



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

---

ISP-I-15-07A

Office of Inspections

January 2015

---

**Inspection of  
Embassy Yerevan, Armenia**

---

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

---

## **PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION**

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 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

## Table of Contents

Key Findings	1
Context	2
Leadership	3
Mission Coordination and Strategic Planning	4
Morale and Workplace Issues	4
First- and Second-Tour Professionals	5
Locally Employed Staff	5
Policy and Program Implementation	6
Political/Economic Section	6
Foreign Assistance Grants Management	9
Public Diplomacy	9
Broadcasting Board of Governors	11
Consular Management	12
Resource Management	16
Management	17
Financial Management	17
International Cooperative Administrative Support Services	18
Human Resources	19
General Services Operations	20
Facilities Maintenance	22
Information Management	23
Quality of Life	25
Employee Association	25
Helping Hands	25
Health Unit	26
Community Liaison Office	26
Schools	27
Management Controls	28
Allowance Overpayments	28
List of Recommendations	29
Principal Officials	32
Abbreviations	33

## **Key Findings**

- The Ambassador has sought out innovative high-tech/low-cost projects and nontraditional mission partners to spur social and economic change in Armenia. Mission staff wants him to prioritize more clearly his many ideas.
- The deputy chief of mission needs to exercise fully his executive and managerial responsibilities.
- The political/economic, public diplomacy, and management sections are performing well.
- The consular section provides good service to the public but has failed to implement appropriate controls of visa referrals and is expending substantial personnel resources in unproductive endeavors.
- The technically proficient information management section is working to improve customer service.
- The Ambassador's unofficial embassywide community service organization, Helping Hands, garners positive public recognition, but its unchartered status exposes the embassy to liability risk and concerns about use of U.S. Government property.

All findings and recommendations in this report are based on conditions observed during the on-site review and the standards and policies then in effect.

The inspectors conducted personal interviews with approximately 70 Washington-based officials from 7 agencies and more than 180 U.S direct-hire and locally employed staff members at Embassy Yerevan. The inspectors also reviewed 146 personal and quality of life questionnaires from embassy staff, along with documents the embassy submitted. The team physically inspected many aspects of the mission's operations.

The inspection took place in Washington, DC, between April 7 and 25, 2014, and in Yerevan, Armenia, between June 9 and 27, 2014. Ambassador Carol van Voorst (team leader), Laurent Charbonnet (deputy team leader), William Booth, Ronda Capeles, Robert Eckert, Robyn Hinson-Jones, Michael Hurley, Dolores Hylander, Barry Langevin, Charles Rowcliffe, Alexandra Vega, and Colwell Whitney conducted the inspection.

## **Context**

A former Soviet state, the Republic of Armenia established diplomatic relations with the United States in 1992. Armenia is landlocked, and its borders with Azerbaijan and Turkey are closed because of the unresolved conflict over the disputed territory of Nagorno-Karabakh. International sanctions limit economic interaction with Iran, another bordering state. Armenia is heavily dependent on Russia for economic resources, energy, and security. Russia's strategic influence was exemplified in Armenia's announcement in September 2013 that it would join the Russian-dominated Eurasian Customs Union, a decision that terminated Armenia's eligibility for a long-planned Association Agreement with the European Union.

Armenia continues to struggle with the Soviet-era inheritance of underdeveloped democratic institutions that fail to check political and economic corruption. The most significant political problems continue to be corruption and lack of transparency in government, limitations on the right of citizens to change their government, and the limited independence of the judiciary and the media.

Despite its dependence on Russia, Armenia continues to seek close ties with the United States and the West. U.S. embassy officials enjoy good access to Armenian counterparts and practical cooperation on many shared interests. With U.S. support, Armenia is contributing to international security efforts in Afghanistan and Kosovo. To increase stability in the region, the United States is encouraging Armenia to reconcile with Turkey and to establish peace with Azerbaijan. Preventing the proliferation of weapons of mass destruction is a mission priority. The embassy encourages market-oriented policies that expand opportunities for U.S. exports and protect intellectual property rights. The mission also oversees programs to promote civil society and legal reform.

Important factors in the U.S. Government's relations with Armenia are the large Armenian-American community, as well as Armenia's long-standing, difficult relationship with Turkey, a key U.S. ally and partner.

The 424 mission employees include 60 U.S. direct hires from 6 separate U.S. agencies, 20 U.S. local hire staff members, and 344 foreign national staff members.

## **Leadership**

Embassy Yerevan's overarching goal in Armenia is to help it "succeed as a secure, prosperous, and democratic country," according to the embassy's Integrated Country Strategy. Under the direction of an ambassador committed to giving Armenians Western-oriented options, the mission works to overcome challenges that include a demanding local environment, limited U.S. influence, and falling U.S. assistance budgets.

The career Ambassador is completing his third year in Yerevan. Embassy personnel say they appreciate his energy in pressing for mission objectives and his drive to make a positive difference for Armenians. Employees also told inspectors that they find the Ambassador to be approachable and inclusive. Agency heads and section chiefs praise the Ambassador's strong advocacy for their programs, and embassy staff members of all ranks admire the Ambassador's humanitarian community service.

The embassy must work within the context of Armenia's dependence on Russia, its preoccupation with Nagorno-Karabakh, and a controlling political-economic elite. The Ambassador engages regularly with Armenian-American representatives, taking into account the views of the large Armenian Diaspora in the United States. The Ambassador's access to Armenia's leadership helped the embassy adjust to post-election political changes in 2013 as well as to recent shifts in top government personnel. Although the Ambassador has sometimes had difficulty directing the attention of senior U.S. Government decisionmakers to Armenian issues, particularly during the ongoing Ukraine crisis, he has led successful mission efforts to frame the U.S. response to political and economic developments in Armenia. The Ambassador supports the mediation efforts of the U.S. special representative on Nagorno-Karabakh and collaborates with the chiefs of mission in adjacent countries to find a way out of that impasse.

The Ambassador devotes much attention to economic and commercial affairs and can point to solid mission achievements in these fields—most notably, Armenia's decision to liberalize the civil aviation sector last fall. His heavily booked calendar reflects a broad spectrum of outreach and advocacy efforts, including in business and investment, human rights, government and legal reform, youth, and people-to-people exchanges.

The Ambassador has sought out innovative high-tech/low-cost projects and nontraditional mission partners to spur social and economic change. A current project, for instance, is to partner with outside organizations to publicize the use of crowdfunding as a means to generate social, cultural, and other developmental activities. The sheer multiplicity and variety of the Ambassador's "special projects," however, have generated concerns in some areas of the embassy that such projects overtax or divert limited resources. Employees also told OIG inspectors they were confused as to how these projects fit into the otherwise well-understood embassy goals outlined in the Integrated Country Strategy. The Ambassador is aware of the resource concerns and tries to limit the impact of the special projects on personnel and funding. Inspectors advised him that a broader mission buy-in for the endeavors requires his clearly articulated guidance in prioritizing individual embassy initiatives as well as explanations as to how each fulfills Integrated Country Strategy goals.

The Ambassador and the first-time deputy chief of mission (DCM) have established a good working relationship in the 10 months the DCM has been at post. The DCM's background in economic affairs was a major reason for his selection for the job.

The DCM has yet to convince the majority of the country team that he serves authoritatively as the Ambassador's chief of staff and the day-to-day manager of the embassy's internal operations. On OIG-administered questionnaires, American personnel rated him below average in almost all leadership attributes.

The OIG team advised the DCM that employees want him to assume the full range of executive and managerial responsibilities his position requires. Embassy personnel said they look to the DCM to serve as an honest broker between the mission at large and the Ambassador; to direct and supervise activities that crosscut sections and agencies; and, most particularly, to help the Ambassador focus, channel, and prioritize his many ideas and initiatives.

In the course of the inspection, in consultation with inspectors, the DCM developed an action plan to strengthen his capacity to lead the embassy during what may be an extended period as chargé when the Ambassador departs this fall. The DCM is already taking concrete steps to implement this plan. The Ambassador in turn has committed himself to close mentorship of the DCM during the coming months.

### **Mission Coordination and Strategic Planning**

Country team members expressed satisfaction that communication and coordination at the mission meets their requirements and suit the embassy's operations tempo. Regular front office-led meetings, combined with frequent one-on-one sessions with senior officers, provide for missionwide situational awareness, dissemination of executive guidance, and interagency problem-solving. Continuous informal networking further supports good cross-agency collaboration. Personnel at all levels appreciate the front office's relaxed openness to ad hoc appointments and electronic communications.

