



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

OFFICE OF INSPECTIONS

Inspection of the Bureau of European and
Eurasian Affairs

Report Number ISP-I-11-22, March 2011

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PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council 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.

Purpose and Scope

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

Methodology

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



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PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

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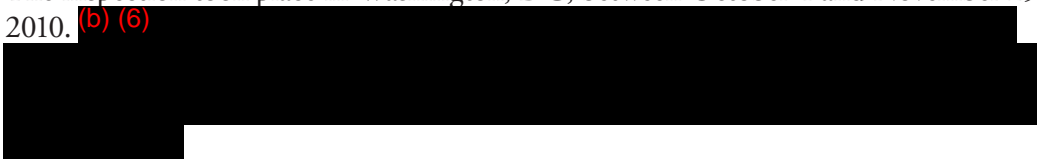
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KEY JUDGMENTS

- The Bureau of European and Eurasian Affairs (EUR) plays a dynamic and highly effective role in assuring close U.S. collaboration and cooperation with European allies and regional organizations, such as the North Atlantic Treaty Organization (NATO), the European Union (EU), and the Organization for Security and Cooperation in Europe (OSCE), across a wide range of political, security, economic, global, and cultural affairs. It also deals intensively with issues related to the Russian Federation and other European states beyond the limits of the EU. Although European issues may not dominate U.S. attention to the extent they did during the Cold War, EUR's responsibilities continue to be of core importance to U.S. interests.
- The bureau's organizational structure is an unusual mix of country and functional offices that has evolved over many years. To improve operational efficiency, a top-to-bottom review of EUR's structure should be carried out, with a view to reducing overlap among desks and issues and streamlining complex coordination processes.
- EUR's clearance process is cumbersome and the major cause of overtime in the functional and some regional offices. The bureau is aware of the problem and has worked to address internal clearance issues, but major contributing factors are external and beyond EUR's sole control.
- The Office of the Coordinator of U.S. Assistance to Europe and Eurasia (ACE), which operates under congressional legislation, serves the bureau very well in ensuring that over \$850 million in annual foreign assistance to the region is linked to foreign policy objectives, and that assistance programs are effectively coordinated, U.S. Government-wide.
- The Office of Press and Public Diplomacy (PPD) is attempting to carry out two independent and potentially conflicting public diplomacy (PD) strategies. One is the PD "Framework," designed by the Under Secretary for Public Diplomacy and Public Affairs (R). The second is EUR's strategic plan. The two plans need to be reconciled.
- The Division of Press and Outreach should be placed under the direct supervision of the deputy assistant secretary (DAS) responsible for PD, who is more regularly and directly involved in the office's work than is the director of PPD, the current supervisor.

- Overall, the Joint Executive Office (JEX) provides good administrative support to its customers in the two bureaus it serves, EUR and the Bureau of International Organization Affairs (IO). However, following significant growth spurts, JEX needs to address several operational areas to improve services.
- Two years after the consolidation of desktop services with the Bureau of Information Resource Management (IRM), growing pains related to information technology (IT) remain widespread in EUR. IRM has not fully determined or conveyed the division of labor between consolidated bureaus and IRM with regard to IT services. In EUR, the result is frequent frustration and low customer satisfaction among staff at all levels.

The inspection took place in Washington, DC, between October 4 and November 29, 2010. (b) (6)



CONTEXT

EUR is the largest geographic bureau in the Department of State (Department), with 322 direct-hire and 40 contractor employees domestically, and 1,863 U.S. direct-hire and approximately 10,000 locally employed staff positions overseas, in 50 missions and 29 constituent posts. Total FY 2010 budget resources (domestic and overseas) for EUR are just under \$604 million (excluding salaries for direct-hire Americans and foreign assistance). In addition to a geographic focus that stretches from Greenland to Vladivostok, EUR also operates as a de facto functional bureau in several specific areas of responsibility. Led by an Assistant Secretary, a principal deputy assistant secretary (PDAS) and six DASes, EUR's 17 offices oversee and support the work of 80 posts, accredited to 47 countries and four multilateral organizations. The bureau also supports the work of four special envoys. (See organization chart at the end of this report.)

Today, EUR functions on the basis of a double legacy. First, it works to preserve and adapt the close relationships that the United States forged with Europe during the Cold War — with our historic allies, as well as with NATO, the EU, and the OSCE, organizations that played key roles in rebuilding and redefining a continent ravaged by World War II. Second, EUR is responsible for managing relations with the states of Eastern Europe and the Balkans, many of which formerly fell under Soviet hegemony. This complex and multifaceted dual portfolio comprises political, economic, strategic, and humanitarian elements that are central to U.S. national interests.

The Office of Inspector General (OIG) last inspected EUR in FY 2000. In the intervening years, the international and domestic environments in which the bureau operates have changed profoundly. Iraq, Afghanistan, and new centers of global influence have emerged to challenge the international structures formed more than a half century ago. Nevertheless, close collaboration and cooperation with Europe remain crucial to U.S. interests. EUR's fundamental mission today is to ensure that these key relationships are not put at risk by taking them for granted.

EXECUTIVE DIRECTION

By the fall of 2010, when this inspection occurred, most of the leadership team had been in place for a year or more and had successfully put its stamp on bureau policy and operations. The Assistant Secretary, a highly respected expert in a wide range of European political, economic, and security issues, possesses both distinguished academic credentials and prior government experience on the National Security Council staff. The PDAS is a widely respected career Foreign Service officer who has served at a variety of European posts as ambassador, deputy chief of mission, and political officer, and in Washington with EUR, the Office of the Secretary of Defense, and the National Security Council. Her extensive, substantive background, bureaucratic experience, leadership skills, and operational know-how effectively complement the Assistant Secretary's acknowledged policy and analytical strengths.

Six highly qualified DASes support the work of the Assistant Secretary and PDAS. The PDAS personally supervises three functional offices. Five of the remaining DASes oversee an eclectic mix of regional and functional offices that cover countries from Iceland to Azerbaijan, as well as relations with the EU and policy and regional affairs. The sixth DAS focuses entirely on PD and press activities. Eight office management specialists, one special assistant, five staff assistants, and one travel coordinator round out the current front office staffing.

The Assistant Secretary (or the PDAS when he is traveling) chairs a daily staff meeting at the start of every workday. DASes and office directors attend the meetings on Mondays and Wednesdays, while the Friday meetings are also open to other "interested EUR personnel." On Tuesdays and Thursdays only DASes participate, along with press/public affairs staff. All these meetings are tightly focused and efficiently run, but the atmosphere is informal and is leavened by a palpable sense of collegiality and mutual respect. While information is shared efficiently down to the DAS level, feedback further down the chain of command (for instance, regarding EUR meetings involving the White House and Seventh Floor Principals) has been spotty, and occasionally desk officers wonder what use was made of the briefing papers they prepared for high-level discussions. The OIG team discussed the issue of insufficient feedback with the bureau, which has begun taking corrective action.

During the inspection period, the bureau ably juggled the demands of an inspection while managing four high-level international conclaves: the October 14 meeting of NATO Foreign and Defense Ministers in Brussels, attended by Secretaries Clinton

and Gates; the November 19-20 NATO Summit in Lisbon; the November 20 U.S.-EU Summit, also in Lisbon; and the December 1-2 OSCE Summit in Astana, Kazakhstan. Secretary Clinton accompanied the President to the events in Lisbon and led the U.S. delegation in Astana. EUR played a critical role in the preparations for all four events, and the Assistant Secretary traveled with the Secretary to all of them.

As noted earlier, a de facto division of labor exists between the Assistant Secretary and the PDAS. This is properly reflected in the latter's work requirements statement, which accurately and succinctly defines her role as the intellectual and operational bridge between the Assistant Secretary and the rest of the bureau. Her work requirements statement gives the PDAS the lead in welcome efforts to enhance diversity in the bureau's professional cadre. It also assigns her responsibility for mentoring new ambassadors, both career and noncareer. The range and variety of her tasks are daunting, but she carries them out with exceptional focus, energy, and commitment.

At the present time, 25 of the 45 ambassadors at EUR's 50 overseas posts are political appointees. (Five EUR posts are currently without ambassadors.) While most ambassadors perform admirably, the front office, office directors, and desk officers spend an inordinate amount of time handling issues related to a small number of "difficult" noncareer ambassadors. This has been a drain on human and resource capital, both at the posts concerned and in the bureau.

The Department's increased emphasis on press and PD casts a spotlight on how PD is managed in EUR. The roles and responsibilities of PD officers who are "embedded" in EUR policy offices require better definition and should be reflected consistently in these officers' work requirements statements. The risk of duplication and inconsistency between the bureau's internal strategic planning for PD and the Public Diplomacy Framework issued by R raises questions about the lines of authority for PD issues, both within EUR and between EUR and R. To clarify PD lines of authority within EUR, bureau leadership should separate PD from the Office of Press and Public Diplomacy, with both offices reporting directly to the DAS responsible for public diplomacy. The OIG team has submitted recommendations addressing both these issues.

