



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

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Office of Inspections

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# Review of Gifts to Embassy Employees

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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 2012 by the Council of the 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 instances 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 cursive script that reads "Robert B. Peterson".

Robert B. Peterson  
Assistant Inspector General for Inspections

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## Key Findings

- Ambassadors and other Department of State employees sometimes receive gifts from foreign governments and other sources while serving overseas. Some gifts are intended for the employees, others for the Department of State. Gifts from foreign governments worth more than \$646,000<sup>1</sup> became the property of the Department of State in 2012.<sup>2</sup> The Department of State does not record the value of gifts from foreign governments or other sources that become the property of Department of State employees.
- Some OIG reviews over the past 5 years have demonstrated that missions lack adequate controls over gifts. The absence of controls, especially the lack of documentation and recordkeeping related to gifts to employees, hinders transparency and makes it difficult to determine whether employees inappropriately accepted gifts or whether the law was violated. Requiring that missions maintain registries of all gifts received will provide better controls over gifts and remind employees of the gift regulations.
- Although the Department of State's annual ethics training and holiday cable cover gift acceptance laws and regulations and the Office of the Legal Adviser includes advice on gifts on its intranet ethics site, the *Foreign Affairs Manual* provisions implementing those laws are inadequate.

All findings and recommendations in this report are based on information gathered in previous reviews, conditions observed during the on-site review, and the standards and policies then in effect, as well as through reviews of documents and interviews and as examination of the laws and regulations on gifts and the related *Foreign Affairs Manual* sections.

This review took place in Washington, DC, between October 17 and November 25, 2013. Richard D. English (team leader) and Michael Bosserdet conducted the review.

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<sup>1</sup> Gifts to Federal Employees from Foreign Government Sources Reported to Employing Agencies in Calendar Year 2012, 78 Fed. Reg. 54025-54035 (August 30, 2013).

<sup>2</sup> This does not include gifts to assist the Department of State in carrying out its operations as discussed in 2 *Foreign Affairs Manual* 960.

## Context

Ambassadors, employees, and family members at U.S. embassies sometimes receive or are offered gifts from foreign governments and private sources. In some cases, the gift is intended for an embassy official; in others, it is intended for the Department of State (Department), the U.S. Government, the Secretary of State, or the President. Consumable gifts are common and might include dinners, tickets for performances or sporting events, service upgrades, golf outings, invitational travel, free stays at hotels or private estates, and, occasionally, free memberships to private golf courses. Extravagant gifts might include swords; tea sets; pearls; jade; and art, such as decorative urns, rugs, busts, and carved Chinese screens.

An employee who improperly accepts a gift may be committing a criminal offense. Title 18 of the U.S. Code, Section 201 provides that any government employee who accepts anything of value in return for being influenced in the performance of his or her official duties faces fines, 15 years' imprisonment, or both, and may be disqualified from further government employment. The Standards of Conduct for employees of the executive branch, 5 Code of Federal Regulations (CFR) 2635, prohibit employees from soliciting or accepting gifts from prohibited sources (generally anyone who does business with the agency or may be affected by agency decisions) or gifts given because of the employee's official position.<sup>3</sup> With some exceptions, according to the law and the CFR:

- Gifts from a foreign government intended for a Department employee and worth more than \$350<sup>4</sup> should be refused, if the refusal can be accomplished without offense or damage to diplomatic relations. If the gift cannot be refused, it automatically becomes property of the U.S. Government, and the recipient must report the gift and transfer it to the Office of the Chief of Protocol within 60 days.
- Gifts from a foreign government intended for a Department employee and worth \$350 or less need not be reported or transferred and may be accepted, provided they are not offered in appreciation for performance of an official duty.
- Gifts from any other source intended for a Department employee and worth more than \$20 must be refused, unless one of the numerous exceptions provided by the regulations applies.<sup>5</sup>
- Gifts from any other source intended for a Department employee and worth \$20 or less need not be reported or transferred and may be accepted, provided they do not exceed \$50 from a single source annually.
- Gifts of cash or investment securities from any source intended for a Department employee may not be accepted, regardless of the value or source.

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<sup>3</sup> The Foreign Gifts and Decorations Act, however, allows for the acceptance of a gift of more than minimal value "when it appears that to refuse the gift would likely cause offense or embarrassment or otherwise affect the foreign relations of the United States." In that case, the gift becomes the property of the United States. 5 U.S.C. Section 7342 [c] (1) (B) and 22 CFR Part 3.

<sup>4</sup> The amount was \$350 at the time of this review. Effective January 1, 2014, the amount was raised to \$375. See <http://www.gpo.gov/fdsys/pkg/FR-2014-04-02/html/2014-07369.htm>.