The Ambassador has met once or twice a year with agency and section leaders to review and adjust the mission goals and tactics detailed in the Integrated Country Strategy. Participants report that the free-ranging brainstorming meetings generate lively interagency discussion and afford valuable learning and orientation opportunities, particularly for incoming personnel. Employees the inspection team queried demonstrated good understanding of the mission's overall objectives as well as the roles of their respective units in achieving those goals.

### **Morale and Workplace Issues**

In the months prior to the inspection, an unresolved employment termination issue involving locally employed (LE) personnel had strained relations between American and LE staff members. The Ambassador later reinstated employees fired for misconduct earlier in the year, following a binational grievance at post that revealed procedural and other flaws in the management of the case. Privacy constraints limited what the Ambassador felt he could convey to the embassy staff about the matter. Absent concrete details, rumors and assumptions raised

tensions in the community. The OIG team discussed with the Ambassador possible steps to reassure employees and deal with the impact of the incident on morale and cohesion.

Subsequent to the OIG inspection, the Bureau of Diplomatic Security completed an investigation to determine the culpability of individual LE staff members. The Ambassador then terminated all employees found to be ineligible for employment.

The Ambassador's actions in consular operations and charitable activities have also raised staff concerns. As noted in the Consular Management section of this report, his failure to follow proper procedures in visa referral matters created perceptions that he was applying pressure on consular personnel. Employees, as well as the Ambassador, asked the OIG team to evaluate the propriety of the embassy's logistical and other support for Helping Hands, an embassy community service and fund-raising organization established by the Ambassador. In the Consular Management section of this report, the OIG team recommends that the embassy take steps to institutionalize properly the connection to Helping Hands. OIG inspectors also advised the Ambassador that some members of the community felt that his enthusiasm for the volunteer activities put indirect pressure on them to participate.

### **First- and Second-Tour Professionals**

The DCM considers professional training a personal priority and is working with the embassy's eight first- and second-tour (FAST) employees to develop an organized professional development program. He is advised by a FAST employee who recently assumed the role of group coordinator. Both the DCM and the Ambassador have led training activities with the group, and FAST officers have been assigned skill-building responsibilities. Although the mission does not have a formal one-on-one mentoring program, experienced officers in some key sections make themselves available as a professional resource. The inspectors notified the DCM that the FAST employees would like more hands-on direction tailored to specific professional goals and provided the DCM with possible models for such activities. The DCM has already prepared a plan shared with the OIG team for FAST activities in the year ahead.

### **Locally Employed Staff**

Elected representatives of the LE staff told OIG inspectors they valued the Ambassador's accessibility, innovative thinking, and the example he sets as a volunteer in humanitarian causes; they also appreciate the DCM's attention and interest. The LE council raised a number of issues with the team, including the distribution of anticipated salary increases, the special immigrant visa program, and post's grievance procedures for local employees. The LE council does not have a formal channel for regular access to the front office, although it does meet roughly every 3 months with the management counselor. The Ambassador and the DCM have agreed to the OIG team's suggestion that they hold separate periodic meetings with the LE council. In addition, the DCM now plans to meet with all newly hired LE staff members.

## Policy and Program Implementation

### Political/Economic Section

Despite a number of U.S.-Armenia foreign policy disagreements, political/economic officers report they have good access to Armenian Government officials and meet frequently with them. The front office and other sections and agencies at post report good relationships with the political/economic officers. Morale in the section is good, and all the current officers have extended their tours.

The section plays an active role in the embassy's outreach to Armenian society. For example, for the past 3 years the embassy has implemented an annual human rights award program designed by the political/economic section to publicly honor Armenians from a broad range of society. This year, the embassy partnered with diplomatic and nongovernmental representatives to give seven Universal Rights Awards to a diverse group that included young Internet activists, medical innovators, journalists, and defenders of women's rights.

### *Reporting*

Reporting is consistent with embassy goals to encourage Armenian regional integration and security, support energy security and economic growth, and help improve democratic accountability and rule of law. Washington end users regard the section's product as solid, particularly on energy, economics, and justice. End users described reports on relations with neighboring countries as particularly insightful. Bilaterally, the embassy's economic focus is on trade, regulatory reform (particularly in aviation), and intellectual property.

### *Record Emails Not Used*

The political/economic section drafts a daily classified email report—the Yerevan Early Report—to Washington that often includes abbreviated news, analysis, and comments on events and developments in the U.S.-Armenia bilateral relationship as well as embassy activities. The Yerevan Early Report is the type of document that should be sent as a record email, per *Foreign Affairs Manual* (FAM), 5 FAM 443.1. Otherwise, information that would benefit the historical record could be lost.

**Recommendation 1:** Embassy Yerevan should use record email for the daily Yerevan Early Report and other important emailed analyses when these contain information that would benefit the historical record. (Action: Embassy Yerevan)

### *Insufficient Staffing for Business Advocacy and Commercial Affairs*

An embassy strategic objective is to help Armenia create a resilient economic environment that fosters sustained economic growth and opportunities for U.S. business. In 2013, the United States exported goods worth \$91.2 million to Armenia and imported \$101.3 million in goods. The economic team worked with the Government of Armenia to encourage civil aviation reform, to advocate for U.S. companies to invest in the energy sector,

and to help the Armenian Government and international financial institutions promote responsible mining. The Ambassador is a strong supporter of U.S. business, and the economic officer is an active member of the board of the American Chamber of Commerce in Armenia.

There is no Foreign Commercial Service office in Armenia—the closest one is in Ankara, Turkey—and Embassy Yerevan is not a Commercial Service partnership post. No formal advocacy cases are ongoing, but the economic officer is in regular communication with the U.S. Department of Commerce Advocacy Center. It is impossible for one economic officer and one LE staff member to handle the full range of advocacy and commercial issues or respond quickly to inquiries from Americans interested in doing business in Armenia. The political/economic chief is frustrated that to date the Foreign Service Institute has not accepted the applications of the section's economic LE staff member for training. The OIG team supports formal economic/commercial training for Yerevan's LE staff member handling those issues.

The embassy's front office and section officers agree that the section lacks the staffing required to meet embassy goals. The 2016 Mission Resource Request identifies the lack of dedicated commercial staff as a limitation on the embassy's ability to respond to business inquiries, conduct business outreach, and keep up with legislative/regulatory changes affecting U.S. business; the report asks for an additional economic officer and an LE staff member. Resources also are insufficient to cover environment, science, technology, and health issues. The 2014 rightsizing report supported the embassy's request for a new economic section position to focus on the information technology sector, the environmental movement, and the health care system. The OIG team agrees that a new economic officer position and economic/commercial LE staff position are needed to respond better to commercial issues outlined in the President's National Export Initiative.

### ***Leahy Vetting***

Eleven sections and agencies in Embassy Yerevan participate in the Leahy vetting process. The deputy political/economic section chief is the Leahy vetting supervisor and estimates vetting takes about 5 percent of a normal workweek. The decrease in training opportunities for Armenian military and law enforcement officials has substantially reduced the number of candidates submitted for Leahy vetting in recent years. The embassy vetted 1,035 candidates in 2011 but only 156 in the first half of 2014.

Unlike many embassies, Embassy Yerevan's regional security office does not have a local database or files for Leahy vetting purposes. As a result, information on candidates is manually typed into a Bureau of Diplomatic Security name check system and matched against a database in Washington. This process is slow, and sometimes batches of candidates are not cleared in a timely manner. Nominating agencies in Embassy Yerevan expressed frustration that last-minute approvals from Washington create problems for agencies and training nominees.

The current Leahy supervisor is working to create a better local database using multiple sources. He intends to work with the incoming regional security officer on this issue. To prepare for his own departure and to incorporate new guidance, the Leahy supervisor is updating standard operating procedures.

***Export Control and Related Border Security Program***

The Export Control and Related Border Security (EXBS) program seeks to prevent the proliferation of weapons of mass destruction. The EXBS office works on legal and regulatory reform, licensing, and outreach to industry and law enforcement. A personal services contractor heads the EXBS program and reports to the political/economic section chief. In January 2014, partly because of EXBS-funded interdiction training and X-ray equipment repairs, Armenian guards on the Armenia-Iran border seized 1 ton of heroin—one of the top global heroin interdictions ever.

***International Narcotics and Law Program Activities***

In FY 2014, the \$2.8 million International Narcotics and Law Enforcement (INL) program in Yerevan is targeted at combating smuggling of humans, drugs, weapons of mass destruction, and other contraband and improving capabilities to counter crossborder transnational crime.