Employee morale in EUR is generally high, which is noteworthy given the long hours and sustained high pressure that are the norm throughout the bureau. However, many new arrivals receive little or no orientation or training, relying instead on advice and guidance from very busy coworkers. Inspectors found a widespread sentiment among newcomers — especially among entry-level officers (ELOs) and others assigned to Washington for the first time — that whatever orientation they did receive was inadequate to address the substantive and operational challenges of, for example, a desk officer in a fast-moving interagency environment. Led by the PDAS, EUR is taking steps to address this issue and is instituting new orientation and mentoring programs for its ELOs.

POLICY AND PROGRAM IMPLEMENTATION

FOREIGN ASSISTANCE

Office of the Coordinator of U.S. Assistance for Europe and Eurasia

ACE is responsible for planning, budgeting, coordinating, and monitoring all U.S. Government assistance, totaling over \$1 billion in FY 2010, to 18 countries in Europe, Eurasia, and Central Asia. Strong office leadership, an experienced, enthusiastic, and able staff, and direct control over 63 percent of all U.S. assistance funds to the 18 countries give ACE the clout to effectively coordinate assistance to its regions. The office's main objective is to guide and help establish market-oriented, democratic societies in the countries and regions it covers. This objective is consistent with and supportive of the objectives of EUR and the Bureau of South and Central Asian Affairs, as written in their Bureau Strategic and Resource Plans (BSRP).

The coordinator's authority to perform these tasks is specified in the Support for East European Democracies (SEED) Act of 1989 and the FREEDOM Support Act of 1992, which created the position and placed it within the Department. These two acts give the coordinator a broad mandate to oversee and coordinate all aspects of U.S. assistance to Europe, Eurasia, and five countries in Central Asia. The office is particularly effective in policy and program coordination, receiving praise from a number of U.S. Government agencies for its balanced approach and fairness.

ACE is headed by the coordinator, a senior Civil Service employee, who is designated by the President. As such, the coordinator has a certain degree of autonomy within EUR. The coordinator meets frequently with the Assistant Secretary and PDAS and participates in regularly scheduled EUR senior level team meetings to ensure a close link between foreign policy and assistance programs.

The coordinator directs a staff of 33 Foreign Service officers, Civil Service employees, and contractors. This split among the employment categories works well, as all employees bring expertise and different points of view: the Civil Service employees and contractors provide experience, continuity, and institutional memory; the

Foreign Service officers bring country experience and foreign policy insights. The office was reorganized in early 2010 to more closely integrate security and law enforcement and governance and democracy specialists from two stand-alone sections into the two regional sections. One regional section covers programs in Europe (SEED Act countries), and the other covers programs in Eurasia and Central Asia (FREEDOM Support Act countries). The two regional offices work closely with U.S. embassies, bureau country desks, and implementing agencies to ensure a close link between U.S. foreign policy objectives and the development process. In addition a budget section prepares country and program budgets, allocates Assistance for Europe, Eurasia and Central Asia (AEECA) funds, tracks expenditures, and notifies Congress about expenditures of programmed money; and a program section tracks, monitors, and reports on strategy and program performance.

ACE, through its congressionally mandated authorities, has direct control over funds that Congress appropriates to the AEECA account. Through a participatory process, ACE allocates the AEECA funds to a number of agencies, primarily the U.S. Agency for International Development (USAID), for specific programs. ACE does not implement any programs directly, other than a humanitarian grant program and some grants to democracy and governance program implementers, totaling \$34.3 million in FY 2010. The office is also the foreign assistance planner for EUR and for the five Central Asian countries in the Bureau of South and Central Asian Affairs, providing coordination for non-AEECA funds, such as foreign military financing; international military education and training; nonproliferation, antiterrorism, demining, and related programs; economic support funds; and other Department-USAID funding in the regions. In FY 2010, Congress appropriated \$741.6 million to the AEECA account and \$297.9 million to the above listed, non-AEECA accounts. Of the AEECA funds, ACE transferred 68 percent to USAID for its programs, 12 percent to the Bureau of International Narcotics and Law Enforcement Affairs, five percent to EUR's Office of Regional Security and Political Military Affairs (RPM) for the U.S. contribution to the OSCE, and the remainder in smaller amounts to 18 other agencies or bureaus in the Department.

An unusual aspect of this office is that its authority also covers five countries in Central Asia that are part of another bureau, the Bureau of South and Central Asian Affairs. The FREEDOM Support Act specifically includes Turkmenistan, Tajikistan, Kazakhstan, Kyrgyzstan, and Uzbekistan, and money is appropriated to the AEECA account to fund programs there. From its office in EUR, ACE coordinates effectively with the Bureau of South and Central Asian Affairs' front office, as well as with the country desks on the five Central Asian countries.

Within the limitations of required congressional and other notifications, ACE can move quickly to reprogram AEECA funds to address special circumstances or events. Following crises such as the Georgia-Russia conflict in 2008 or the April 2010 revolution and subsequent violence in Kyrgyzstan, ACE convened interagency meetings to plan U.S. assistance to address the immediate crisis. Because of its mandate and

its staff's expertise, ACE can reprogram resources if necessary, organize, and quickly implement relief and reconstruction efforts.

The inspection team reviewed several grants and a contract managed directly by ACE. These materials appeared to be in order, with copies of forms, invoices, and reports. All the grant officer representatives and contract officer representatives had the required training to perform their duties, but several were not properly designated by the Office of Acquisitions Management. During the inspection, ACE requested these designations.

In its coordination role, ACE draws together all interested parties, from country desk officers and embassy officers to implementing agencies or organizations, including the Office of the Director of U.S. Foreign Assistance, to ensure a coordinated country plan and program. In particular, ACE consults closely with the ambassador and his or her development team to confirm that the program meets local needs and is achievable. ACE country assistance coordinators, as well as specific program specialists, make annual trips to the countries they cover, to consult with the embassy and implementers and to visit program sites.

A key objective of the SEED Act and FREEDOM Support Act is to assist countries to develop stable, market-based democracies that are highly unlikely to return to authoritarianism. A framework of benchmarks was established in 2004 that would indicate a country is ready to "graduate" from U.S. assistance. Eleven recipients of SEED Act assistance have graduated,¹ and all of them have joined NATO. Further, all recipients except Croatia have joined the EU. At the time of the inspection, ACE was rewriting its phase-out framework to make it more systematic and to allow it some flexibility, so that countries can adjust the effective date of graduation based on events. It will be important to complete and implement the phase-out framework, as there are several Balkan countries approaching the economic and democratic development graduation threshold.

As countries are phased out of receiving assistance, ACE reviews its staffing needs. Current staff is effectively used, and staffing levels are sufficient to meet the workload and react to surge demands, such as the increase in demand following the Georgia-Russia conflicts over South Ossetia, when a supplemental appropriation provided an additional \$1 billion for Georgia, which needed to be programmed.

No other bureau in the Department has an office with the same functions and authority as ACE. Its unique status helps EUR establish priorities through the budget process and link foreign policy objectives to assistance, as well as coordinate programs, conduct annual budget reviews, and evaluate performance at the country and program level.

¹ Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

REGIONAL/FUNCTIONAL OFFICES

EUR is deliberately structured to address multiple multilateral and bilateral issues. The bureau consists of a cluster of functional offices, along with traditional, bilateral regional offices. In addition, EUR supports missions to three multilateral organizations: NATO, the EU, and OSCE. These functional offices, coordinate takes place for multinational operations in countries as distant as Afghanistan, as well as for maritime counter-piracy operations.

The functional office cluster includes RPM, which has responsibility for NATO affairs and OSCE issues. RPM is the Department's anchor for European security issues, NATO operations, and U.S.-Russian security relations. Two other offices — the Office of European Policy and Global Issues and the Office of European Policy and Regional Affairs — joined EUR in May 2001, following the dissolution of the Office of the Special Advisor to the Secretary for the New Independent States. These offices brought portfolios that overlap to some extent with portfolios in other EUR offices. Although useful on occasion for backup and cross checks, this situation can result in unnecessary layering.

RPM has 13 NATO and 4 OSCE officers, who together are responsible for 86 issue areas. The Office of European Policy and Regional Affairs has 9 officers covering 59 issues, some of which overlap with issues in the RPM portfolios. In general, portfolios tend to be excessively specific and limited, resulting in long lists of narrowly defined issues.

RECOMMENDATION 1: The Bureau of European and Eurasian Affairs should conduct a top-to-bottom review of functional portfolios, reducing their overall number and reallocating them accordingly among the relevant offices.
(Action: EUR)

FUNCTIONAL OFFICES

Office of European Union and Regional Affairs

The talented and highly motivated staff of the Office of European Union and Regional Affairs (ERA) consistently produces insightful analysis on some of the most important issues the bureau faces. However, the office has suffered from serious morale problems, which a new leadership team has begun to address. The office is

led by an office director and two deputies, who are responsible respectively for an economic policy unit and a political and security affairs unit. The rest of the office consists of nine Foreign Service positions, three Civil Service positions, one contract office management specialist (OMS), and from two to four interns at any given time.

