regional medical officers. The school is satisfactory. There is no employee association at the mission and no need for one.

### *Eligible Family Member Employment*

Employment opportunities for family members are limited. The mission is working to identify additional local-hire employment opportunities within the embassy to accommodate an influx of new family members interested in employment. The United States does not have a bilateral work agreement with the Kingdom of Cambodia. According to mission personnel, employment opportunities at United Nations offices and nongovernmental organizations are not available to family members who do not have authorization to seek employment in Cambodia. The lack of a bilateral work agreement limits job opportunities on the local economy that otherwise might be available to American family members interested in employment.

**Recommendation 17:** Embassy Phnom Penh, in coordination with the Bureau of East Asian and Pacific Affairs, should negotiate a bilateral work agreement with the Kingdom of Cambodia. (Action: Embassy Phnom Penh)

## Management Controls

Embassy Phnom Penh designated the management officer as the management controls coordinator. The Ambassador completed and signed the annual chief of mission management controls statement of assurance in June 2012. The submission of the assurance statement was preceded by a thorough review of management operations using the Department's risk assessment questionnaires. The statement identified no material weaknesses in embassy internal controls. The inspection identified internal controls issues pertaining to overtime and property management. Consular internal controls are in good order.

### *Receiving Procedures*

During the last annual inventory, the mission identified [REDACTED] [REDACTED] that had not been recorded in the Department's property management system. This property had been delivered to the embassy during the year but not recorded in the system, increasing the risk of theft or loss.

**Recommendation 18:** Embassy Phnom Penh should establish procedures to ensure that all accountable nonexpendable property is recorded at the time of receipt in accordance with Department of State regulations. (Action: Embassy Phnom Penh)

### *Expendable Property*

The embassy needs to strengthen internal controls for its inventory of expendable property, which has a total value of \$600,000. Expendable property is stored in various parts of the warehouse and chancery. Storage space is cluttered and the general service office has not established stock numbers and area location identification for expendable property. The property management unit did not retain records supporting the expendable supply inventory certification. Thus, the embassy lacks added assurance that the inventory is accurate. Expendable property under the unit's custody is at greater risk for theft and loss.

**Recommendation 19:** Embassy Phnom Penh should perform and document a management control review for expendable supplies procedures and require documentation for the annual inventory. (Action: Embassy Phnom Penh)

## List of Recommendations

**Recommendation 1:** Embassy Phnom Penh should include in its FY 2013 Integrated Country Strategy an economic engagement objective and performance benchmarks. (Action: Embassy Phnom Penh)

**Recommendation 2:** The Bureau of Human Resources, in coordination with the Bureau of East Asian and Pacific Affairs, should conduct a classification review of the deputy chief of mission position (position number 00-001-085) for a determination of classification as a Senior Foreign Service position. (Action: DGHR, in coordination with EAP)

**Recommendation 3:** Embassy Phnom Penh should develop a comprehensive reporting plan to complement spot reporting with additional political and economic analytic reporting. (Action: Embassy Phnom Penh)

**Recommendation 4:** The Bureau of Economic and Business Affairs, in coordination with Embassy Phnom Penh, should develop a Post Partnership Program plan for Cambodia in accordance with the State-Foreign Commercial Service memorandum of understanding, dated September 9, 2011. (Action: EB, in coordination with Embassy Phnom Penh)

**Recommendation 5:** Embassy Phnom Penh should relocate the consular subcashier to the space currently used by the consular receptionist. (Action: Embassy Phnom Penh)

**Recommendation 6:** The Bureau of Consular Affairs should expedite shipment of the replacement computer hardware to Embassy Phnom Penh. (Action: Bureau of Consular Affairs)

**Recommendation 7:** Embassy Phnom Penh, in coordination with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, should develop a multiyear plan to increase the number of apartments, townhouses, or cluster housing in the embassy's housing pool and adjust the size of the local guard force as new properties are leased. (Action: Embassy Phnom Penh, in coordination with DS and OBO)

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## 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 Phnom Penh should correct errors in the post personnel staffing pattern to reflect the section's organization and division of labor.

***Informal Recommendation 2:*** Embassy Phnom Penh should implement a systematic filing system for the political/economic section's electronic files, including a program for retiring files annually.

***Informal Recommendation 3:*** Embassy Phnom Penh should develop a public diplomacy plan with quarterly goals that maximizes program and exchange resources with specific ties to mission objectives.

***Informal Recommendation 4:*** Embassy Phnom Penh should tighten its public diplomacy grant procedures so that grantees understand and agree in writing to all award stipulations and the files accurately reflect the status and outcome of the funded activity.

***Informal Recommendation 5:*** Embassy Phnom Penh should revise work requirements for all American staff in the consular section to clarify lines of responsibility and authority.

***Informal Recommendation 6:*** Embassy Phnom Penh should evaluate consular processes and traffic flow to make better use of the workspace and public service windows outside of the secure consular area but inside the consular compound access control building.

***Informal Recommendation 7:*** Embassy Phnom Penh should install signs in the public waiting room in the consular section to facilitate efficient public traffic flow and to identify interview areas.

***Informal Recommendation 8:*** Embassy Phnom Penh should conduct cashier reconciliations on a random basis.

***Informal Recommendation 9:*** Embassy Phnom Penh should reexamine the issue of charging short-term visitors for indirect International Cooperative Administrative Support Services costs by designing a system to track all visitors with a view to instituting such charges.

***Informal Recommendation 10:*** Embassy Phnom Penh should regularly communicate in writing the outcomes of its discussions on matters of interest to the locally employed staff association.

***Informal Recommendation 11:*** Embassy Phnom Penh should issue overtime reports that clearly separate routine overtime and overtime chargeable to official visits.

***Informal Recommendation 12:*** Embassy Phnom Penh should designate a project manager in the information management office to oversee design, content, and maintenance of the mission's Web site in coordination with representatives appointed by each section.

## Principal Officials

	<b>Name</b>	<b>Arrival Date</b>
Ambassador	William E. Todd	04/12
Deputy Chief of Mission	J. Jeff Daigle	06/11
Chiefs of Sections:		
Management	Terry Murphree	07/11
Consular	Eric Meyer	08/12
Political	Darren Hultman	07/12
Economic	David Myers	08/12
Public Affairs	Sean McIntosh	07/11
Regional Affairs	David Sauer	08/11
Regional Security	Luis Matus	08/12
Other Agencies:		
Department of Defense	DATT - COL Mark Gillette	09/09
Office Defense Cooperation	ODC – LTC Kristin Means	05/11
PACOM Augmentation Team	PAT – Bryan Campbell	06/12
NAMRU-2	Steven Newell	07/11
USAID	Flynn Fuller	07/09
DHS/ICE	Fong Tchan	04/11
DOJ/FBI	Sharon Kuo	01/12
CDC	Dora Warren	10/09
Treasury	Tim Grewe	10/09
Peace Corps	Penny Fields	07/11

## Abbreviations

ASEAN	Association of Southeast Asian Nations
Department	Department of State
DCM	Deputy chief of mission
EEO	Equal Employment Opportunity
Hague Convention	Hague Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption
ICASS	International Cooperative Administrative Support Services
LE	Locally employed
MRR	Mission Resource Request
OBO	Bureau of Overseas Buildings Operations
PAS	Public affairs section
PEPFAR	President's Emergency Program for AIDS Relief
TIP	Trafficking in persons
USAID	U.S. Agency for International Development



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