As the lead office on trafficking in persons, the INL office director in Yerevan works with law enforcement, judges, and prosecutors to help Armenia sustain its efforts to combat trafficking. This officer also drafts the annual trafficking in persons report. In 2013, Armenia was the only country worldwide to advance to Tier 1 status, and it maintained this status in 2014. (Each year, governments need to demonstrate appreciable progress in combating trafficking to maintain a Tier 1 ranking.) In 2013, the INL office became a unit of the political/economic section, and the INL office director now reports to the section chief.

In December 2012, a visiting INL management assessment team formally recommended that the INL director ensure that two LE staff members serving as the contracting officer's representative and the grants officer representative meet current training and certification requirements. The OIG team found, however, that certifications for the two LE staff members still are not current. Without certifications, the LE staff members cannot fulfill the responsibilities of contracting officer's representative or grants officer representative for almost \$3 million of INL grants in Armenia.

**Recommendation 2:** Embassy Yerevan, in coordination with the Bureau of International Narcotics and Law Enforcement, should arrange for the two International Narcotics and Law Enforcement locally employed staff members to take the next available training to renew their grants officer representative and contracting officer's representative certifications. (Action: Embassy Yerevan, in coordination with INL)

***U.S. Department of Agriculture***

The U.S. Department of Agriculture's former presence has been reduced to one locally employed staff member. At the end of FY 2014, the remaining projects and the staff member will be incorporated into the U.S. Agency for International Development (USAID) operation. USAID will continue to work with the Armenian Ministry of Agriculture on projects in agribusiness and rural development.

## **Foreign Assistance Grants Management**

The political/economic section does not officially manage or monitor specific assistance programs. The embassy's part-time assistance coordinator (an eligible family member position) reports to the DCM and is the embassy's main conduit to the Department of State's (Department) Office of the Coordinator of U.S. Assistance to Europe and Eurasia. A political/economic LE staff member is available to assist the coordinator, accompanying the coordinator when visiting project sites or receiving briefings from visitors overseeing Washington-administered programs. Assistance coordination among embassy sections, agencies, and the front office is good.

Assistance to Armenia includes funding from the Economic Support Fund and International Narcotics Control and Law Enforcement programs. Between 2009 and 2014, embassy-administered annual assistance to Armenia dropped from \$52.4 million to \$27.6 million. In FY 2013, additional U.S. Government assistance programs administered from Washington amounted to \$58 million, including \$3.2 million from the Department of Energy to improve the safety of an aging Soviet-built nuclear power plant. For FY 2014, the DCM successfully managed a potentially divisive interagency process to implement a sudden 23-percent cut to the embassy's assistance budget. The Department of Commerce administers training programs and the Department's Bureau of Population, Refugees, and Migration funds humanitarian assistance programs.

## **Public Diplomacy**

### ***Section Management***

The public affairs section supports Integrated Country Strategy goals to engage with neighboring countries and implement Western-oriented reforms. The public affairs officer does not have regularly scheduled meetings with the Ambassador to map out a public diplomacy strategy. The public affairs section does not monitor social media and does not use social media in an interactive manner. Closer coordination with the front office and more targeted use of social media would sharpen focus on achieving mission goals.

The Ambassador frequently visits the section unexpectedly and often asks to engage the entire public affairs staff. The public affairs section is not always able to implement the many ideas suggested at the large meetings with the Ambassador, however. The section will be better able to achieve mission goals by meeting with the front office on a regular basis in smaller, focused groups to plan how best to use public diplomacy tools.

**Recommendation 3:** Embassy Yerevan should develop and implement a public affairs action plan to achieve mission goals. (Action: Embassy Yerevan)

Position descriptions are up to date. The public affairs section coordinates well with other sections on the International Visitor Leadership Program, the democracy commission, and educational exchanges and provides publicity for project openings and official statements for other sections and agencies.

***Cultural and Educational Exchanges***

The section has generated several innovative programs, including the Emerging Talent Documentary Film Project, which brought international documentary film directors to Armenia to train young people to make documentaries focusing on issues in civil society. Other programs have garnered supplemental funds from the Department's public diplomacy Innovation Fund. The Fund recently awarded the section \$52,000 to stage a Pulitzer Prize-winning play to start a conversation in Armenia about the human costs of the Nagorno-Karabakh conflict. The public affairs section also has participated in the Ambassador's Fund for Cultural Preservation every year (except 2008) since 2005. One proposal for 2014 for \$120,000 will catalog the murals at historic and cultural monuments to preserve this important part of Armenia's cultural heritage.

***Public Diplomacy Grants Management***

The public affairs section received \$790,000 in FY 2013 Economic Support Funds for grants for democracy reforms, independent media, and Track II engagement programs (confidence-building exercises that bring together Armenian and Azerbaijani participants). Additionally, the section has allocated \$141,000 for grants from the FY 2014 public diplomacy budget.

The grants manager does not provide for the files a copy of the certification of funds availability or a notice to the financial management officer that funds should be deobligated, when grants are closed (Grants Policy Directives 23 and 41 require both documents be in grants files). The inspection team found these documents only in the files of the financial management officer. Complete and accurate funding records are essential to maintaining effective internal controls over funds management.

**Recommendation 4:** Embassy Yerevan should include required documentation in grants files. (Action: Embassy Yerevan)

The public affairs section has not closed out 80 grants files. The grants assistant recently left permanently, resulting in an increase in the grants files backlog (public affairs is in the process of hiring a new grants assistant). The section has two cultural specialists who could help reduce the backlog if trained and certified as grants officer representatives. With the two cultural specialists as backup grants officer representatives, the backlog would not be the sole responsibility of the grants manager and the assistant.

**Recommendation 5:** Embassy Yerevan should train the two locally employed cultural specialists as grants officer representatives. (Action: Embassy Yerevan)

***Media Engagement***

Freedom House rates media in Armenia as "not free." The Government of Armenia controls 90 percent of television broadcasting (which gives an uncritical view of the government and leaders). Newspapers are small and not economically self-sustaining. Local journalists say that pro-Russia media coverage has increased since the Russian intervention in Ukraine and that self-censorship has resulted in less positive coverage of the West.

Embassy reporting on the media environment is limited to the annual human rights report. The Ambassador does a considerable amount of public outreach and has his own Twitter account; journalists appreciate his accessibility. The embassy's recent media policy guidelines document does not include advice on use of social media, though the embassy issued a management notice to clarify the embassy's social media use policy just prior to the inspection team's arrival. Other embassy sections report that the public affairs section supports their efforts to publicize project openings and official statements.

### *Social Media*

The embassy does not have a coordinator to monitor social media exchanges, report broadly on embassy activities, or moderate an interactive discussion on U.S. policies. Social media is important in Armenia as a source of news and is not regulated by restrictive laws or by the political constraints that come with media ownership. Media experts say Armenia's social media contains considerable comment about the United States. The embassy requested hiring a social media coordinator in the 2015 and 2016 Mission Resource Request proposals. The inspection team concurs with this request.

### *Information Resource Center*

The Yerevan Information Resource Center is open to the public from 1 p.m. to 6 p.m. daily but is overstaffed with two full-time LE staff members. Employees said that attendance is down, as most Armenians now have access to the Internet. The Center produces a daily newsletter from databases (in addition to the two news summaries produced by the public affairs section) for the embassy. The inspection team concluded that the newsletter is of marginal value to the mission. The Center runs a monthly roundtable for alumni and a monthly movie night. Unlike Centers in many other missions, this one does not do educational advising or research for embassy staff and does only limited English-language teaching. The two LE staff members manage the five American Corners in Armenia.

**Recommendation 6:** Embassy Yerevan should reprogram one Information Resource Center locally employed staff position to work on other public affairs tasks. (Action: Embassy Yerevan)

### **Broadcasting Board of Governors**

As part of the inspection of Embassy Yerevan, the inspection team conducted a limited-scope inspection of the Radio Free Europe/Radio Liberty (RFE/RL) news bureau in Yerevan.

RFE/RL broadcasts on FM radio through two official nationwide network affiliates, Radio Yerevan and Radio Hay. RFE/RL has a presence on Internet television (TV) with a 1-hour news and views program. RFE/RL news and talk show programs are rebroadcast through six unofficial affiliate television stations. RFE/RL's Armenian service reaches 10.6 percent of Armenians weekly and 17.8 percent annually via radio, TV, and the Internet. The Armenian Government does not directly censor the media but has increasingly offered "strong advice" to the local media on what should be broadcast. RFE/RL continues to provide objective and balanced news in its reporting.