The office is responsible for addressing U.S. relations with the EU and its institutions, including a newly empowered European Parliament. Recent issues included the European Parliament's decision to terminate an interim agreement authorizing U.S.-EU cooperation in the Terrorist Finance Tracking Program, which is designed to identify, track, and pursue terrorists and their networks. The decision was a major setback to U.S. and international counterterrorism efforts. ERA coordinated and managed 6 months of intensive interagency efforts, including at one stage the personal intervention of the President, before the United States successfully negotiated a new agreement with the EU. Later, the European Parliament raised objections (on privacy grounds) to provisions of another proposed agreement with regard to sharing airline passenger data. ERA now is coordinating the Department's efforts to resolve U.S.-EU differences over this issue. Other recent issues included the spring 2010 economic crisis in Greece and other euro-zone countries, on which ERA produced a series of perceptive analyses, and the successful effort to encourage the EU to adopt additional strong sanctions measures against Iran.

These were notable accomplishments, made by an office that had suffered from serious morale problems under its previous leadership, which failed to provide ERA with a clear sense of where the office was going or how its efforts related to larger bureau priorities. Although desk in officers focused on the latest crisis, and achieved a good deal the absence of direction, there was little or no sense of overall strategy. There was a breakdown in effective communication between ERA and the front office, and the perception, or misperception, grew that the Assistant Secretary had little time or patience for the tediously slow workings of the EU and little appreciation for ERA's work on these matters.

An entirely new ERA leadership team is now in place, including a new director, two new deputies, and a new DAS. The new team is well aware of the office's previous morale problems and has moved quickly to address them. Communications among the director, her deputies, and subordinate staff already have improved markedly. The director is providing feedback from the senior staff meetings she attends and is serving as an effective channel for communicating her subordinates' concerns to the front office. The new leadership also is working with the front office to provide the level of strategic guidance that was at times lacking in the past. Office morale will continue to demand the attention of ERA managers, including the new DAS.

Communications, direction, feedback, and recognition are only some of the elements for building morale. Although these elements are fundamental, the OIG team counseled senior managers to consider additional creative solutions — which could be as simple as an occasional office celebration — to improve the atmosphere and help boost morale.

Office of the Special Envoy for Holocaust Issues

The Office of the Special Envoy for Holocaust Issues is a functional office responsible for developing and implementing U.S. policy with respect to the return of Holocaust-era assets to their rightful owners, seeking compensation for wrongs committed during the Holocaust, and Holocaust education and remembrance. It is headed by the Special Envoy for Holocaust Issues, and staffed by a deputy, two when actually employed (WAE) staff members, a temporary office assistant (contractor), and an OMS (contractor). The office supports the activities of the separate Special Advisor to the Secretary on Holocaust Era Issues, who is an unpaid “special government employee,” limited to 130 days’ employment a year.

This office was established in 1998 in part to follow up on agreements made with European countries on Holocaust era-related issues. One of the two WAEs has been with the office since its inception; the other has been there nearly as long. The office’s mandate has been extended several times.

The office performs admirably in a range of highly technical discussions and negotiations. These include dealing with executive agreements and out-of-court settlements reached with European countries on insurance claims and property restitution, and a number of similarly complex issues. The office was critically involved with the successful conclusion in June 2009 of a landmark, nonbinding agreement among 47 nations that established a roadmap for resolving outstanding Holocaust-related issues.

As the Office of the Special Envoy for Holocaust Issues addresses the opportunities presented by the 2009 agreement, it also faces a period of personnel transition. At the time of the inspection, the office was in the process of restructuring its personnel to provide more consistent, sustainable coverage of the office’s issues, by replacing its two part-time WAEs with a single, full-time Civil Service employee. This transition, which has been in process for some months, has negatively affected office morale.

Because the Office of the Special Envoy for Holocaust Issues was always envisioned as a temporary entity, bureau and office leadership now are exploring whether and how it might eventually be phased out as a separate office and its work incorporated into other entities.

RECOMMENDATION 2: The Bureau of European and Eurasian Affairs, in coordination with the Office of the Legal Adviser, should establish specific benchmarks in the resolution of Holocaust era-related issues that, when reached, would lead to the phasing out of the Office of the Special Envoy for Holocaust Issues and absorption of its remaining elements into other Department offices. (Action: EUR, in coordination with L)

Office of Policy and Global Issues

The Office of Policy and Global Issues consists of the officer director, a contract OMS, and 10 officers: a mix of three Foreign Service officers, who provide policy area awareness and experience, and seven Civil Service employees, who provide issue continuity.

The Office of Policy and Global Issues is responsible for some 20 cross-cutting issues, putting it in daily contact with 10 Department functional bureaus and 5 government agencies. These issues include counterterrorism, crime, counternarcotics, trafficking in persons, science and technology, and engaging Muslim communities. Working closely with the Bureau of Legislative Affairs, the office also has the bureau lead on congressional correspondence, congressional inquiries, testimony, preparation of principals for briefings and hearings, preparation for confirmation hearings, and day-to-day congressional liaison, including congressional travel. The OIG team informally recommended that EUR review and reallocate the responsibilities for coordinating routine legislative affairs directly to the responsible offices.

The office director developed a Civil Service professional development rotational program, which EUR began piloting in June 2010. It is a one-of-a-kind program that gives Civil Service personnel a chance to develop professionally and gain new skills and experience. The Bureau of Human Resources (HR) has shown interest in implementing a similar program Department-wide, following the pilot's completion.

Office of Policy and Regional Affairs

The Office of Policy and Regional Affairs is the smallest functional office in the bureau. It coordinates policy on strategic security issues and provides guidance on some 59 specific, bilateral issues, including nuclear defense posture and tactical nuclear weapons. The office is staffed by three Foreign Service officers with country-specific experience and negotiating skills, seven Civil Service employees with technical skills and portfolio continuity, and one contract employee.

The office receives guidance from the Assistant Secretary and PDAS on selected issues, such as tactical nuclear weapons policy, and separately from its own DAS on other strategic security issues. The Office of European Security and Political Affairs, which has responsibility for formulating policy and providing guidance to the missions to NATO and the OSCE, regularly meets with the Office of Policy and Regional Affairs to ensure consistency.

The Office of Policy and Regional Affairs coordinates extensively with other U.S. Government agencies and entities, including the National Security Council, Office of the Secretary of Defense, Missile Defense Agency, Joint Chiefs of Staff, the intelligence community, and the Departments of Energy, Treasury, and Commerce.

Office of European Security and Political Military Affairs

RPM is the focal point within the Department for issues bearing on U.S. security policy in Europe. The office is divided into four units (NATO Operations, NATO Policy, NATO-Russia, OSCE), each headed by a deputy office director. Its office directors and their staffs are among the most knowledgeable and respected in the U.S. Government in their areas of expertise. Ironically, this has at times worked against the office; “poaching” of its officers by higher-level policy offices in the Department and the National Security Council occurs with some regularity. The professionalism and dedication of RPM officers is exceptional, as are the long hours they regularly put in.

While the office has the U.S. Government lead in providing political guidance to the U.S. missions to NATO and OSCE, other EUR offices (such as the Office of Policy and Regional Affairs) also deal with NATO and OSCE issues. The OIG team informally recommended that the bureau compare security-related portfolios in RPM and the Office of Policy and Regional Affairs to minimize unnecessary overlap. Given the breadth and sensitivity of the issues the RPM covers, it is particularly vulnerable to the cumbersome clearance process both within and outside the Department.

REGIONAL OFFICES

Office of Caucasus Affairs and Regional Conflicts

The Office of Caucasus Affairs and Regional Conflicts (CARC) covers three states in the Caucasus region, all of them former Soviet republics: Armenia, Azerbaijan, and Georgia. The office is staffed by seven Foreign Service officers and a Foreign Service OMS. There is a vacant Civil Service position that, when filled, will cover regional

issues, including energy and environment. Morale in the office is high, which officers attribute to their interesting and relevant work. Communications and guidance flow easily between the office and the bureau's leadership.

The office suite is shared by the co-chair of the Minsk Group, an OSCE effort to find a political solution to the Nagorno-Karabakh conflict between Armenia and Azerbaijan. The United States, along with Russia and France, provide co-chairs to the negotiations. The U.S. Minsk Group co-chair, a WAE former ambassador, is supported by CARC's conflicts advisor, who devotes 80 percent of his time to these duties. The conflicts advisor also supports the U.S. representative to the Geneva talks to resolve the 2008 conflicts between Russia and Georgia concerning Abkhazia/South Ossetia. The advisor exchanges information often with his desk officer colleagues from the three countries involved in the conflicts and covered by the office. Coordination and information sharing are frequent and substantial.

The two-officer Georgia desk is appropriate for this increasingly important bilateral relationship. The second Georgia desk officer is an ELO on his first tour. The senior desk officer has been his primary mentor, but all of the office staff members at various times have helped familiarize him with the EUR bureau and the Department in general. Communications among the three desks and the embassies are frequent and comprehensive: secure video conferences are conducted biweekly, and telephone and email exchanges take place often each day.