<sup>5</sup> See 5 C.F.R. 2635.204.

The *Foreign Affairs Manual's* (FAM) section on gifts, 3 FAM 4122, provides little guidance on gifts to individuals but refers readers to 5 CFR 2635 and 22 CFR Part 3 (described in part above). The *Consular Management Handbook's* section on Procedural Integrity, 7 *Foreign Affairs Handbook* (FAH)-1 H-645, strongly recommends that missions develop written, post-specific gift policies consistent with Department standards and regulations. Separate regulations cover other types of gifts.<sup>6</sup>

The Office of the Chief of Protocol has primary responsibility for administering the Foreign Gifts and Decorations Act and is responsible for all gifts to the Department.<sup>7</sup> The FAM gives the assistant legal adviser for Ethics and Financial Disclosure responsibility for providing “direct advice and guidance on ethics matters” to Department employees, including helping employees comply with rules on gifts.<sup>8</sup> To fulfill these responsibilities, the Office of the Legal Adviser addresses gift-related laws in its annual ethics training and in presentations to ambassadors before they take their assignments. It also issues an annual cable to missions every December, reminding employees of gift laws and regulations and referring them to their supervisor or the management officer if they have questions.<sup>9</sup>

According to 3 FAM 4122.1, the embassy “administrative officer” is responsible for accepting and transferring gifts that are the property of the U.S. Government to the Office of the Chief of Protocol. The FAM does not designate any mission officer responsibility for overseeing gift laws and regulations, and the FAM does not explicitly require that missions maintain a registry of all gifts received. Because gift laws and regulations are complex, many missions establish gift policies and gift registries, and some assign an employee responsibility for accepting gifts or serving as the mission’s “gift officer.”

Employees in certain positions are at high risk for receiving gift offers. Consular officers, who accept or deny visa applications, influence whether foreign nationals see loved ones, conduct business transactions, attend schools, or vacation in the United States.<sup>10</sup> Foreign nationals who are referred by the ambassador or other mission officials may receive visas if they also meet the requirements for the visa. Ambassadors, deputy chiefs of mission, and other mission officials influence policy decisions. Contracting officers and grant officers select local contractors and grantees. A representative in one regional bureau told OIG inspectors that gifts offered to employees in that region are on the rise in both number and fair market value.

OIG has found that mission staff is not always familiar with laws and regulations pertaining to gifts to employees and that controls are inadequate to identify the inappropriate

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<sup>6</sup>2 FAM 962 applies to gifts that the Department receives to assist it in carrying out official functions, such as monetary gifts to defray official duty travel expenses (invitational travel), gifts for public diplomacy programs, gifts for representation, and gifts to support trade promotion events. The Federal Acquisition Regulations and the Department of State Acquisition Regulations address gifts and other ethical standards related to contracting officers. 5 CFR 2635 Part C addresses gifts between supervisors and employees. Separate regulations apply to gifts of meals, refreshments, entertainment, and attendance at widely attended gatherings.

<sup>7</sup> 22 CFR Part 3, section 3.5(b).

<sup>8</sup> 1 FAM 246.18.

<sup>9</sup> 13 State 107257.

<sup>10</sup> OIG inspectors were told that consular officers are often approached with offers of gifts, even when no visa application is pending. In some countries, private businesses assist foreign nationals in completing visa applications and are aware of when individual consular officers are on vacation or en route to a new assignment.

acceptance of gifts.<sup>11</sup> For example, at Embassy Paris, the OIG inspectors found that the officer assigned to track and dispose of gifts received by the Ambassador did not understand the regulations governing gift acceptance. Similarly, at Embassy Bangkok, the officer receiving gifts for the Ambassador did not know of the lower dollar-value limit of \$20 for gifts received from non-foreign government sources. As shown in Appendix B, 36 percent of missions with posted gift guidance displayed inaccurate dollar limits for gifts. Ethics officials in the Office of the Legal Adviser said they have difficulty getting employees to consider intangibles, such as tickets, as gifts.

Some missions rely almost entirely on employees to read, understand, and adhere to gift regulations. Employees are still responsible for adherence to the rules, and the Office of the Legal Adviser helps employees comply by providing helpful information on its Web site. During recent inspections, OIG inspectors found that some missions do not maintain gift registries, publish gift policies, or designate gift officers to track gifts and answer questions. If employees receive gifts at these missions, they are expected to apply all the rules above, including determining whether the gift was offered in appreciation for performance of an official duty, whether it was from a prohibited source, whether the value exceeded appropriate fair market value limits, and whether the gift exceeded applicable annual limits. The absence of any controls and procedures makes it difficult to determine whether mission staff is aware of and adhering to gift laws.