Voice of America's (VOA) Armenian Service has a long-standing, productive affiliate partnership with top-rated private broadcaster Armenia TV. The programming consists of a daily 10-minute television feed and weekly 20-minute TV magazine focused on the United States and U.S.-Armenian relations. The VOA Armenian Service maintains a Web site with its TV coverage, provides video content on its YouTube channel, and engages the Armenian audience via its Facebook and Twitter accounts.

The inspection team found that the RFE/RL news bureau and the embassy maintain good relations. RFE/RL has helped the embassy understand the Armenian media landscape; RFE/RL has interviewed candidates for an embassy program to send journalism students to the Georgian Institute of Public Affairs; and RFE/RL journalists have participated in embassy roundtable discussions about the impact of social media on journalism. The initiative with the Georgian Institute of Public Affairs supports the Broadcasting Board of Governors (BBG) 5-year strategic plan, strategic goal #11, *Spur Development through Targeted Media Initiatives and Training*. Although no security issues exist, the director of the news bureau said he would welcome a visit by the embassy's regional security officer. The inspection team informed the embassy's regional security officer of this request.

The RFE/RL news bureau's major challenge is the prospect of continued budget cuts in the future. The BBG FY 2015 budget request would reduce the bureau's budget by \$100,000. RFE/RL has 19 contract employees and 23 freelance stringers, including 1 located in Nagorno-Karabakh. VOA Armenia Service has limited resources. It maintains one stringer, a video journalist in Yerevan, who will continue to produce content on U.S.-Armenia relations.

At the direction of BBG, RFE/RL and VOA are seeking to collaborate better in Armenia to continue to avoid duplication of effort and enhance efficiency. When appropriate, VOA will use RFE/RL materials in its Armenian television program. BBG officials stated that RFE/RL has assumed primary responsibility for disseminating BBG Internet content and will continue radio broadcasts in Armenia. VOA will maintain a more limited Web presence and will contribute content to RFE/RL's Web site.

## **Consular Management**

Embassy Yerevan's consular section has a rapidly growing workload driven largely by its recent designation as one of the "core four" Farsi language-capable posts for acceptance of Iranian nonimmigrant and immigrant visa applications. Total nonimmigrant visa applications rose 46 percent in the 12 months prior to the inspection, to almost 15,000. In the same period, the number of Iranian applications grew 140 percent and comprise one-third of total nonimmigrant cases. Total immigrant visa applications more than doubled in FY 2013 to 4,100 cases. Visa processing for Iranians is more complex and time consuming than for most other nationalities. Many cases require additional administrative processing, which typically takes weeks or months.

Section staffing has grown to match workload, nearly doubling from 11 officers and LE staff members in FY 2012 to 19 in FY 2013. Workspace is modern and adequate in the embassy facility, opened in 2005. Because procedures and language requirements differ, Iranian and Armenian visa processing are parallel functions, adding a layer of administrative responsibility and occasionally creating shortages of interview/intake windows. Despite these challenges,

Yerevan's consular section operates cohesively. After reviewing operations, procedures, and recorded wait times, the OIG team confirmed that visa services are generally timely and officers and LE staff members follow visa security procedures. Morale in the section is generally good. Machine readable visa fees are reconciled in accordance with regulations. The American citizens services unit provides efficient, professional services for Armenia's relatively small U.S. citizen population, estimated at 9,000.

***Worldwide Visa Referral Policy Problems***

In at least 15 documented cases, the Ambassador contravened the worldwide nonimmigrant visa referral policy (9 FAM Appendix K, Exhibit I) by contacting the consular chief to communicate information about visa applicants instead of providing referral forms for the applicants. The referral policy states, "Referrals are the only allowed mechanism to advocate for or assist visa applicants prior to visa adjudication." Some of the cases involved previously refused applicants. Referral policy permits requesting assistance via referral on behalf of previously refused applicants only in extremely limited circumstances. Few, if any, of the violations involved applicants who would have been eligible for visa referrals. The consular chief did not take adequate steps to stop the Ambassador's inappropriate communications or to report them to the Department, as required by Department referral policies.

**Recommendation 7:** Embassy Yerevan should implement the worldwide referral policy and mandate that all visa case advocacy and assistance be handled through the referral system. (Action: Embassy Yerevan)

The embassy provides no formal, detailed briefing ("referral school") as recommended in the worldwide policy. The consular chief gives informal referral briefings on an individual basis to new arrivals at the embassy. Lack of a formal understanding of the referral policy and process can cause misunderstanding or abuse.

**Recommendation 8:** Embassy Yerevan, in coordination with the Bureau of Consular Affairs, should establish a standard referral policy briefing and mandate strict compliance with the policy. (Action: Embassy Yerevan, in coordination with CA)

***Consular File Retention Not in Accordance with Department Policy***

The embassy has retained approximately 180,000 nonimmigrant visa records received between 2003 and 2010. Prior to the inspection, consular LE staff had been scanning the documents into applicants' electronic records, a project that had consumed hundreds of hours and which staff estimated would take 6 additional years to complete. The consular retention and disposition schedule for visa issuance and refusal files requires that records be sent to the Kentucky Consular Center after 3 years. Because the embassy does not have the resources to complete the scanning job, the Department has authorized the records to be shipped without scanning to the Kentucky Consular Center.

**Recommendation 9:** Embassy Yerevan should ship all nonimmigrant visa records more than 3 years old to the Kentucky Consular Center. (Action: Embassy Yerevan)

***Fraud Prescreening Is Unproductive***

The consular fraud investigator spends several hours each day unnecessarily prescreening visa application forms for interviews to be held several days in the future. He then researches the Consular Consolidated Database to identify applications of close relatives or associates who have previously applied. The investigator gives a copy of the previous, related case to the interviewing officer for review during the applicant's interview. In some cases, visa noncompliance by a close relative or associate could have some relevance to the interview. The fraud prevention manager indicates, however, that the yield of actionable information is low, especially compared to the resources expended. The investigator could more productively spend his time on other responsibilities, including training officers to identify fraud indicators and immigrant visa fraud investigations.

**Recommendation 10:** Embassy Yerevan should discontinue the practice of having the fraud prevention investigator prescreen nonimmigrant visa applications. (Action: Embassy Yerevan)

***Consular Communication and Outreach Needs Focus and Coordination***

Consular communication and outreach in Yerevan is generally handled on an ad hoc basis. No single person or team is responsible for ensuring that communications outside the section are coordinated, updated, and consistent. For example, the consular Web page is updated on an as-needed basis rather than as part of a continuous review for consistency and accuracy; no coordinated plan exists for consular outreach to U.S. voters, students, and other visa applicants. The section has not developed a policy, in coordination with the public affairs section, regarding use of social media to promote consular messages to the public.

**Recommendation 11:** Embassy Yerevan should create a consular coordination and outreach team to develop and coordinate strategies and policies for communications to the public and other outside consumers. (Action: Embassy Yerevan)

Consular section personnel spend up to 4 hours per day responding to telephone and email inquiries about routine visa issues. This activity largely duplicates information services available through the Bureau of Consular Affairs' contractor-operated call center, to which Yerevan visa applicants have had access since December 2013. This is an unproductive use of personnel resources.

**Recommendation 12:** Embassy Yerevan should implement procedures that require visa applicants to use the contractor-operated call center to answer routine visa inquiries. (Action: Embassy Yerevan)

***Warden System Needs Review and Testing***

According to the American citizens services officer, the embassy has not conducted a detailed review of its warden system structure and operational effectiveness in recent memory. Although the embassy hosted a meeting for the 19 wardens in May 2013, the American citizens services officer reported that not all wardens have identifiable responsibilities, which could lead

to confusion should an emergency occur. The warden system should be tested annually, as stated in 7 FAM 073, but has not been tested in at least 2 years.

**Recommendation 13:** Embassy Yerevan, in coordination with the Bureau of Consular Affairs, should update and test the warden system. (Action: Embassy Yerevan, in coordination with CA)

***Inexperienced Staff Not Continually Updating Skills***

Section and unit managers regularly nominate staff for training at the Foreign Service Institute and regional centers, but the consular section as a whole does not have regularly scheduled periods devoted to local training and staff development necessary to maintain and strengthen skills and update knowledge about regulatory changes. Such training is important, given that the majority of LE staff has less than 5 years' tenure and several have served less than 2 years.

**Recommendation 14:** Embassy Yerevan should schedule administrative days at least once a month for ongoing consular staff training and professional development. (Action: Embassy Yerevan)

Inspectors counseled the consular chief to identify a team of officers and staff to promote staff development, including identification of training opportunities, recognition through the awards program, and officer and LE staff travel and exchanges.