Office of Central European Affairs

The Office of Central European Affairs is well managed, covering 11 countries with a staff of 17. It comprises a director, two deputy directors who are responsible respectively for the Alpine unit (Austria, Germany, Liechtenstein, Slovenia, and Switzerland) and the North Central Europe unit (Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia), nine desk officers, two embedded PPD officers, and two support staff. Two of the desk officers are first-tour ELOs; one is a Civil Service officer on rotation from another EUR office. The director is highly regarded by his staff, which appreciates his attention to clear communication and work-life balance. Morale is good.

It is one of the busiest offices in the bureau, covering a diverse set of issues. The office does an admirable job managing U.S. relations with its countries, encouraging greater global engagement by our traditional partners, and fostering greater self-confidence and assumption of responsibility among the new members of NATO and the EU. Good communication within the office and the attention given to keeping staff apprised of front office concerns contribute to its efficiency. The responsible DAS also attends office staff meetings, usually on a weekly basis. Both the office director and the DAS actively encourage strategic thinking. Despite generally good

communication with the front office, some officers noted a lack of feedback from seventh floor Principals' meetings and frustration that they often obtain readouts first from their foreign interlocutors.

The Office of Central European Affairs is one of the largest offices in EUR, having been consolidated with the former Office of Austria, German and Swiss Affairs in 2008. As one of two regional "mega-offices" in the bureau (the other being the Office of Western European Affairs), it faces unique challenges because of its size and scope. Many officers wish they had more access to the director's knowledge and experience, but they recognize the demands on his time and hesitate to approach him despite his efforts to be accessible.

A recent office restructuring resulted in four layers for an office of 17 persons. While the new arrangement gives more officers the opportunity for professional development through supervisory experience, it sometimes creates conditions time-sensitive material bypasses the person responsible for rating the drafter. This situation makes it necessary for both raters and rated officers to make extra effort to maintain their mentoring relationship.

Office leadership has done an admirable job of integrating into office operations the two embedded PPD officers, as well as a Civil Service employee who is taking part in the innovative Civil Service Professional Development Rotational Program. Two first-tour ELOs face unique challenges shared by other ELOs who have been assigned to Washington for their first tour, including inadequate preparation for working in the Department's bureaucratic environment.

Office of Nordic and Baltic Affairs

The Office of Nordic and Baltic Affairs is a well run office responsible for eight countries – five Nordic (Denmark, Iceland, Finland, Norway, and Sweden) and three Baltic (Estonia, Latvia, and Lithuania). The office's 11-member team consists of a director, deputy, three Foreign Service desk officers, two Civil Service desk officers, an embedded PPD officer, an officer on a temporary bridge assignment, a stay-in-school intern, and a Civil Service OMS.

Office morale is very good. Officers appreciate the talented director's ability to stay on top of complex issues in all of their countries and to respond quickly to email inquiries. He keeps the office team informed on front office concerns through thrice-weekly staff meetings, in addition to constant email and personal contact. This is supplemented by the responsible DAS's weekly attendance at an office staff meeting and frequent email contact with the desks. The office staff meetings also benefit from frequent contributions from the Bureau of Intelligence and Research representative.

The Office of Nordic and Baltic Affairs is a high-energy, busy office with talented, dedicated officers. The portfolio distribution, however, is uneven. One mid-level officer is responsible for two of the most demanding countries. At the time of the inspection, an officer on a temporary bridge assignment was assisting with the portfolio. This arrangement, however, is a temporary fix and not a solution. Office leadership is exploring permanent remedies. The OIG team supports these efforts.

The office leadership encourages a useful, bimonthly meeting of office staff with their interagency colleagues on thematic topics, to help drive the policy-making process on key objectives. During the inspection, the session focused on Muslim outreach and countering violent extremism. The office was also engaged in constructive efforts to revitalize the Enhanced Partnership in Northern Europe, a policy coordination forum with the United States, and to make it more results-oriented.

Office of Russian Affairs

The Office of Russian Affairs is a high-profile, high-pace, high-output office that provides essential support to President Obama's efforts to reset U.S. relations with Russia. The office maintains daily contact and excellent relations with its primary counterparts on the National Security Council staff and in offices at the Department of Defense, as well as at numerous other agencies and offices within the Department. It also consults and coordinates closely with Embassy Moscow at all levels, through regularly scheduled, secure video conferences and phone calls, as well as unscheduled communications of all types. The office director is highly respected within and outside the office for his leadership and overall management abilities. The office operates with a regular complement of 16 staff members, composed of Foreign Service and Civil Service employees, one Schedule C employee, and one contractor, supplemented by interns and exchange fellows.

The routine of high pace, high stress, short deadlines, long clearance lists, and long hours does have an impact on morale, however. (Notwithstanding the best efforts of the PDAS to impose clearance deadlines, one briefing paper prepared in 2010 for the Secretary's use in a bilateral meeting required 48 clearances.) The office is adequately staffed, provided it can maintain its full complement of officers. The office director continually has to deal with poaching of his talented staff. For instance, during the OIG inspection, which was a very busy period in Russian-U.S. relations, the deputy director and a political officer left on detail to the National Security Council. The office successfully adapted to their departure by adjusting portfolios, but the loss of two up-to-speed officers increased everyone's workload.

Being periodically raided for its best staff by the National Security Council or seventh floor offices creates gaps that others in the office must cover while new staff is being recruited. At the time of the inspection, the office had an Air Force

officer National Defense Fellow and a Franklin Fellow from the Council on Foreign Relations. These exchange officers were being used to cover gaps and complete projects. The deputy position was to be filled soon after completion of the inspection, and the political officer position was being filled temporarily by the Franklin Fellow.

The reset in relations policy initiated by Presidents Obama and Medvedev in 2009 has helped make bilateral relations less confrontational. The Office of Russian Affairs has supported, both directly and indirectly, important accomplishments in improving U.S.-Russian relations, including finalizing negotiations of the new Strategic Arms Reduction Treaty, establishing the Bilateral Presidential Commission with 18 working groups, and substantially advancing negotiations for Russia to join the World Trade Organization. Preparing Department principals for bilateral meetings or phone calls is a continuous process, that often entails preparing briefing books with over 30 detailed briefing papers.

In the past year, the establishment of the Bilateral Presidential Commission led to the creation of a new two-person section within the office. Tasked with coordinating the work of the 18 working groups, the two officers reach out to many agencies in Washington and offices in the Department.

Office of South Central Europe

The Office of South Central Europe is responsible for the countries of the Balkan region. With the assistance of HR, it converted an OMS position into a regional coordinator position, resulting in significant contributions to the office's overall policy objectives. The office also benefits from the assignment of a Transatlantic Diplomatic Fellow (foreign diplomatic exchange program) to a country desk. Two ELOs also are assigned to the office, which is systematically familiarizing them to Department procedures and integrating them into office operations.

The office director and deputy are experienced Balkan hands. The division of responsibilities had not been spelled out at the time of the inspection, due to the arrival of the deputy during the inspection. As a result, desk officers were uncertain about the division of responsibilities and unclear whether they should work all issues through both the director and the deputy director. The result, at present, is a flat structured office. The OIG team informally recommended that priority be given to delineating responsibilities between the office director and the deputy director.

In addition, the newly appointed DAS supervises only the Office of South Central Europe, whereas the other DASes all supervise two or more offices. The DAS is a former South Central Europe office director, as well as an expert on Balkan issues. Although both he and the office director, who was the acting DAS for an extended period, are sensitive to the situation, there is a perception that the DAS is acting as

a “super office director.” Since all other DASes, including the PDAS, are responsible for more than two offices, a reasonable adjustment could be made for more equitable distribution of DAS office supervisory responsibilities.

RECOMMENDATION 3: The Bureau of European and Eurasian Affairs should designate a second office to fall under the responsibility of the deputy assistant secretary responsible for the Office of South Central Europe. (Action: EUR)

Office of Southern European Affairs

The Office of Southern European Affairs is a small, well-managed office, responsible for three challenging portfolios: Turkey, Greece, and Cyprus. It consists of an office director, deputy director, OMS, four Turkey desk officers, two Greece desk officers, a Cyprus desk officer, a stay-in-school intern, and an embedded PD officer. All positions in the office are Foreign Service, except one Greece desk officer (Civil Service) and the OMS, who is a contractor in a Foreign Service designated position. One of the Turkey desk officers also handles regional economic issues, and the junior Greece desk officer handles regional political-military issues.

The office ably manages a heavy workload, while staying in close touch with overseas posts and maintaining high office morale. The office’s recent accomplishments include its perceptive reporting on the spring 2010 Greek financial crisis; its continuing support for negotiations over Cyprus; and its help in managing U.S. relations with a key NATO ally, Turkey, whose view of itself and its place in the world is fast evolving.

Work is equitably distributed among the three desks. The four Turkey desk officers include a capable, Turkish-speaking ELO who joined the office just as the inspection was beginning. The time needed for training and mentoring this new officer — in terms of both her own time and that of the more senior, Turkish desk officers mentoring her — makes the total of four desk officers somewhat misleading. Given the importance of Turkey in the bureau’s strategic plan and the attention it gets in the Department and throughout the U.S. Government, the four officers share a heavy but not excessive workload. On the Greece and Cyprus desks, the distribution of labor also seems about right. If the two-officer Greece desk occasionally has a slow period, the junior desk officer’s work on regional political-military affairs, the largest part of it Turkey-related, more than fills the time.