The absence of controls, especially the lack of documentation and recordkeeping, hinders transparency of the process and makes it difficult to oversee. Often, no documentation exists related to gifts. Lack of documentation makes it difficult to assess responsibility or to determine where the process failed or which part of the policy was violated.

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<sup>11</sup> See Appendix A.

## Recommendations

### *Every Mission Should Maintain a Gift Registry*

Maintaining gift registries is a recommended practice, but it is not required. Some missions lack registries to record gifts to employees, while others lack gift acceptance records of any kind (such as those cataloguing gifts to the Department or the U.S. Government). OIG inspectors have recommended that individual missions establish gift registries to improve controls.<sup>12</sup> A gift registry would improve transparency, make it easier to determine whether an accepted gift exceeded fair market value thresholds, highlight current requirements, allow for disciplinary action if employees failed to report gifts, and enhance OIG's ability to oversee adherence to gift regulations and policies.<sup>13</sup> The registries should include all gifts valued at \$20 or more from any source, including those that the law permits the recipient to accept, except those from relatives.

**Recommendation 1:** The Office of the Legal Adviser should publish a provision in the *Foreign Affairs Manual* that requires missions to maintain a registry of gifts valued at more than \$20 to embassy employees or to the U.S. Government, including gifts to individuals on temporary duty assignments at post. (Action: L)

### *Every Mission Should Designate a Gift Officer*

Under the current FAM provisions, no mission officer is currently responsible for overseeing gift controls. Although many missions have designated a "gift officer," neither the FAM nor the Office of the Legal Adviser's annual cable addresses or defines a gift officer or the officer's responsibilities. OIG has found confusion about the gift officer's existence and responsibilities.<sup>14</sup>

Designating an officer to be responsible for maintaining gift controls would improve accountability and provide a single point of contact for questions. A gift officer would do the following: (1) maintain the gift registry; (2) ensure that the embassy has a gift policy; (3) accept gifts for the U.S. Government and handle them according to established law, regulations, and procedures; (4) provide simple advice to embassy employees and refer questions to the Office of the Legal Adviser; and (5) promote embassy efforts to ensure that embassy employees observe gift rules and regulations. The officer could designate others, such as protocol officers, to track gifts received at the ambassador's residence during representational events. OIG recognizes that

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<sup>12</sup> *Inspection of Embassy Abuja and Consulate General Lagos, Nigeria*, Report No. IPS-I-13-16A, February 2013; *Inspection of Embassy Bucharest, Romania*, Report No. ISP-I-12-45A, August 2012; *Inspection of Embassy Lusaka, Zambia*, Report No. ISP-I-12-41A, August 2012; *Inspection of Embassy Bangkok and CG Chiang Mai, Thailand*, Report No. ISP-I-11-03, November 2010.

<sup>13</sup> Inspector General Act of 1978, § 4, 5 U.S.C. Appendix 4 grants the inspectors general the duty and responsibility to recommend policies for preventing and detecting fraud and abuse in their establishments.

<sup>14</sup> *Inspection of Embassy Abuja and Consulate General Lagos, Nigeria*, Report No. IPS-I-13-16A, February 2013; *Inspection of Embassy Lusaka, Zambia*, Report No. ISP-I-12-41A, August 2012; *Inspection of Embassy Nairobi, Kenya*, Report No. ISP-I-12-38A, August 2012; *Inspection of Embassy Paris, France, and Constituent Posts*, Report No. ISP-I-12-25A, May 2012; *Inspection of Embassy Bangkok and CG Chiang Mai, Thailand*, Report No. ISP-I-11-03, November 2010.

no officer will be able to prevent unethical employees from inappropriately accepting gifts. Embassy employees are still responsible for observing the law. However, greater controls and a single point of contact will improve the control environment for enforcement. The management officer is the logical choice to serve as the gift officer, given the management officer's current responsibilities related to gifts provided to the Department. Ambassadors and deputy chiefs of mission, however, remain responsible for providing leadership that encourages full compliance with gift laws and regulations.

Because embassies and other missions vary greatly in size, host country environment, and other characteristics, missions may have good reasons to assign gift officer responsibilities to a different embassy official. Missions should be allowed to designate another employee as gift officer, as long as the identity of the gift officer is clear and widely known throughout the embassy and the duties of the gift officer are compatible with the employee's other responsibilities. The gift officer should not be locally employed staff. Publishing the name and position of the gift officer in the mission's Designated Officers for Specific Post Responsibilities document called for in 2 FAM Exhibit 113.3 would serve this purpose.<sup>15</sup>

**Recommendation 2:** The Office of the Legal Adviser should publish a provision in the *Foreign Affairs Manual* that requires each mission to designate a gift officer. The provision should also define that officer's responsibilities, including a proviso that the mission may designate another officer with the concurrence of the appropriate regional bureau. (Action: L)