***Shelter for Consular Clients Needed***

The consular section's burgeoning workload strains the capacity of the consular waiting room, and visa applicants sometimes must wait outside the embassy compound for lengthy periods in harsh weather. Inspectors discussed the problem and several options with consular personnel, who were aware of the problem. A solution will require input from the new regional security officer, who arrives in July, to ensure security of the compound is not compromised.

**Recommendation 15:** Embassy Yerevan should implement means to protect visa applicants who wait outside the embassy compound in harsh weather conditions. (Action: Embassy Yerevan)

## Resource Management

Agency	U.S. Direct-Hire Staff	U.S. Locally Employed Staff	Foreign National Staff	Total Staff	Total Funding FY 2013
<b>Department of State</b>	<b>43</b>	<b>17</b>	<b>302</b>	<b>362</b>	<b>\$13,560,161</b>
Diplomatic and Consular Programs	16	2	11	29	\$1,743,879
Consular Affairs	6	2	17	25	\$486,319
ICASS	6	12	243	261	\$6,153,000
Public Diplomacy	3	0	13	16	\$1,594,440
Diplomatic Security	3	1	11	15	\$329,254
Marine Security	6	0	3	9	\$95,600
Representation	0	0	0	0	\$26,000
International Narcotics and Law Enforcement Affairs	1	0	3	4	\$1,836,490
Export Control and Related Border Security Assistance	1	0	1	2	\$153,700
Overseas Buildings Operations	1	0	0	1	\$1,141,479
<b>Department of Agriculture</b>	<b>0</b>		<b>1</b>	<b>1</b>	<b>\$131,200</b>
Foreign Agricultural Service	0	0	1	1	\$131,200
<b>Department of Defense</b>	<b>7</b>		<b>7</b>	<b>14</b>	<b>\$759,527</b>
Defense Attaché Office	4	0	1	5	\$178,227
Office of Defense Cooperation	1	0	2	3	\$164,900
U.S. European Command	1	0	2	3	\$80,000
Partnership for Peace	0	0	1	1	\$241,400
Defense Threat Reduction Agency	1	0	1	2	\$95,000
<b>Department of Justice</b>	<b>1</b>		<b>1</b>	<b>2</b>	<b>\$147,500</b>
Legal Attaché Office	1	0	1	2	\$147,500
<b>USAID</b>	<b>6</b>	<b>3</b>	<b>32</b>	<b>41</b>	<b>\$25,058,000</b>
<b>Other Foreign Assistance</b>					
<i>Peace Corps</i>	3	0	1	4	\$1,565,160
<b>TOTALS</b>	<b>60</b>	<b>20</b>	<b>344</b>	<b>424</b>	<b>\$41,221,548</b>

Source: Embassy Yerevan

## **Management**

The management section has focused on further refining already strong customer service. Two new initiatives in 2013 helped the section boost its good International Cooperative Administrative Support Services (ICASS) survey scores. The first improvement was in managing housing for employees. In 2012, nine U.S. direct-hire families spent significant periods in temporary housing; in 2013, however, all newly arrived employees entered permanent quarters without delay, which not only improved morale but reduced embassy costs. The other initiative was the launch of the “Live Service Center,” a one-stop shop for employees seeking assistance from management section offices.

With the exception of the general services office, all management sections are appropriately staffed. The embassy requested an assistant general services officer position in the FY 2016 Mission Resource Request and in the Department’s U.S. Mission to Armenia Rightsizing Review of June 3, 2014. The OIG team supports this request.

## **Financial Management**

Ratings for the financial management office in OIG’s preinspection survey averaged 4.11 on a scale of 1–5 (with 4 defined as “very good”), slightly higher than the cumulative average for prior inspections at other missions. ICASS customer satisfaction scores were above regional and worldwide averages for vouchering and cashing; however, payrolling, accounts and records, and budgets and financial plans scored lower than regional and worldwide averages, with an average score of 3.8 out of 5. An experienced U.S. direct-hire financial management officer leads a capable staff that delivers timely and efficient services.

### ***Official Residence Expenses Salaries Paid Directly to Staff***

The Ambassador’s and DCM’s official residential employees receive salary payments directly into their bank accounts via electronic funds transfer, for the sake of convenience and to minimize the cashier’s cash advance. According to 3 FAM 3257 a., however, staff employed under official residence expenses status are not employees of the U.S. Government and should be paid by the principal representative. Paying official residence staff salaries via electronic funds transfer establishes a direct relationship between the staff and the U.S. Government, which is a violation of FAM regulations.

**Recommendation 16:** Embassy Yerevan should discontinue electronic funds transfer salary payments to official residence staff. (Action: Embassy Yerevan)

### ***Residential Landlines Paid by Embassy***

Embassy Yerevan pays residential landline telephone bills and then seeks reimbursement from employees. The embassy began paying employees’ residential landlines in 1992 because of difficulties that existed at the newly established mission, such as the lack of English-speaking employees at the service provider’s service centers and the nonexistence of automated pay machines, now prevalent. Occupants of U.S. Government-owned or -leased residences are

required to pay telephone service charges, as mandated in 15 FAM 166.2. Seeking reimbursement from employees creates additional workload for embassy finance staff and puts the embassy at risk of indebtedness. As of May 2014, 16 American embassy employees were behind in their residential telephone bill payments and owed the embassy a total of \$1,231.

**Recommendation 17:** Embassy Yerevan should discontinue payments of residential landline bills and collect monies owed for unpaid bills. (Action: Embassy Yerevan)

### ***Cash Transport Agreement***

Embassy Yerevan does not have a written policy providing physical security to the cashier when transporting cash to and from the bank. According to the *Foreign Affairs Handbook* (FAH), 4 FAH-3 H-393.4-6, the cashier's supervisor, in collaboration with the regional security officer, is responsible for arranging adequate security to protect the cashier during trips to the bank and must prepare a written policy for transporting cash. A cash transport agreement is necessary to prevent loss of funds and to protect embassy employees from robbery, injury, or death.

**Recommendation 18:** Embassy Yerevan should implement a written policy for transporting cash. (Action: Embassy Yerevan)

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

Yerevan is an "ICASS Lite" embassy because it supports relatively few U.S. Government agencies with fewer cost centers (i.e., ICASS-provided services) that do not overburden management staff. To provide more transparency and to better capture costs for other agencies, for FY 2014 the embassy added three new general services cost centers: direct vehicle operations, vehicle maintenance, and shipping and customs. Agencies are satisfied with the ICASS costs and services provided, as evidenced by the customer satisfaction scores, which showed a slight increase overall from 4.18 to 4.29 out of 5. Residential maintenance, the community liaison office, and cashiering received the highest scores. The areas that scored below 4—and below regional averages—were accounts and records (3.57), budget and financial plans (3.69), pouching services (3.71), procurement services (3.72), and nonexpendable property (3.92). The consolidation of USAID vouchering services was completed on February 1, 2014.

### ***Customer Service Training***

Although the management section has established a well-received and highly rated "live" customer service desk to provide direct assistance to employees, certain sections providing ICASS services need to improve customer service, as evidenced by complaints in the OIG workplace and quality of life questionnaires and interviews with embassy personnel. Providing a more responsive and receptive level of customer service would improve employee relations. The Foreign Service Institute's course RP-249, Customer-Focused Performance, is designed to provide the skills, knowledge, and abilities needed to perform successfully in a customer-oriented environment.

**Recommendation 19:** Embassy Yerevan, in coordination with the Foreign Service Institute, should provide customer service training to International Cooperative Administrative Support Services employees. (Action: Embassy Yerevan, in coordination with FSI)

### **Human Resources**

A U.S. direct-hire human resources officer and local staff provide adequate services. ICASS customer satisfaction survey scores of 4.2 out of 5, and the OIG workplace and quality of life questionnaire score of 4.4 out of 5, attest to the community's satisfaction with human resources services. However, as mentioned above more attention should be given to dealing with customers.

The embassy has identified a contractor to conduct a cost-of-living survey for the Bureau of Administration, Office of Allowances. The results of the survey will determine the level of post allowance for American personnel, which at present is zero.

The regional Bureau formally approved a wage increase for LE staff during the inspection. The last wage increase of 7.6 percent overall was implemented in August 2010. A new health insurance plan was implemented in July 2013. OIG counseled the human resources officer that the Foreign Service National employee handbook, dated 2007, needs updating.