The office director and deputy, under the leadership of a fully engaged and accessible DAS, have created a positive atmosphere in this high pressure environment, which enables staff members to put their best efforts into the office’s work. In their effort

to promote morale, the office director and deputy make sure desk officers and other staff are not working unreasonable schedules or staying late in the office merely because they feel it is expected of them.

The director and deputy also have sought training opportunities for employees at every level. They have encouraged staff, including the stay-in-school intern, to attend think tank presentations and other outside events whenever possible, to build their networks of contacts and broaden their knowledge of regional issues. Most importantly, the office director seeks to involve as many staff members as possible, consistent with each employee's specific responsibilities, in the office's main tasks, such as a series of high-level meetings with Turkish officials at the annual conference of the American-Turkish Council, which took place during the inspection. The office leadership's attention to morale is recognized and appreciated by the entire staff. Its contribution to the office's high productivity cannot be overestimated.

As noted above, one PD officer is embedded in the office; the position falls organizationally under PPD. This officer also provides PD support to CARC. The officer is rated by the PPD deputy director, but her performance review is written by the Office of Southern European Affairs or the CARC deputy in alternate years. This complicated and confusing arrangement works imperfectly at best, in the Office of Southern European Affairs, as well as the other offices hosting embedded PD officers. (See the Office of Press and Public Diplomacy section for a more detailed discussion of embedded officers.)

OFFICE OF UKRAINE, MOLDOVA, AND BELARUS AFFAIRS

The Office of Ukraine, Moldova, and Belarus Affairs is a small office of six Foreign Service officers and two support staff, covering relations with Ukraine, Moldova, and Belarus. The office is doing a good job of staying informed on developments in its countries, consulting frequently with our embassies in each country, and keeping principals in the Department up to date on developments. There is good morale and teamwork in the office; the travel budget and the staffing level are adequate.

Bilateral relations with Ukraine are increasingly robust as the U.S.-Ukraine Strategic Partnership Commission, co-chaired by the Secretary, matures and the agenda for its twice-a-year meetings is broadened. Reporting and analysis on the local elections held in Ukraine during the inspection were comprehensive. There are two officers on the Ukraine desk with the office deputy director picking up issues as needed.

Moldova is an active portfolio for the one desk officer, as the country strives to improve its economy and democratic practices with a view to joining the EU. The United States participates as an observer in the 5+2 negotiations to resolve the break-away of the Transnistria area of Moldova. The desk officer staffs preparations for, and accompanies, the deputy assistant secretary, who attends the regular 5+2 negotiations.

Relations between the United States and Belarus are chilled. Responding to actions by Belarus's throwback, Soviet style dictatorship, the United States imposed sanctions on individuals and companies and reduced its diplomatic engagement with the Government of Belarus. Belarus retaliated by forcing the departure of the U.S. Ambassador and reducing the size of the embassy's American staff from 33 to only 5 diplomats. Officers regularly have rotated through the embassy for several weeks at a time to fill staffing gaps. The desk officer monitors and provides advisory reports on developments in Belarus, as well as on efforts by the EU the OSCE to pressure Belarus to make progress on democracy and human rights.

Office of Western Europe

The Office of Western European Affairs, with its 19-member staff, is responsible for 14 countries: Andorra, Belgium, France, Ireland, Italy, Luxembourg, the Netherlands, Malta, Monaco, Portugal, San Marino, Spain, the United Kingdom, and the Vatican. The staff of this busy office consists of a director, two deputies, 11 desk officers, 2 embedded PPD officers, and 3 support staff. Two of the officers are ELOs. A highly capable director, whose advice was widely sought and valued, headed the office until midway through the inspection, when she left to take up a position on the Seventh Floor. Morale in the office is high, despite an often intense workload. The office continues to attract talented and highly motivated officers.

The United States enjoys mature relations with all the Western European Affairs countries. The office continues to deal with traditional bilateral issues, but broader global issues consume an increasing amount of officers' time. These extensive relationships with partner countries, and the associated, heavy visitor schedule, all result in an enormous demand for papers from the office to the EUR front office and to the Seventh Floor. The director used the preparation of these papers to urge her staff to engage in forward thinking.

This heavy workload was compounded at the time of the inspection by the office's involvement with preparing for the imminent NATO and EU summits. Just weeks before the summits, and mid-way through the inspection, the gifted office director curtailed to assume a new position, thus adding an additional level of stress to the office. It is a tribute to the acting director and the abilities of the staff that the summit preparation moved forward smoothly.

The director clears all papers prepared in the office. Because of the outside demands on the director's time, this frequently creates bottlenecks and slows the process down. The OIG team suggested to the director more clearance authority to the deputies to avoid the inevitable holdups created when so many papers must be cleared through one person.

The Office of Western European Affairs also is one of the biggest offices in the bureau, the result of its consolidation in 2008 with EUR's Office of United Kingdom, Benelux, and Ireland. In such a large office, constant communication and feedback are essential for maintaining office morale and cohesion. Three times a week, the director holds staff meetings that are crisp, focused, and relaxed, and supplements the meetings with frequent email updates. At times, however, some officers have felt they were not receiving enough feedback on their work or on the results of high-level meetings. The OIG inspectors did not feel the situation required a recommendation, but the team counseled senior management concerning the importance of ensuring adequate information flow.

Office of Press and Public Diplomacy

A staff of 11 Foreign Service officers, 4 Civil Service employees, and 3 contract staff members constitute PPD. As noted earlier, eight of these employees are embedded in EUR policy offices; that is, they operate out of those offices, not from PPD. In addition, the PPD director is charged with overseeing the Division of Press and Outreach, with its own staff of three Foreign Service officers, two Civil Service officers, and an OMS.

PPD manages the use of PD resources to inform European publics and influence European views on U.S. policies and society. The most important of these resources are the embedded officers themselves. In addition, PPD more broadly coordinates the bureau's use of the full range of PD tools available from R, the Bureau of Educational and Cultural Affairs (ECA), the Bureau of International Information Programs (IIP), and other Department offices. Beyond managing PD programs, PPD's role is to represent to EUR the PD initiatives and concerns of U.S. embassies in Europe, and to convey to the field PD guidance from EUR and R. In the last year, PPD helped the bureau gain European support for U.S. Government goals in Afghanistan; shared in interagency PD planning to roll out the administration's missile defense plan in Europe; implemented a PD strategy for the December 2009 Copenhagen conference on climate change; and had a hand in crafting EUR's communications strategy on Kosovo's declaration of independence.

EMBEDDED OFFICERS

The eight PPD officers embedded in policy offices across the bureau are simultaneously responsible to PPD and their respective policy offices. They are rated by the PPD deputy director, and their evaluations are reviewed by the office or offices in which they are embedded. In addition, three of PPD's four Civil Service employees, whose desks are located in PPD, also have assigned line responsibilities to certain policy offices, namely RPM, ERA, and ACE. These three employees are informally called "virtual embeds." Their evaluations are written by PPD, but they may request additional comments or input from the policy offices they support, if they so choose.

The debate about how to integrate PD officers into regional bureaus is an old one. EUR was the first bureau to receive PD officers, who moved over from the United States Information Agency in 2000, following the agency's consolidation with the Department. These officers were not embedded, however, but rather constituted a new, separate PD unit within EUR. In 2006, the bureau began to place PD officers in embedded positions, and by the following year the mix of embedded positions and those located in a central PPD office assumed roughly the shape it has today.

Most of the other regional bureaus also have experimented with embedding, although EUR, with the largest contingent of PD officers, has the longest experience with the arrangement. Nowhere has the process been entirely smooth. There are inherent tensions in a structure in which officers effectively are called upon to report to two masters: the PPD office and the policy office where they are placed. Some of the placements are highly successful, with embedded officers designing and managing PD programs that are crucial to both PPD and the host policy office. Other placements are less successful. Some embedded officers, unclear about what is expected of them, try to define their own jobs. In an effort to be helpful and share in the workload of their policy offices, they may take on tasks that are not clearly included in their work requirements. For example, some PD embedded officers help prepare press guidance, although this is not a core requirement of their positions. While this could be seen as a laudable initiative, it does not make for a consistently structured assignment that is readily reproducible from one officer to the next in the same position. The results can be frustrating and disappointing for all the parties: the embedded officers, PPD, and the policy offices hosting the placements.

Regardless of the problems with embedding, the difficulties are outweighed by the benefits of the arrangement, when it is successful. A case in point is the outstanding work by one embedded officer on a PD strategy for the rollout of the missile defense plan for Europe, referred to above. Other embedded officers, as well as officers providing support out of the central PPD office (the virtual embeds), have made notable contributions as well. Much would be lost if the bureau were to return to a structure in which PD was again separated from the policy offices.