**Recommendation 3:** The Office of the Legal Adviser, in coordination with the Office of Management Policy, Rightsizing, and Innovation, should add the gift officer designation to 2 *Foreign Affairs Manual* Exhibit 113.3. (Action: L, in coordination with M/PRI)

The FAM designates the post "administrative officer," a title no longer in use, as the position responsible for accepting gifts to the U.S. Government.<sup>16</sup> The obsolete title has led some to believe that the term does not identify one particular officer, when in fact it identifies the individual who is the "management counselor or officer."<sup>17</sup> The Bureau of Human Resources is responsible for that section of the FAM.

**Informal Recommendation 1:** The Bureau of Human Resources should replace the "post administrative officer" reference in 3 *Foreign Affairs Manual* 4122.1c. section with "management counselor or officer."

## **Mission Gift Policies**

To provide a local reminder of the rules that apply to the acceptance of gifts, many missions develop local gift policies. Appendix B summarizes data on missions with gift policies posted on their Web sites, and Appendix C contains a sample gift policy. A gift policy signed by an ambassador shows that mission's leader's support. Gift policies are often added to welcome packets for new employees and posted to the mission's Web site. In recent inspections, OIG has

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<sup>15</sup> The Office of Management Policy, Rightsizing, and Innovation last updated 2 FAM 100.

<sup>16</sup> 3 FAM 4122.1c.

<sup>17</sup> See, for example, 15 FAM 121.

recommended that missions develop gift policies.<sup>18</sup> In the OIG team’s effort to collect mission gift policies from embassy intranet sites, inspectors found that some of these policies contain outdated monetary limits.

**Recommendation 4:** The Office of the Legal Adviser should publish in the *Foreign Affairs Manual* a standard mission gift policy that provides up-to-date fair market value limits and other requirements. (Action: L)

Mission-based gift policies are not required, although the *Consular Management Handbook*, 7 FAH-1, states, “The Department strongly recommends that posts develop [a] written, post-specific gift policy.” Mission-based gift policies may discuss rules that apply to more frequently encountered situations if needed because of local conditions. For example, it may be unlawful to take gifts of antiquities (such as coins) out of a specific country. This provision does not suggest that those gift policies be limited to consular employees but implies that such policies would apply to all employees. Placing this requirement in a FAH section appended to Title 7 of the FAM effectively hides it from most Department employees and eliminates the notice that it could provide to the rest of the Department. This language in the *Consular Management Handbook* has caused confusion; it suggested to at least one consular section chief that his section should adopt a gift policy separate from any that the mission might have. The Department’s guidance on Moving Existing Material in the FAM says that material may move when it “relates more closely to subject matter in another volume.”<sup>19</sup>

**Informal Recommendation 2:** The Office of the Legal Adviser should publish in the *Foreign Affairs Manual*, a provision that authorizes embassies to adopt local gift policies that are consistent with the standard mission gift policy published in the *Foreign Affairs Manual*.

#### ***Department Should Include Gift Controls in Annual Statements of Assurance***

Ambassadors are not required to review compliance with gift-related regulations before signing an annual statement of assurance on management controls. In the statement mandated in 2 FAM 024(d), ambassadors provide assurances to the Secretary concerning the effectiveness of internal controls in their operations. Those internal controls should provide reasonable assurance that the objectives of the Department are being met—namely, compliance with applicable laws and regulations.<sup>20</sup> Ambassadors could show due diligence in certifying that their missions have in place gift controls, such as an up-to-date gift registry, a designated gift officer, and a current gift policy, including procedures for valuing, reporting, and disposing of gifts. Omission of such a statement may suggest to some Department employees that observance of the rules on gifts is not very important.

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<sup>18</sup> *Inspections of Embassy Abuja and Consulate General Lagos, Nigeria*, Report No. ISP-I-13-16A, February 2013; *Inspection of Embassy Bucharest, Romania*, Report No. ISP-I-12-45A, August 2012; *Inspection of Embassy Nairobi, Kenya*, Report No. ISP-I-12-38A, August 2012; *Inspection of Embassy Paris, France, and Constituent Posts*, Report No. ISP-I-12-25A, May 2012; *Inspection of Embassy Bangkok and Consulate General Chiang Mai, Thailand*, Report No. ISP-I-11-03, November 2010.

<sup>19</sup> 2 FAH-1 117, Moving Existing Material.

<sup>20</sup> *GAO Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, 4-5, November 1999.