### ***Locally Employed Staff Position Descriptions***

The embassy is not reviewing position descriptions periodically to validate or modify classifications. The OIG team found position descriptions for employees in general services, financial management, and information management that require updating. In accordance with 3 FAH-2 H-443.1, the supervisor in charge of an organizational unit is responsible for keeping position descriptions up to date and current, in coordination with the human resources officer. If employee position descriptions do not reflect an employee's actual duties and responsibilities, confusion could arise as to who is responsible for particular activities.

**Recommendation 20:** Embassy Yerevan should conduct an annual review of position descriptions to validate the classification and make modifications, as necessary. (Action: Embassy Yerevan)

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

Embassy Yerevan has a newly appointed Equal Employment Opportunity (EEO) counselor, two EEO liaisons, and a Federal Women's Program coordinator. A trainer from the Office of Civil Rights provided embassywide EEO training in May 2014. The EEO counselor completed the required EEO counselor's training course in May 2014; however, the two EEO liaisons, appointed in 2012, never received liaison training from the previous EEO counselor. The EEO counselor conducted training for the two liaisons in June 2014 and provided them with copies of the LE staff EEO handbook. During the course of the inspection, the counselor added an EEO briefing to new employee check-in procedures, updated counselor and liaison contact information on the EEO bulletin board, and began including EEO information in the employee newsletter, Bari News. The embassy had no formal EEO complaints pending at the time of the

inspection. The embassy designated a new Federal Women's Program coordinator in fall 2013. She has hosted several dinners for embassy staff and kept the embassy's Federal Women's Program intranet site up to date.

### **General Services Operations**

One direct-hire American employee manages a large portfolio that includes all traditional general services operations. The embassy hired an eligible family member in August 2013 as the assistant general services officer, as part of the Expanded Professional Associates Program. A delay in receiving a security clearance, however, has prevented the family member from starting work. Housing in Yerevan is not up to U.S. standards, and the housing pool requires a considerable amount of make-ready work and repairs. To combat prevalent corruption and fraud, strict internal controls are in place in procurement, inventory, and supplies, but better oversight is necessary. Procurement services and nonexpendable property management are the two areas that received ICASS scores below 4 out of 5. Inspectors found no issues with housing or customs and shipping.

### ***Procurement and Contracting***

The procurement unit observes proper acquisition procedures. Despite sound management procedures, the latest ICASS customer satisfaction survey rated the procurement unit's performance below worldwide and regional bureau averages. The survey scores progressively decreased from 4.15 in 2011 to 3.72 (out of 5) in 2014. Mission personnel complain about poor customer service in the procurement unit, primarily the delays they experience in getting requested products or services and the lack of feedback on the status of requests. Customer service training is recommended in the ICASS section of this report.

Agencies in the embassy compare the performance of ICASS service providers against the uniform service standards. The procurement office, unlike the other units in the general services office, has not established a process for reviewing its performance against the required uniform service standards, as required in 6 FAH-5 H-222.6-1 d. The uniform service standards ensure the ability to compare relative performance while guaranteeing predictability and setting expectations for customers and service providers who are receiving and/or providing ICASS services.

**Recommendation 21:** Embassy Yerevan should post the International Cooperative Administrative Support Services uniform services standards on the embassy's SharePoint site, and offices should review their performance against the standards. (Action: Embassy Yerevan)

The OIG team counseled the procurement unit to provide information sessions on the procurement process to customers and staff and to institute procedures to provide timely and consistent feedback to their clients.

The unit is properly maximizing the use of blanket purchase orders and purchase cards. A review of a selection of procurement actions found that staff follows competition and documentation regulations. All contracts contain Federal Acquisition Regulation clause 52.222-50, Combating Trafficking in Persons. Two weeks before the OIG team's visit, a representative

from the Bureau of Administration, Office of the Procurement Executive visited the embassy to review the unit's procurement and contract files. All the findings from that visit are resolved.

***Property Management and Warehouse***

The property management and warehouse operations FY 2014 ICASS survey scores declined slightly. From 2010 to 2013, the unit consistently scored above 4 (out of 5) on the ICASS survey. In 2014, however, the office received a score of 3.92, below regional and worldwide averages.

In 2013, Embassy Yerevan received two Department awards from the Office of Logistics Management, one for excellence in property management and the other in expendables management using the Integrated Logistics Management System. The warehouse is located on the embassy compound and is well organized and appropriately equipped with industrial-grade racks and shelving. Strict internal control procedures ensure that each employee is assigned a specific task in keeping with the Department's management control instructions.

The property management unit manages an inventory with an acquisition value of \$9.6 million. The FY 2014 inventory reconciliation identified shortages of \$34,847 for nonexpendable property, a discrepancy of less than 1 percent. The unit conducts periodic spot checks of expendable and nonexpendable property and follows management controls. The OIG inspector spot-checked inventory records and identified no anomalies.

***Excessive Time Spent Collecting Physical Signatures***

Embassy Yerevan procures and receives 200 to 250 service requests monthly, including for taxi services, language classes, and all translation and interpreter services. As stated in 14 FAM 413.3 a, the receiving clerk is responsible for the receipt and inspection of all property and the preparation and distribution of receiving reports.

Yerevan's receiving clerk spends 2 to 3 hours a day going to offices scattered around the compound to obtain signatures authenticating services received by requestors, which takes time away from his responsibilities at the warehouse. Customers request goods and services using Ariba, the procurement tracking program of the Department's Integrated Logistics Management System. Ariba provides procurement process data in real time, allowing clients to track their requests and confirm receipt of services. Yerevan clients are not aware, however, of Ariba's "receive services" feature. Broader use in the embassy of Ariba's status-tracking and certification functions would allow the receiving clerk time to focus on his primary duties at the warehouse.

**Recommendation 22:** Embassy Yerevan should require the International Cooperative Administrative Support Services customers to certify the receipt of services in Ariba. (Action: Embassy Yerevan)

***Motor Pool***

The motor pool fleet consists of 64 vehicles; among them are 5 armored vehicles, acquired at a cost of \$625,628. The armored vehicles currently are exposed to harsh winter

conditions and intense heat and sun during the summer. The Bureau of Diplomatic Security's Armored Vehicle Program Guide Book lists maintenance guidelines to prolong the life span of the armored vehicles and their ballistic glass windows. The guide book, in section X. Maintenance (10.j), recommends parking the vehicles out of sunlight whenever possible. Several options are available to provide adequate cover to weather-exposed vehicles; for example, vehicle covers, canopies, and garage tents. Protection from extreme weather conditions is vital to prevent unnecessary damage to vehicles and degradation of the ballistic glass in armored vehicles.

**Recommendation 23:** Embassy Yerevan should provide cover protection for the armored vehicles in the vehicle fleet. (Action: Embassy Yerevan)

### ***Globe Travel Contract***

The embassy uses Globe Travel as its on-site travel provider. The OIG team observed that the on-site Globe Travel agency provides minimal benefit and has generated customer complaints. Though the travel agency's contract expired in 2008, it continues to provide limited services to the embassy community, despite reduced need for paper tickets and other services. The embassy could consider moving its travel services off site or outsource them. Moreover, the LE staff travel assistant is very efficient and works directly and well with airlines.

The embassy has considered several options but has made no decision. According to 14 FAM 542 b. (1) and (2), two options exist: (1) employees must use the current Travel Manager Center under contract with the Department or other foreign affairs agency at the location, or (2) if a Travel Manager Center does not exist, the embassy can procure passenger transportation services from branch offices or general agents of U.S.-flag carriers or from travel agencies.

**Recommendation 24:** Embassy Yerevan should determine whether to cancel or revise the current memorandum of understanding with Globe Travel services. (Action: Embassy Yerevan)

### **Facilities Maintenance**

The facilities maintenance unit maintains four government-owned buildings on the 22-acre embassy compound. The properties, including the chancery, annex, warehouse, and Marine house, are in good condition. The unit deservedly receives excellent ICASS scores for building and residential maintenance. It follows good preventive maintenance practices for the embassy compound and residences and is attentive to occupational health and safety. The Office of Safety, Health, and Environmental Management conducted a site visit in August 2012 and identified 30 deficiencies; all of those recommendations have been closed.

The embassy safety, health, and environmental management program has not held mandated semiannual meetings. Guidance in 15 FAM 933.2.a requires that every mission have a safety program, complete with a standing committee that meets on a semiannual basis. Without a consistent focus on safety, employees are at risk of injury.