The bureau should continue to look for ways to make the embedding arrangement work better. PPD and the policy offices that host placements need to manage expectations and agree on the role of embedded officers in their policy office bases — which does not always happen now. Work requirements statements vary, and they do not consistently reflect the expectations of supervisors at PPD and in the policy offices. Although the entire set of work requirements should be reviewed, the absence of clarity has most frequently caused problems on the press side, where it has not been clear what role, if any, the embedded officer is expected to play in preparing press guidance. At the start of each new assignment, PPD should obtain agreement on these core requirements from the various policy offices in which embedded officers will be placed. Doing so would help prevent misunderstandings about the embedded officers' roles that could jeopardize their effectiveness.

RECOMMENDATION 4: The Bureau of European and Eurasian Affairs should instruct bureau policy offices and the Office of Press and Public Diplomacy to reach agreement on core work requirements for public diplomacy embedded officers before they begin their assignments. (Action: EUR)

Two embedded officers provide PD support to two different regional policy offices. One officer handles the Office of Russian Affairs and the Office of Ukraine, Moldova, and Belarus Affairs. Another is responsible for the Office of Southern European Affairs and CARC. In each case, the burden is too heavy for a single officer. PPD already is acting to establish a new embedded position in the Office of Ukraine, Moldova, and Belarus Affairs, which will free the incumbent now covering that office to give his full attention to the Office of Russian Affairs. PPD should similarly divide responsibilities for the Office of Southern European Affairs and CARC, because the current arrangement places an excessive burden on the embedded officer who now is supporting PD activities in two busy directorates. PPD could use an available full-time equivalent position to establish a new embedded position in CARC, thereby leaving the incumbent with responsibility for the Office of Southern European Affairs only.

RECOMMENDATION 5: The Bureau of European and Eurasian Affairs should create a new public diplomacy embedded position in the Office of Caucasus Affairs and Regional Conflicts, and leave the incumbent who is now covering that office with responsibility only for the Office of Southern European Affairs. (Action: EUR)

PUBLIC DIPLOMACY STRATEGIC PLANS

In early 2010, the Secretary approved a new Strategic Framework for Public Diplomacy, developed by R, which is preparing initiatives to achieve the goals outlined in this document. After some coordination with EUR and other regional bureaus, R communicates these initiatives, together with tasking instructions, directly to field posts. PPD is then responsible for following up on the taskings associated with those proposals directed to European posts.

The Framework provides a broad, intellectual context for PD activities worldwide. It also specifically guides the allocation of PD resources, including those supposed to be under the direction of EUR—making it an operational document, under which R initiates actions and tasks the bureau and European field posts. Thus, it has many of the attributes of a strategic plan and could potentially be in conflict with the PD portions of the BSRP. At the least, the Framework appears to establish a second set of priorities and instructions for PPD to follow.

PPD has gone to great pains to ensure that its own planning is consistent with the Framework, and the OIG inspectors found no major disconnects between the two documents. However, the emphasis placed on certain themes and the resources committed to addressing them appeared different in the two plans. For example, while PD on Afghanistan has a high priority in both documents, it has been particularly emphasized by R—to the point of straining post resources to respond, in some cases. On the other hand, reassuring European audiences of the continent's continuing importance to the United States was understandably more prominent in the BSRP than in the Framework, where such a theme was present only by implication.

The differences between these two plans affect other regional bureaus' PD plans, as well, although this report looks only at EUR. On September 20, 2010, the Under Secretary for Management sent a memorandum to all Assistant Secretaries and the Director General, directing that, "any bureau decisions regarding deployment or realignment of PD financial or human resources should be cleared by R" [in] "close consultation with [the Under Secretary for Management], the Bureau of Resource Management, HR and the affected bureaus." This guidance fails to address the potential conflict between the Framework and EUR's own strategic plan for PD. Department policy assigns responsibility for strategic and performance planning to the Bureau of Resource Management's Office of Strategic and Performance Planning. The OIG team concluded that the Bureau of Resource Management, in coordination with all the affected offices and bureaus, should review this recent development and provide guidance on its implications for planning PD activities in EUR.

RECOMMENDATION 6: The Bureau of Resource Management, in coordination with the Under Secretary for Management, the Under Secretary for Public Diplomacy and Public Affairs, and the Bureau of European and Eurasian Affairs, should assess the implications of the new Strategic Framework for Public Diplomacy for the planning process for public diplomacy activities in the Bureau of European and Eurasian Affairs. (Action: RM, in coordination with M, R, and EUR)

PPD has a biweekly, expanded staff meeting with representatives from the Department's two principal PD offices, IIP and ECA, and others (such as the Bureau of Intelligence and Research's media reaction staff). This meeting serves a purpose, but it does not provide an opportunity to focus on high priority PD issues, nor does it engage IIP and ECA in developing strategies and marshaling resources to address them. The OIG team made an informal recommendation addressing this issue.

DIVISION OF PRESS AND OUTREACH

The Division of Press and Outreach does outstanding work, as recognized throughout the bureau. It consists of a division chief, two Civil Service senior outreach officers (one of whom acts as the office's deputy), two Foreign Service press officers, and a program support assistant.

The division earns plaudits for its effectiveness in advising bureau officials on media engagement and public outreach. The division focuses primarily on the U.S. media and foreign correspondents residing in the United States. Its responsibility for facilitating visiting European journalists' interview requests, often submitted by PD field posts, needs to be further clarified (see below). In its outreach activities, the division engages with academic and think tank audiences in Washington and across the country. It devises public affairs strategies on bureau priorities, and works with the Assistant Secretary and other principals to implement these plans. It also manages the daily press guidance process on behalf of EUR and is the first point of contact for members of the media with questions about U.S.-European policies.

The press division works regularly with every other office in the bureau, and the quality of its work is widely recognized. However, the line separating the duties of the press division from those of the PPD embedded officers is sometimes unclear. There is also uncertainty about the press guidance clearance process. (See discussion of the PPD embedded officers' roles and press responsibilities, above.) There is a lack of clarity about which office — PPD or the Division of Press and Outreach,

as represented by the embedded officers — is responsible for handling the visiting European journalists' interview requests. The press division's standard operating procedures state that the division facilitates such requests from foreign journalists based in the United States, but it does not mention which office is responsible for requests made by visiting reporters. This lack of clarity has caused some confusion and disagreement among the division, PPD, and policy offices with PD embedded staff members. The press division should amend its standard operating procedures to make clear that it is responsible for facilitating all interview requests coming from European media representatives, whether they are based in the United States or in Europe.

RECOMMENDATION 7: The Bureau of European and Eurasian Affairs should amend the standard operating procedures of the Division of Press and Outreach, to make clear that the division is responsible for all requests to facilitate interviews in the bureau coming from European media representatives, whether they are based in the U.S. or in Europe. (Action: EUR)

Policy offices also sometimes make mistakes in the process of clearing draft press guidance between different EUR offices and those outside the bureau. According to its standard operating procedures, the press division is supposed to obtain such clearances. When other EUR offices obtain clearances themselves, it can lead to duplicated effort, confusion, and wasted time. The press division recently sent office directors revised standard operating procedures confirming the clearance process. In addition, press officers routinely reiterate these instructions to the bureau's new officers, both at orientation sessions and individually. Nevertheless, the problem persists.

RECOMMENDATION 8: The Bureau of European and Eurasian Affairs should periodically recirculate the press division's standard operating procedures via the "All EUR" collective address and also should post them on the bureau's permanent intranet site where they will be seen readily. (Action: EUR)

As a final step before press guidance is delivered to PA each morning, the press division obtains clearances from the EUR front office. In practice, this usually means clearance is given by the DAS responsible for the country, region, or issue that the guidance addresses. At present, however, the DAS responsible for PD is almost never in the clearance chain.

The work requirements statement for the PD DAS assigns this position special responsibility for helping shape views on U.S. policies toward Europe. Arguably, no activity does more to shape these perceptions than the guidance that is prepared by the bureau and conveyed to the press and public through Department spokespersons.

RECOMMENDATION 9: The Bureau of European and Eurasian Affairs should include the deputy assistant secretary responsible for press and public diplomacy in the clearance process for all bureau press guidance. (Action: EUR)

The press division falls organizationally under PPD, whose director rates the press chief. The division operates with considerable autonomy, however, and the PPD director exercises little direct oversight. Neither the PPD director nor either of the PPD deputies clears (or necessarily even sees) the daily draft press guidance, even though the guidance is the press division's principal activity. In addition, PPD does not directly oversee the press division's important outreach activities, including public affairs scheduling for the Assistant Secretary. Also, because of the concentration of activity in the press division during the morning hours, neither the chief nor anyone else from the division normally attends PPD's daily staff meetings.

Good management practice calls for a reasonable measure of direct oversight by supervisors of offices formally under their charge, which is lacking in this case. The OIG team recommends that EUR/PPD/Press be removed from EUR/PPD and placed under the direct supervision of the PD DAS, who thus would become the rating officer for the press division chief. The DAS already has more regular dealings with the press division than does the PPD director. He attends daily senior staff meetings, for example, where the press chief regularly briefs attendees on important news developments and outreach planning. By contrast, the PPD director attends only some of these meetings. The DAS would gain an even better perspective on the press division's work if he routinely cleared the daily press guidance, as is separately recommended in this report. The PPD director, as noted, plays no consistent role in the clearance process.