**Recommendation 5:** The Bureau of the Comptroller and Global Financial Services should amend the annual assurance statements from chiefs of mission to include a section about compliance with Department of State requirements for gifts. (Action: CGFS)

## **Appendix A: OIG Recommendations Related to Gifts**

### **Inspection of Embassy Abuja and Consulate General Lagos, Nigeria** *(IPS-I-13-16A, February 2013)*

OIG found the embassy did not have a standard gift policy or designated gift officer. Department regulation 3 FAM 4122.1 designates the gift officer as what is now the embassy management officer. The absence of a designated gift officer and clear standard operating procedure for gift disposition places gift recipients at risk of ethics violations. OIG recommended that the mission designate a gift officer and publish and implement a gift policy.

### **Inspection of Embassy Bucharest, Romania** *(ISP-I-12-45A, August 2012)*

OIG found the embassy did not have an established process for registering gifts. The gift registry was out of date and incomplete; it omitted such vital information as gift valuation or dates received. Without such information, it is impossible to determine whether and when a gift must be reported. OIG issued an informal recommendation that the mission establish policies and procedures for mission personnel to report all gifts promptly and for the management officer to record reported gifts.

### **Inspection of Embassy Lusaka, Zambia** *(ISP-I-12-41A, August 2012)*

OIG found the embassy did not have a designated gift officer or standard procedure for the disposition of gifts, as 3 FAM 4122.1 requires. The lack of a designated gift officer and standard procedure for gift disposition places recipients at risk of ethics violations. OIG recommended that the mission designate a gift officer and include that information in a published gift policy.

### **Inspection of Embassy Nairobi, Kenya** *(ISP-I-12-38A, August 2012)*

OIG found the mission lacked a published gift policy and had no designated gift officer (3 FAM 4122.1 designates the gift officer as what is now the embassy management officer). The lack of a designated gift officer and standard procedure for gift disposition places recipients at risk of ethics violations. OIG recommended that the embassy designate a gift officer and publish a gift policy.

### **Inspection of Embassy Paris, France, and Constituent Posts** *(ISP-I-12-25A, May 2012)*

OIG found the mission suffered from long-term inattention to management controls in many areas, including keeping adequate records on the acceptance of gifts. The embassy authorized invitational travel outside the country because of inappropriate delegation of responsibilities for travel approval. OIG also found that the mission staff assigned gift officer responsibilities did not understand the governing regulations and were not prepared for those responsibilities; some missions had no records of accepted gifts. OIG recommended that the embassy enforce existing policies for invitational travel, reassign the gift officer responsibilities to a general services employee, and register accepted gifts in accordance with Department rules.

### **Inspection of Embassy Nassau, The Bahamas** *(ISP-I-12-08A, January 2012)*

OIG found the embassy was not properly reporting in-kind contributions from local sources for the July 4 event. Department regulation 2 FAM 964 requires the post to issue an annual report to the Gifts Fund Coordinator of the Regional Management Bureau that includes the amount paid by the source. OIG recommended that the mission report all gifts, especially gifts in-kind for the July 4 event.

**Inspection of Embassy Copenhagen, Denmark** *(ISP-I-11-19A, March 2011)*

OIG found the embassy lacked a standard gift policy for employees and a process for valuing and reporting gifts to employees. This left employees vulnerable to violating several regulations regarding gifts. OIG recommended that the mission issue a gift policy for the proper reporting, valuation, and disposition of gifts.

A compliance followup review in March 2012 found the embassy issued a gift policy outlining the appropriate rules for employees to follow. OIG closed the issue. *(ISP-C-12-20, March 2012)*

**Inspection of Embassy Athens, Greece** *(ISP-I-11-15A, February 2011)*

OIG found that, in light of concerns about a predecessor's acceptance of gifts, the current Ambassador had continued a strengthened gift policy. Adopted in August 2010, this policy shifted responsibility for cataloguing gifts from an LE staff member in the protocol office to an American officer, who records and values incoming gifts from a foreign government or nongovernmental source and flags any gifts that appear to be inappropriate. No recommendation was issued.

**Inspection of Embassy Bangkok and Consulate General Chiang Mai, Thailand** *(ISP-I-11-03, November 2010)*

OIG found the officer designated to receive gifts provided to the Ambassador was unaware of certain regulations governing acceptance. Specifically, the officer did not know of the lower dollar threshold applying to gifts from non-host government sources. Additionally, that officer had no knowledge of gifts accepted at the chief of mission residence. The inspection also found that a member of the Ambassador's family attended two separate, invitation-only training courses run by the Government of Thailand, without appearing to hold qualifications meeting event criteria. OIG recommended that the mission issue a gift policy and seek a formal opinion from the Office of the Legal Adviser as to the applicable Federal regulations pertaining to the training opportunities afforded to members of the Ambassador's family.