**Recommendation 25:** Embassy Yerevan should require the safety, health, and environmental committee to hold meetings on a semiannual basis. (Action: Embassy Yerevan)

## Information Management

The information management section generally meets the mission's information technology requirements. Professional and technically competent American supervisors manage 11 local employees. The section received good scores on ICASS customer support survey ratings, and consistently received an A+ rating from the Department's network and systems monitoring software. However, the OIG workplace and quality of life surveys (completed 3 months before the inspectors' arrival) indicated significantly below-average scores in four out of five activities, with the lowest score (2.57 out of 5) for reliability of mail services. The new information management officer arrived during the inspection and is actively exploring implementation of regional diplomatic post office operations in an effort to improve mail service. He has begun to address shortcomings in customer service.

The OIG team found a number of shortcomings and counseled the section on requirements to mark computer hardware and removable media to its highest level of classification, to encrypt one laptop computer lacking encryption, to use visitor logs for the server rooms, to provide SharePoint administrator training to the new administrator, and to update the information systems security officer designation. These infractions were addressed and mitigated during the inspection.

The OIG team interviewed all information management employees; inspected their facilities; and evaluated classified and unclassified computer systems, telephone and radio programs, mail room and pouch services, communications security, and emergency planning. The OIG team identified position descriptions, the information technology contingency plan, and the section's SharePoint site as areas for improvement. The classified annex to this report contains one recommendation concerning communications security.

### *Position Descriptions*

Some of the information technology LE staff position descriptions were last updated in 2007. Given significant changes in technology and their primary job duties, inconsistencies exist among the position titles, the stated work responsibilities, and the individuals' actual duties. According to 3 FAH-2 H-443.1 and 2, position descriptions require periodic review for accuracy and reclassification, as necessary.

**Recommendation 26:** Embassy Yerevan should update the information technology local staff position descriptions. (Action: Embassy Yerevan)

### *Information Technology Contingency Plan*

Although the embassy has developed an information technology contingency plan, it has not tested this plan for the unclassified network, as required by 12 FAM 622.3. Contingency plan testing identifies deficiencies requiring modifications or alternative solutions. Information management personnel need to place a higher priority on contingency plan testing to ensure the embassy can restore the network in the event of a natural disaster or other emergency.

**Recommendation 27:** Embassy Yerevan should test its information technology contingency plan in accordance with Department of State guidance. (Action: Embassy Yerevan)

***SharePoint Site***

The section's internal SharePoint site is incomplete and does not contain pertinent information. The OIG team determined that computer account request forms, information systems security policies, standard operating procedures, and the information resource section banner are missing. Also, the information management section organization chart was outdated. The OIG team determined that many documents still are located on the network drive, rather than on the SharePoint site. An updated site improves organizational effectiveness in a section by streamlining the management of and access to information to customers.

**Recommendation 28:** Embassy Yerevan should update the information resource management section's SharePoint site. (Action: Embassy Yerevan)

## Quality of Life

### Employee Association

The American Embassy Yerevan Employee Association currently operates a retail store and cafeteria and provides dry cleaning, cellular phone, homeward bound mail, barber/hairdresser, tailor, and manicure/pedicure services. During the inspection, mission management also placed the embassy fitness center, which is covered in the association charter, under the management of the association. The association scored 3.85 out of 5 on the OIG workplace and quality of life questionnaires. For 2013, it made a profit of \$12,120 on sales of \$111,446.

The association hired a new general manager with accounting experience in October 2013. She quickly began addressing financial problems by upgrading the Point of Sale and accounting software. The OIG team conducted a cash count and spot checks of the inventory, which confirmed the system's accuracy. The association also modified the cafeteria contract to provide more legal protections for the embassy. The OIG team counseled the president of the association that the general manager should attend the training offered by the Bureau of Administration, Office of Commissary and Recreation Affairs. The team also reminded the newly elected treasurer of his responsibility to conduct monthly reconciliations of the association's State Department Federal Credit Union account.

### Helping Hands

The Ambassador established the Helping Hands organization in October 2011 as an embassy social outreach initiative to assist needy communities and charitable organizations in Armenia. Assistance is provided through the volunteer efforts of the American and Armenian staff, their families, and the cooperation of others outside the mission community.

The group collects donations and holds or participates in fund-raising activities at the embassy, such as bake sales and yard sales, to support its community outreach projects. Events sponsored by Helping Hands included tree planting for Earth Day, the donation of a piano to a music school, and rehabilitation projects and support to orphanages and nursing homes. These activities have taken place mostly on weekends, but some have occurred during the workweek. The embassy has not sought the approval of the Office of the Legal Adviser and the Bureau of European and Eurasian Affairs' deputy assistant secretary for the Ambassador to participate personally in these activities, as required in 2 FAM 962.15 a.

**Recommendation 29:** Embassy Yerevan should request formal approval from the Office of the Legal Adviser and the Bureau of European and Eurasian Affairs for the Ambassador to participate in Helping Hands. (Action: Embassy Yerevan, in coordination with L and EUR)

Helping Hands, with its fundraising activities and community outreach projects, could be perceived as an official embassy organization because of the direct involvement of the Ambassador and embassy employees. Some activities carried out by Helping Hands have been conducted with logistical support provided by the embassy motor pool and, on occasion, public

affairs press and interpreter resources. Office space is provided as needed to store Helping Hands materials. The embassy's motor pool policy does not include using embassy vehicles for such charitable activities as an "other authorized use." Some employees who volunteer with Helping Hands during the workweek have been allowed to take administrative leave, although leave for charitable activity is not authorized in 3 FAM 3464.1-1.

Helping Hands is not a chartered employee association, nor has it been approved by the Department's Bureau of Administration, Office of Commissary and Recreation. Groups not chartered under 6 FAM 500 have no legal or regulatory basis for operating on U.S. Government premises or receiving mission logistical support and expose the embassy and U.S. Government to risk if they do so. As an unchartered organization, Helping Hands raises several concerns: (1) the inappropriate use of U.S. Government property and resources; (2) the misperception among staff and the public that Helping Hands is a Department entity; and (3) unclear legal liability. If Helping Hands is to continue to function, it will need to be brought under the umbrella of the American Embassy Yerevan Employees Association, a chartered organization.

**Recommendation 30:** Embassy Yerevan, in coordination with the Bureau of Administration, should add Helping Hands to the American Embassy Yerevan Employee Association's charter or disband the organization. (Action: Embassy Yerevan, in coordination with A)

### **Health Unit**

Embassy Yerevan's health unit received high marks in OIG work and quality of life surveys, averaging 4.43 (out of 5), with 4 defined as "very good." A Foreign Service health practitioner, a half-time LE physician, a registered nurse, and an administrative assistant staff the unit. The facility is clean and well organized. A cypher lock secures the storage room, and medications and supplies are neatly arranged and clearly labeled. A random check revealed no expired medicines. Controlled medications are properly logged and secured. Medical records and documents containing personally identifiable information are maintained in locked metal cabinets. Medications and vaccines requiring refrigeration are kept in a refrigerator/freezer with a temperature log. The health unit orders supplies well in advance and over-orders some critical items to ensure a reliable supply, given unreliable and slow delivery services. The alternate health unit is located in the chief of mission residence.

Yerevan's electric power comes from an older Chernobyl-design nuclear power plant. Despite upgrades to the facility in recent years, nuclear safety is a significant health concern, especially because Yerevan is located in an area of high seismic activity. The embassy has a detailed action and evacuation plan in case of nuclear accident and provides American employees with potassium iodide for emergency use.

### **Community Liaison Office**

The embassy community well appreciates the services of the community liaison office, which received a score of 4.52 (out of 5) on the OIG-administered survey, with 4 defined as "very good." The office also scored above regional and global averages on the ICASS survey. The full-time community liaison office coordinator (an eligible family member) currently supervises a full-time LE assistant, a part-time deputy coordinator, and a part-time newsletter

editor. Upon the departure of the current coordinator this summer, the embassy will hire two co-coordinators, each working 32 hours a week, and cancel the current part-time deputy coordinator and editor positions. The community liaison office enjoys a spacious office suite with a small play area for children and a volunteer lending library.

### **Schools**

The International School of Yerevan is the Department-sponsored school in Yerevan. The school's modern, well-equipped facilities were constructed in 2011. It is a small school providing K–12 education to 120 students, [Redacted] (b) (6) [Redacted]. The school is located in the suburbs, a distance from the embassy but adjacent to a residential neighborhood where the embassy leases several houses.

Two members from the embassy community sit on the board. Education of dependent children received low scores of 2.94 out of 5 on the OIG preinspection survey (with “good” defined as 3). The school faces several problems, including a lack of communication and transparency on the part of the previous school director. Parents are not permitted to attend board meetings, and information on budgeting and school operations is not shared with parents. Parents hope that the new director, scheduled to arrive for the 2014–15 academic year, will provide more transparency in school operations and that parent-school relations will improve.