RECOMMENDATION 10: The Bureau of European and Eurasian Affairs should remove the Division of Press and Outreach from the Office of Press and Public Diplomacy, and place it under the direct supervision of the deputy assistant secretary responsible for public diplomacy. (Action: EUR)

RESOURCE MANAGEMENT

Agency	Foreign Service	Civil Service	Contractor	Total Staff	Total Funding FY 2010
EUR Human Resources (FY 2010)					
EUR – Domestic	168	155	59	382	
EUR – Overseas	1,863	9,661*		11,524	
Totals	2,031	9,816	59	1,906	
EUR Budget Resources (FY 2010)					
Diplomatic and Consular Programs					\$265,931,000
ICASS					244,470,000
Domestic operations					25,852,000
Public Diplomacy (Diplomatic and Consular Programs)					64,848,000
Representation					2,743,000
Totals					\$603,844,000

*3 Civil Service Employees on Excursion Tours

EUR’s chief resource concern is the projected budgetary constraints expected in FY 2011 and beyond, and the resulting operational impact. Its FY 2012 BSRP identifies potential consequences, including the inability to provide EUR posts with the requested 29 U.S. direct-hire positions.

As discussed in the IT section of this report, the consolidation of IT services under IRM appears to have diminished service quality in EUR, resulting in widespread dissatisfaction with IT operations and IRM support within EUR.

The bureau reports that over the past 5 years it has lost approximately 70 overseas positions. As noted earlier, as part of a 2008 streamlining effort, EUR’s domestic operation merged the Office of United Kingdom, Benelux, and Ireland Affairs with the Office of Western European Affairs, producing a much larger office. It also merged the Office of Austrian, German, and Swiss Affairs with the Office of North Central European Affairs, creating a large, new office, the Office of Central European Affairs.

MANAGEMENT INITIATIVES

The bureau has instituted a number of management initiatives to address resource challenges and/or improve overall efficiencies in operations, including:

- *Post-to-Post Partnerships* identify missions with strong resources and capabilities that can provide services to embassies with less capacity. For example, Embassy Podgorica receives human resources and financial management support from Embassy Zagreb, and facilities management support from Embassy Belgrade. It also receives classified IT support through thin client from Embassy Vienna. An International Cooperative Administrative Support Services (ICASS) mechanism is being tested that will allow the mission that provides support to bill the client mission for its services.
- *Regional Warehousing* identifies areas where a regional warehouse could serve multiple missions. Embassies Vienna and Brussels are examples of two missions providing regional warehousing support to neighboring missions.
- *Just-in-Time Furniture* delivers furniture to participating missions at the time they are needed in residences. As a result, furniture and appliances spend little or no time in warehouses. In exchange for their advanced planning efforts, posts receive furniture and appliances in accordance with fixed replacement cycles. This initiative has enabled Embassies Athens, Tallinn, Vilnius, and Zagreb to shut down their leased warehouses; Embassies Copenhagen and Riga have reduced their warehouse space by half.

JOINT EXECUTIVE OFFICE: OVERVIEW

JEX is headed by the executive director, and two deputy directors oversee six divisions: post management, financial management, information management, human resources, general services, and the customer support center. The office is staffed by 21 Foreign Service officers, 50 Civil Service employees, and 17 contract employees. For EUR alone, JEX supports 50 overseas missions and 31 constituent posts, including EUR's 1,863 U.S. direct-hire positions and approximately 10,000 locally employed staff members. Domestically, JEX supports about 500 positions.

The executive director and two deputy directors of JEX, all newly arrived, are seasoned officers. Filling key positions and integrating JEX offices are among their highest priorities. Internal and external coordination by JEX is generally good, although information sharing could be improved among the divisions of human

resources, financial management, and post management. In its process for making Foreign Service assignments, JEX has fully embraced the Department's principles of consultative staffing,² increased diversity, and Afghanistan-Iraq-Pakistan linked assignments.

Morale in JEX is uneven. The formation of the office in 2006 from elements in EUR and IO, along with its designation as a Human Resources Service Provider in 2009 and its resulting size, have left some employees feeling alienated. This problem was exacerbated when the information management division's portfolio was dissolved (due to IT consolidation) and the customer service center was broken off from the general services division. As a result, JEX has not yet come together as a cohesive unit. The new JEX management is aware of this issue and is taking active steps to address it.

JEX generally performs well in supporting both EUR and IO bureaus. As a Human Resources Service Provider working in concert with HR, JEX's human resources division also supports the Bureau of African Affairs, the Bureau of East Asian and Pacific Affairs, and the Bureau of Western Hemisphere Affairs.

The inspection identified weaknesses in some operational areas. Improvements are needed in controlling purchase card reconciliations and travel order and voucher processing. The office's financial management division needs standard operating procedures for the overseas and domestic teams' processes and workflow.

Establishing standard operating procedures is especially important, given the turnover in staff and staffing gaps the financial management division has experienced. Staffing gaps also plague the human resources division. The divisions are viewed throughout the bureau as competent and engaged, but both are operating without permanent senior managers. EUR is taking appropriate action to remedy this situation. The topic of staffing gaps is further addressed in the management controls section of the report.

Regionalization

The Regional Support Center (RSC) Frankfurt is JEX's regional operation. It provides on-site assistance in consular affairs and financial and human resource management, to approximately 40 posts located in Europe, the Middle East, South Asia, and Africa. Training programs are conducted at the RSC and at supported

² Consultative staffing is a process whereby functional bureaus with an interest in certain overseas positions within their area of expertise are consulted and have an opportunity to participate in the assignments process.

posts, mostly for locally employed staff. The Bureau of Near Eastern Affairs recently asked EUR for a stake in RSC Frankfurt; the two bureaus are in the process of discussing the details of such a cooperative relationship.

HUMAN RESOURCES DIVISION

Domestic Section

The human resources division's domestic section performs adequately, and its customers are generally satisfied. It is a Human Resources Service Provider for Civil Service and Foreign Service employees in its parent bureaus, EUR and IO, as well as for Civil Service employees in the Bureaus of African Affairs, East Asian and Pacific Affairs, and Western Hemisphere Affairs. For overseas missions, the section is responsible for position management and benefits, and it administers the awards program and the employer/employee relations program for Foreign Service and eligible family member employees. Domestically, the section creates vacancy announcements, administers employer/employee relations programs, and provides performance evaluation services for Civil Service and Foreign Service employees.

In 2008, JEX became a Human Resources Service Provider, offering Civil Service classification and staffing services to client bureaus. The section still is adjusting to its new role and the Department's goal to shift delivery of human resource services from Washington to the service center in Charleston, South Carolina, which began processing benefits for the parent and client bureaus in October 2010. This is a very small part of the section's workload and will not result in staff reduction. Further service transfers and staff reassignments are anticipated, but nothing is on the horizon.

Client feedback is mixed. Many aspects of service are well received by customers, but there are concerns. All client bureaus have been served under executed service level agreements, but two of the agreements have a 1-year term that has expired and has not yet been renewed. In one service level agreement arrangement, strong disagreements have emerged, and the parties seem unwilling to work out their differences. As a result, the service provider is frustrated that it cannot satisfy its client, and the client is troubled by the level of service. An operative written agreement and more communication would go a long way to improve the relationship. (The OIG team made an informal recommendation addressing the level of service issue.)

RECOMMENDATION 11: The Bureau of European and Eurasian Affairs should execute new service level agreements with clients for whom previous service level agreements have expired. (Action: EUR)

Many in EUR see the need for a current, formal orientation program for all incoming employees. Once a year, the bureau offers an informal orientation program, which received mixed reviews by newly hired employees. Many newcomers did not attend the EUR orientation, at all, and those who took it found the program of limited utility. In addition, most officers did not take the Foreign Service Institute Washington Tradecraft course. The majority of those who did reported that it would have been more useful if it had included more practical information. The OIG team informally recommended that the bureau implement a general orientation program for new employees, to familiarize them with the Department and EUR, and that it give all new arrivals a checklist requiring them to visit each office director. In the course of the inspection, EUR management initiated actions in response to these informal recommendations.

The human resources division receives strong oversight from HR's Civil Service human resource management office. In its recent human accountability reviews of recruitment and staffing, performance management, training, and service delivery, HR found EUR's human resources division to be a well functioning organization. The 2008 report addressed performance management issues which this report discusses in the management controls section. JEX uses these HR accountability reviews to ensure that corrective actions are taken.

OVERSEAS DIVISION

Foreign Service Assignments

The human resources division's Foreign Service assignments section performs very well. It represents EUR's and IO's staffing needs and assignment preferences to the Office of Career Development and Assignments. Primary responsibility for Foreign Service assignments rests with three individuals. The Foreign Service assignments team leader is responsible for EUR senior- and mid-level political, economic and PD positions. Also, while the human resources division chief position is vacant, the team leader handles chief of mission, principal officer, and deputy chief of mission

positions. One team member is responsible for IO senior and mid-level political, economic, and PD positions. The other team member is responsible for all EUR and IO management positions, including OMS positions.