A compliance followup review in 2012 found that the embassy issued a gift policy in November 2010 and has a gift officer who handles questions about accepting gifts and attending events. OIG closed the issue. *(ISP-C-12-33A, June 2012)*

**Inspection of Embassy London, England** *(ISP-I-09-37A, July 2009)*

OIG found that organizations cosponsoring events at the embassy were providing funds that were accepted as unconditional gifts. This practice may have been in violation of FAM requirements about gifts, creating conflicts of interest or the appearance of impropriety. OIG recommended that the embassy create a registry to record each gift accepted by the embassy.

**Inspection of Embassy Luanda, Angola** *(ISP-I-09-19A, March 2009)*

OIG found that embassy staff used a daycare center run by a state-owned oil company at no cost. There were questions whether the embassy had business with this company, a possible conflict of interest. OIG recommended that the mission, in coordination with the Office of the Legal Adviser and the Under Secretary for Management, determine the appropriateness of using this service from the Angolan state oil company.

## **Appendix B: Missions with Gift Guidance Posted on Their Internal Web Sites**

OIG searched internal intranet sites of 146<sup>21</sup> embassies and found 107 of them had some gift guidance (gift policies and/or holiday gift reminders) posted.

Thirty-six percent of the missions with gift guidance posted had out-of-date dollar limits in their guidance.

	<b>AF</b>	<b>EAP</b>	<b>EUR</b>	<b>NEA</b>	<b>SCA</b>	<b>WHA</b>	<b>Total</b>
<b>Total missions with gift guidance posted</b>	18	15	31	13	7	23	<b>107</b>
<b>Missions with up-to-date information posted</b>	12	11	17	11	5	12	<b>68 (64%)</b>
<b>Missions with out-of-date information posted</b>	6	4	14	2	2	11	<b>39 (36%)</b>

**Note:** AF, Bureau of African Affairs; EAP, Bureau of East Asian and Pacific Affairs; EUR, Bureau of European Affairs; NEA, Bureau of Near Eastern Affairs; SCA, Bureau of South and Central Asian Affairs; WHA, Bureau of Western Hemisphere Affairs.

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<sup>21</sup> OIG attempted to access the internal intranet Web sites of all 166 embassies worldwide but was only able to access 146 of them.

## Appendix C: Embassy Gift Policy Example

*U.S. Mission Germany  
Embassy Berlin  
Management Office*

### ETHICS AND CONFLICTS OF INTEREST GENERAL GUIDELINES AND FREQUENT SITUATIONS

Complex laws and regulations govern this area; general principles may be subject to exceptions.
This summary is not exhaustive, but is designed to provide general guidance.
Advice should be sought from the Embassy Berlin Management Officer, who will contact State Department ethics officials if necessary. <i>Acceptance of any gifts above minimum value (see exceptions 2 and 5 in table below) must be approved by the Embassy Berlin Management Officer or the Management Minister-Counselor.</i>
<p>General Principles:</p> <ul style="list-style-type: none"> <li>➤ Employee may not use his/her official title or prestige of the USG for personal gain—hence strict limits on accepting gifts.</li> <li>➤ Gifts should never be solicited except under tightly controlled circumstances (<a href="#">2 FAM 962</a>).</li> <li>➤ Employee may not use his/her official title or prestige of the USG to enhance the prestige or business of another organization or imply official sponsorship except under certain circumstances (outlined below).</li> </ul> <p>Further Reading:</p> <ul style="list-style-type: none"> <li>➤ Standards of Ethical Conduct, intranet: <a href="http://arpsdir.a.state.gov/miscdoc/conduct/pdf">http://arpsdir.a.state.gov/miscdoc/conduct/pdf</a>; internet: <a href="http://www.usoge.gov">www.usoge.gov</a>.</li> <li>➤ Employee Responsibilities Abroad, <a href="#">3 FAM 4120</a></li> <li>➤ Solicitation and/or Acceptance of Gifts by the Department of State, <a href="#">2 FAM 960</a></li> </ul>