## **Management Controls**

The annual chief of mission management controls statement of assurance, dated July 12, 2013, identified no material weaknesses or reportable conditions. The OIG team's review of risk assessment and management controls questionnaires found that the management officer conducted appropriate risk assessments and that most of the sections did a thorough job in completing the management controls exercise. With the goal of strengthening internal controls, the inspection team recommended that the health unit and financial management office develop a specific post policy and procedure on American employee reimbursement of medical costs to the Overseas Hospitalization Account. The OIG functional questionnaire discussed some areas where separation of duties is not ideal, but these areas are monitored closely to ensure the absence of malfeasance.

### **Allowance Overpayments**

A report of allowance overpayments from the Charleston Global Financial Services Center shows 10 Embassy Yerevan employees had outstanding debts ranging from 172 to 609 days old. Overpayments occur when an employee's post differential is not stopped during travel to the United States. The embassy's human resources staff coordinates with the travel office and finance section to track official employee travel back to the United States, but no mechanism for tracking personal travel is currently in place. Inspectors counseled embassy management to require staff to alert the human resources office of travel to the United States, both official and personal. According to 4 FAM 493.1-1 a., debtors should be notified of their indebtedness; however, the Charleston Global Financial Services Center has not notified all the employees on the report of allowance overpayments.

**Recommendation 31:** The Bureau of the Comptroller and Global Financial Services should collect overpayments of Embassy Yerevan post allowances. (Action: CGFS)

## List of Recommendations

**Recommendation 1:** Embassy Yerevan should use record email for the daily Yerevan Early Report and other important emailed analyses when these contain information that would benefit the historical record. (Action: Embassy Yerevan)

**Recommendation 2:** Embassy Yerevan, in coordination with the Bureau of International Narcotics and Law Enforcement, should arrange for the two International Narcotics and Law Enforcement locally employed staff members to take the next available training to renew their grants officer representative and contracting officer's representative certifications. (Action: Embassy Yerevan, in coordination with INL)

**Recommendation 3:** Embassy Yerevan should develop and implement a public affairs action plan to achieve mission goals. (Action: Embassy Yerevan)

**Recommendation 4:** Embassy Yerevan should include required documentation in grants files. (Action: Embassy Yerevan)

**Recommendation 5:** Embassy Yerevan should train the two locally employed cultural specialists as grants officer representatives. (Action: Embassy Yerevan)

**Recommendation 6:** Embassy Yerevan should reprogram one Information Resource Center locally employed staff position to work on other public affairs tasks. (Action: Embassy Yerevan)

**Recommendation 7:** Embassy Yerevan should implement the worldwide referral policy and mandate that all visa case advocacy and assistance be handled through the referral system. (Action: Embassy Yerevan)

**Recommendation 8:** Embassy Yerevan, in coordination with the Bureau of Consular Affairs, should establish a standard referral policy briefing and mandate strict compliance with the policy. (Action: Embassy Yerevan, in coordination with CA)

**Recommendation 9:** Embassy Yerevan should ship all nonimmigrant visa records more than 3 years old to the Kentucky Consular Center. (Action: Embassy Yerevan)

**Recommendation 10:** Embassy Yerevan should discontinue the practice of having the fraud prevention investigator prescreen nonimmigrant visa applications. (Action: Embassy Yerevan)

**Recommendation 11:** Embassy Yerevan should create a consular coordination and outreach team to develop and coordinate strategies and policies for communications to the public and other outside consumers. (Action: Embassy Yerevan)

**Recommendation 12:** Embassy Yerevan should implement procedures that require visa applicants to use the contractor-operated call center to answer routine visa inquiries. (Action: Embassy Yerevan)

**Recommendation 13:** Embassy Yerevan, in coordination with the Bureau of Consular Affairs, should update and test the warden system. (Action: Embassy Yerevan, in coordination with CA)

**~~SENSITIVE BUT UNCLASSIFIED~~**

**Recommendation 14:** Embassy Yerevan should schedule administrative days at least once a month for ongoing consular staff training and professional development. (Action: Embassy Yerevan)

**Recommendation 15:** Embassy Yerevan should implement means to protect visa applicants who wait outside the embassy compound in harsh weather conditions. (Action: Embassy Yerevan)

**Recommendation 16:** Embassy Yerevan should discontinue electronic funds transfer salary payments to official residence staff. (Action: Embassy Yerevan)

**Recommendation 17:** Embassy Yerevan should discontinue payments of residential landline bills and collect monies owed for unpaid bills. (Action: Embassy Yerevan)

**Recommendation 18:** Embassy Yerevan should implement a written policy for transporting cash. (Action: Embassy Yerevan)

**Recommendation 19:** Embassy Yerevan, in coordination with the Foreign Service Institute, should provide customer service training to International Cooperative Administrative Support Services employees. (Action: Embassy Yerevan, in coordination with FSI)

**Recommendation 20:** Embassy Yerevan should conduct an annual review of position descriptions to validate the classification and make modifications, as necessary. (Action: Embassy Yerevan)

**Recommendation 21:** Embassy Yerevan should post the International Cooperative Administrative Support Services uniform services standards on the embassy's SharePoint site, and offices should review their performance against the standards. (Action: Embassy Yerevan)

**Recommendation 22:** Embassy Yerevan should require the International Cooperative Administrative Support Services customers to certify the receipt of services in Ariba. (Action: Embassy Yerevan)

**Recommendation 23:** Embassy Yerevan should provide cover protection for the armored vehicles in the vehicle fleet. (Action: Embassy Yerevan)

**Recommendation 24:** Embassy Yerevan should determine whether to cancel or revise the current memorandum of understanding with Globe Travel services. (Action: Embassy Yerevan)

**Recommendation 25:** Embassy Yerevan should require the safety, health, and environmental committee to hold meetings on a semiannual basis. (Action: Embassy Yerevan)

**Recommendation 26:** Embassy Yerevan should update the information technology local staff position descriptions. (Action: Embassy Yerevan)

**Recommendation 27:** Embassy Yerevan should test its information technology contingency plan in accordance with Department of State guidance. (Action: Embassy Yerevan)

**~~SENSITIVE BUT UNCLASSIFIED~~**

**Recommendation 28:** Embassy Yerevan should update the information resource management section's SharePoint site. (Action: Embassy Yerevan)

**Recommendation 29:** Embassy Yerevan should request formal approval from the Office of the Legal Adviser and the Bureau of European and Eurasian Affairs for the Ambassador to participate in Helping Hands. (Action: Embassy Yerevan, in coordination with L and EUR)

**Recommendation 30:** Embassy Yerevan, in coordination with the Bureau of Administration, should add Helping Hands to the American Embassy Yerevan Employee Association's charter or disband the organization. (Action: Embassy Yerevan, in coordination with A)

**Recommendation 31:** The Bureau of the Comptroller and Global Financial Services should collect overpayments of Embassy Yerevan post allowances. (Action: CGFS)

## Principal Officials

	<b>Name</b>	<b>Arrival Date</b>
<b>Ambassador</b>	John Heffern	10/11
<b>Deputy Chief of Mission</b>	Woodward C. Price	08/13
<b>Chiefs of Sections:</b>		
Management	Michael McKeown	09/12
Consular	George Lynn	07/12
Political/Economic	Brian Roraff	07/12
Public Affairs	James Land	08/12
International Narcotics and Law Enforcement	Edward O'Brien	08/12
Regional Security	James Dolan (TDY)	08/13
Export Control and Related Border Security	Michael Seguin (contractor)	3/12
<b>Other Agencies:</b>		
Foreign Agricultural Service		Stationed in Wash, DC
Department of Justice	Frederic N. Johnston	11/12
Department of Defense, Defense Attaché	John Lulejian	
Defense Threat Reduction Agency	Major Joseph Bilbo	05/12
Office of Defense Cooperation	Colonel Mark Rydzynski	8/11
U.S. Agency for International Development	Major Aaron Cummings	9/13
Peace Corps	Karen Hilliard	09/12
	Kenneth Puvak	3/14

## **Abbreviations**

BBG	Broadcasting Board of Governors
DCM	Deputy chief of mission
Department	U.S. Department of State
EEO	Equal Employment Opportunity
EXBS	Export Control and Related Border Security
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
FAST	First- and second tour
ICASS	International Cooperative Administrative Support Services
INL	International Narcotics and Law Enforcement
LE	Locally employed
OIG	Office of Inspector General
RFE/RL	Radio Free Europe/Radio Liberty
TV	Internet television
USAID	U.S. Agency for International Development
VOA	Voice of America



**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)

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