#### GIFTS

IF	THEN	UNLESS
Gift offered in appreciation for performance of official duty	Gift cannot be accepted (must be refused or returned or paid for)	Recipient wants to risk going to jail!
Gift offered because of recipient's official status or position, possibly motivated by self-interest (e.g., to gain influence or business advantage)	Gift cannot be accepted (must be refused or returned or paid for)	<ol style="list-style-type: none"> <li>1. Motivated by <u>personal or family relationship</u>, or</li> <li>2. An item from <u>private individual/organization overseas</u>, worth more than \$20 (limit: \$50/year from single source), or otherwise not able to be accepted, if refusal/return/payment would cause <u>offense or embarrassment</u> or otherwise adversely affect the foreign relations of the US, may be <u>accepted on behalf of the Department of State</u> and received by Embassy Management Officer (see <a href="#">3 FAM 4122.1</a>), or</li> <li>3. A gift of <u>meals/refreshments/ entertainment</u> up to value of local <u>USG per diem</u>, from <u>private individual/organization overseas</u>, gathering includes <u>non-U.S. citizens</u>, attendance and is part of <u>official duties</u>, or</li> <li>4. A gift of <u>meals/refreshments/ entertainment</u> from <u>private individual/organization overseas</u>, Ambassador may accept on behalf of State Department for <u>representational use</u> if not in excess of \$500/year per donor and there is no conflict of interest with the donor, or</li> <li>5. An item or meals and entertainment from <u>foreign government</u>, worth minimal value (defined by GSA as \$350 or less), offered as token of respect, absent conflict</li> </ol>

**~~SENSITIVE BUT UNCLASSIFIED~~**

		<p>of interest, or</p> <p>6. An item worth more than \$350 from <u>foreign government</u>, refusal would cause <u>offense or otherwise adversely affect U.S foreign relations</u>, may be accepted on behalf of USG and sent to State Department Office of Protocol.</p> <p>Acceptance of gifts (other than those of minimal value) should generally be reported on the forms for Mission Germany:  <a href="#">Report of Gift</a> – Berlin, Düsseldorf, Hamburg, Leipzig  <a href="#">Report of Gift</a> – Frankfurt  <a href="#">Report of Gift</a> -- Munich</p>
Gift donated for a <b>trade promotion or Fourth of July</b> event that meets the criteria set forth in <a href="#">2 FAM 962.1-5 b(1)</a> or 2 FAM 962.1-6, as appropriate;	Embassy Berlin Management Minister-Counselor or MGT Officers may accept gifts to be used for representational purposes in Germany.	Acceptance of gifts (other than those of minimal value) should generally be reported on the forms for Mission Germany: <a href="#">Report of Gift</a> – Berlin, Düsseldorf, Hamburg, Leipzig <a href="#">Report of Gift</a> – Frankfurt <a href="#">Report of Gift</a> -- Munich
Gift is for <b>public diplomacy purposes</b> abroad subject to the conditions set forth in <a href="#">2 FAM 962.1-7</a> - Gifts for Public Diplomacy Programs Abroad	Embassy Berlin Minister Counselor for Public Affairs or designated subordinates at post authorized to solicit and accept these gifts.	Acceptance of gifts (other than those of minimal value) should generally be reported on the Mission Germany: <a href="#">Report of Gift</a> – Berlin, Düsseldorf, Hamburg, Leipzig <a href="#">Report of Gift</a> – Frankfurt <a href="#">Report of Gift</a> – Munich

**GIFT – Invitational Travel**

<b>IF</b>	<b>THEN</b>	<b>UNLESS</b>
Proposed offer is to defray travel expenses (including travel, subsistence, and related expenses).	Request must be denied	<ol style="list-style-type: none"> <li>1. The offer is unsolicited, AND</li> <li>2. The travel is for official purposes related to the employee's duties, AND</li> <li>3. The travel, if undertaken, would represent a priority use of the employee's time, AND</li> <li>4. The employee would travel for the minimum time necessary to carry out USG business, AND</li> <li>5. The donor has no business pending before the Department of State, AND</li> <li>6. Acceptance of the travel does not create a real or apparent conflict of interest and a reasonable person would not believe that the traveling official or the Department would lose objectivity as a result of accepting the travel donation.</li> </ol> <p>For approval to accept invitational travel, please submit the forms for Mission Germany:  <a href="#">Request for Approval of Invitational Travel</a> – Berlin, Düsseldorf, Hamburg and Leipzig  <a href="#">Request for Approval of Invitational Travel</a> – Frankfurt  <a href="#">Request for Approval of Invitational Travel</a> – Munich</p>

**SENSITIVE BUT UNCLASSIFIED**

		Reference: <a href="#">2 FAM 962.1-8 Gifts of Invitational Travel</a>
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**FUNDRAISING ABROAD**

<b>IF</b>	<b>THEN</b>	<b>UNLESS</b>
Proposed fundraising is on behalf of <b>for-profit</b> entity or is not intended to meet official purposes.	Request must be denied	No exceptions
Proposed fundraising is by employee, spouse, or family member on behalf of <b>non-profit local</b> entity (e.g., local charity) ( <a href="#">2 FAM 962.1-11</a> and <a href="#">3 FAM 4123.4</a> )	Request must be denied	<ol style="list-style-type: none"> <li>1. Such fundraising in an official capacity would clearly advance U.S. foreign policy interests, AND</li> <li>2. There is very little or no appearance of preferential treatment or use of public office for private gain, AND</li> <li>3. Chief of Mission permission is given, AND</li> <li>4. Contributions are not received directly by post employees or Department, AND</li> <li>5. Solicitations by Chief of Mission or spouse are approved in advance by L/Ethics <i>and</i> by Bureau of European and Eurasian Affairs (EUR/EX) AND</li> <li>6. Solicitations follow guidelines set forth in <a href="#">2 FAM 962(g) and (h)</a>, <a href="#">2 FAM 962.1-11</a>; <a href="#">3 FAM 4123.4</a></li> </ol>

**POSITIONS ON OUTSIDE BOARDS  
(OFFICIAL CAPACITY)**

<b>IF</b>	<b>THEN</b>	<b>UNLESS</b>
Proposed position is with a <b>for-profit</b> entity	Request must be denied	No exceptions
Proposed position is with a <b>non-profit</b> entity to serve as an officer, director, or trustee. (See <a href="#">3 FAM 4123.4</a> ).	Request must be denied	<ol style="list-style-type: none"> <li>1. Service as an officer, director, or trustee of outside board for American Schools, OR</li> <li>2. Organization promotes USG foreign policy objectives, AND</li> <li>3. Appearance of preferential treatment can be avoided, AND</li> <li>4. Approval of L/Ethics and COM is obtained (Service as an officer, director, or trustee of outside board is generally not permitted except for American Schools) <a href="#">3 FAM 4123.4</a></li> </ol>

**EVENT PATRONAGE, SPONSORSHIP;  
EVENTS AT OFFICIAL RESIDENCE**

<b>IF</b>	<b>THEN</b>	<b>UNLESS</b>
Proposed event is for a <b>for-profit</b> firm or other entity	Request must be denied	Event is wholly sponsored by FCS as part of trade promotion program, not “co-sponsored” by participating for-profit firm or firms
Proposed event is for a <b>non-profit</b> entity meeting criteria of <a href="#">2 FAM 962.1-11</a> and <a href="#">3 FAM 4123.4</a>	Request must be denied	<ol style="list-style-type: none"> <li>1. Organization promotes USG foreign policy objectives, AND</li> <li>2. Appearance of preferential treatment can be avoided, AND</li> <li>3. Meets criteria of 2 FAM, AND</li> <li>4. Event organized and accounted for as normal representation function.</li> </ol>

## List of Recommendations

**Recommendation 1:** The Office of the Legal Adviser should publish a provision in the *Foreign Affairs Manual* that requires missions to maintain a registry of gifts valued at more than \$20 to embassy employees or to the U.S. Government, including gifts to individuals on temporary duty assignments at post. (Action: L)

**Recommendation 2:** The Office of the Legal Adviser should publish a provision in the *Foreign Affairs Manual* that requires each mission to designate a gift officer. The provision should also define that officer's responsibilities, including a proviso that the mission may designate another officer with the concurrence of the appropriate regional bureau. (Action: L)

**Recommendation 3:** The Office of the Legal Adviser, in coordination with the Office of Management Policy, Rightsizing, and Innovation, should add the gift officer designation to 2 *Foreign Affairs Manual* Exhibit 113.3. (Action: L, in coordination with M/PRI)

**Recommendation 4:** The Office of the Legal Adviser should publish in the *Foreign Affairs Manual* a standard mission gift policy that provides up-to-date fair market value limits and other requirements. (Action: L)

**Recommendation 5:** The Bureau of the Comptroller and Global Financial Services should amend the annual assurance statements from chiefs of mission to include a section about compliance with Department of State requirements for gifts. (Action: CGFS)

## **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:*** The Bureau of Human Resources should replace the “post administrative officer” reference in 3 *Foreign Affairs Manual* 4122.1c. section with “management counselor or officer.”

***Informal Recommendation 2:*** The Office of the Legal Adviser should publish in the *Foreign Affairs Manual*, a provision that authorizes embassies to adopt local gift policies that are consistent with the standard mission gift policy published in the *Foreign Affairs Manual*.

## **Abbreviations**

CFR	Code of Federal Regulations
Department	U.S. Department of State
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
OIG	Office of the Inspector General



**FRAUD, WASTE, ABUSE,  
OR MISMANAGEMENT  
OF FEDERAL PROGRAMS  
HURTS EVERYONE.**

CONTACT THE  
OFFICE OF INSPECTOR GENERAL  
HOTLINE  
TO REPORT ILLEGAL  
OR WASTEFUL ACTIVITIES:

202-647-3320

800-409-9926

[oighotline@state.gov](mailto:oighotline@state.gov)

[oig.state.gov](http://oig.state.gov)

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