According to the human resources division, this section is a good partner in the assignments process and is willing to find workable solutions to problems. The human resources division has fully embraced consultative staffing. In the second year of implementing the consultative staffing program, functional bureaus were better prepared to participate in the process. They researched bidders and were added as points of contact – and bidders did make contact and actively lobbied for jobs. Consequently, the functional bureaus were better able to represent their staffing requirements.

HR's FY 2010 target for linked Afghanistan-Iraq-Pakistan assignments is 170. As in past years, the human resources division will fully comply with the Department's linked assignments policy. Historically, EUR accounts for approximately 20 to 25 percent of all linked assignments, so it can expect to have between 34 and 42 of these assignments in the 2011 open assignments cycle. Unlike in prior years, however, EUR is prepared to refuse linked assignments to a specific mission this year, once it can be demonstrated that the mission has done its fair share.

EUR also is attentive to the Department's call for increasing diversity through workforce planning. The bureau held several brown bag lunches with diversity groups, to raise awareness about its goal to be more inclusive. It proactively reached out to missions, desks, and HR to identify qualified diversity candidates for the current assignment cycle.

The bureau's positions are typically heavily bid, although it has eight historically difficult posts to fill. The human resources division assists these posts in a number of ways, but chiefly by encouraging bidders for positions in Moscow (who are Russian language speakers) to consider positions at one of these eight posts.

POST MANAGEMENT DIVISION

The post management division is made up of a supervisory post management officer (PMO), 10 PMOs, a coordinator for the PAE contract, an OMS, and a program assistant. By all accounts, the division is performing effectively. Morale is high and there is a high degree of camaraderie. Each of the PMOs is responsible for four to six posts, acting as the posts' liaison on management issues. Additionally, each PMO tracks and at times advances assigned functional areas. The EUR posts were generally complimentary of the support they receive from their PMO.

The complexity of PMO assignments in JEX is somewhat heightened by the number of noncareer chiefs of mission in EUR. Being new to the Department, they tend to require additional information, advice, and support.

The OIG inspectors identified several areas for improvement, which they discussed with the supervisory PMO, who agreed with them. The areas included more structured orientation of PMOs to their assignments; drafting and/or updating and use of standard operating procedures; and clarification of PMO responsibilities for functional areas.

The post management division expressed frustration with the limited information-sharing by the financial management and human resources divisions. This was particularly evident in 2009, when the post management division and the financial management division provided the executive director with differing end-of-year post funding priorities. An informal recommendation addresses the need for JEX to strengthen communications and cooperation among its divisions.

The OIG inspection team was favorably impressed with the management and oversight of the \$7 million PAE contract, which provides approximately 76 personnel to work in sensitive areas of embassies in Europe and Asia. The vast majority of the work is in Moscow. The coordinator is the contracting officer's representative for the EUR portion of the contract.

EQUAL EMPLOYMENT OPPORTUNITY

The bureau is attentive to and supportive of Equal Employment Opportunity goals and objectives, and it is hands-on in addressing these matters as they arise.

GENERAL SERVICES DIVISION

The general services division performs its duties generally well. Its activities include purchase card services, asset management, work order execution, supplies, travel, space management, and records service. The staff members are experienced and knowledgeable, and their customers praise their ability to identify areas for new offices and provide high-quality logistics support for renovating, furnishing, and equipping office space. Issues in the bureau's travel process, which cross different sections of the executive office and bureau, are discussed below and in the domestic

financial management office section of the report. Also, recommendations concerning the purchase card program are made in the management controls section of this report.

Travel Process

Arranging travel services for EUR and IO travelers is a complex process. It involves employees at every level, crosses various offices and bureaus, and includes systems that are both in and out of the Department. JEX's travel section, composed of three travel coordinators, resides in the general services division. Its function is mostly advisory, much like a travel help desk. The section's main focus is to link bureau travelers, travel arrangers, and the Department's automated travel system, E2 Solutions. The section also hosts training sessions for the bureau's travel program.

Travel arrangers, typically OMSes, are assigned to the EUR 23 offices. They assist travelers in preparing authorizations and vouchers using E2 Solutions. Data that is entered into the E2 Solutions system (usually by travel arrangers) is used in a variety of ways, including to issue tickets and to record entries in the Department's accounting system. For the process to be successful, it is critical that the travel arrangers use consistent data entry methods. Three groups approve travel authorizations and vouchers in EUR: the affected office, the travel section, and the financial management section. EUR has improved efficiency for office approvals by having three to five approvers in each of the 23 offices. However, this efficiency comes at a price: the wide variety of approvers' practices often results in errors that require additional processing.

The OIG team found that the travel process for EUR and IO needs improvement. Many travelers complained that the process is time consuming and reimbursements are unreasonably delayed. Travel authorization and vouchering procedures, which encompass many sections and offices in and outside the general services division, are marked by lack of attention to detail. Employees do not always know their roles, and travelers do not know their responsibilities. At the time of the inspection, written policies and procedures for the bureau's traveler program.

As a result of the bureau's failure to implement effective travel procedures, travelers often experienced lengthy delays in obtaining authorizations and expense reimbursement, and the bureau often committed resources that could have been put to better use. Also, the bureau's travel process had a negative impact on employee morale. In addition, E2 Solutions user errors have affected the finance office's ability to succeed in its travel program responsibilities. (See the domestic financial management section of the report.)

RECOMMENDATION 12: The Bureau of European and Eurasian Affairs should establish a written travel policy, including procedures for managing travel authorizations and travel vouchers. The policy should include delegations of authority and the elements of a valid claim. (Action: EUR)

Some delays—such as those caused by voucher rejections—could be prevented if both travelers and travel arrangers were better skilled at their respective roles in the process. The financial management division rejects an estimated 40 percent of all international travel vouchers. Lack of receipts was the number one reason for voucher rejections. Another chronic problem was the lack of necessary skills among voucher preparers. For example, preparers routinely have difficulty converting currencies. Delays from these causes can be traced to the lack of training. EUR has not placed sufficient emphasis on E2 Solutions training.

RECOMMENDATION 13: The Bureau of European and Eurasian Affairs should require employees to have formal travel program training in the bureau and also take E2 Solutions training at the Foreign Service Institute before they are assigned travel arranger responsibilities. (Action: EUR)

CUSTOMER SUPPORT CENTER DIVISION

The customer support center provides clients of JEX services their first point of contact in JEX. Service provision is adequate. The division consists of a chief, two program specialists, a budget technician, and the three OMS rovers. It processes incoming employees to EUR and IO providing them with office space, phones, cell phones, and computers, and helping them obtain ID badges, visas, and passports. Additionally, it manages the OMS rover program, which is intended to provide temporary assistance to all Department-based EUR and IO offices. Most of the work requests the division initiates are accomplished either by or through JEX's other divisions.

As noted, this division currently has three OMS rovers, one of whom manages JEX's front desk and occasionally performs OMS rover duties. The customer support center division is compiling data to determine whether additional OMS rover resources are necessary. Anecdotal information obtained during the inspection suggests that this data will support adding OMS rovers. One of the division's OMS rover positions currently is vacant.

FINANCIAL MANAGEMENT DIVISION

The financial management division provides adequate services to EUR and IO domestic and overseas offices. It is responsible for managing the resources allocated to EUR for its programs and operations. Led by a chief budget officer supported by a staff of 11 full-time employees, the division's duties include preparing EUR budget submissions to the Bureau of Resource Management; developing funding requirements for EUR's BSRP; managing, allocating, and monitoring EUR's overseas and domestic allotments; and providing guidance to overseas posts on Department financial management policies and procedures. Much of the staff's work involves compiling and analyzing financial data. Office of Management and Budget guidance for FY 2012 not only instructs agencies to reduce spending across the board but also aims to restructure operations strategically. The financial management staff currently is engaged with EUR's front office to implement this guidance.

The division is organized into three teams: overseas, domestic, and contributions. For FY 2010, it manages about \$604 million: \$25.8 million for domestic; \$513.1 million for overseas (which includes reimbursements received from other agencies for overseas management support); and another \$64.8 million for PD. EUR receives representation funds of \$42,000 for domestic use and \$2.7 million for overseas use, as well as about \$866 million in foreign assistance, most of which is implemented by USAID and other Department bureaus. EUR implements about \$85 million, which is executed by the financial management division.

This division is currently in flux. Its most pressing issue has been staffing gaps and absences over the past few years. Continuity and consistency in leadership positions also have been intermittent. These staffing gaps have especially plagued the overseas and domestic teams. As a result, relatively new employees were left on their own to learn about routine processes, Department regulations, and financial applications. Day-to-day work has been getting completed, but at a cost to the well being and morale of the staff, some of whom have worked long hours to keep up with demands. Attention to other important EUR initiatives and planning also has taken a backseat to responding to immediate taskings.

Adding to the problem is that the division employees work with various Department databases—including the global financial management system, ICASS global database, and various Bureau of Resource Management financial applications—which require downloading data and reformatting to respond to frequent data calls from the Bureau of Resource Management, because standardized reports are not readily available. Despite the understaffing and turnover, the financial management division's staff has good working relationships with other Department bureaus and offices, both internally and externally, and with EUR posts. However, the work could be done more efficiently and thoroughly if the staffing gaps were eliminated. Addressing

staffing gaps is critical to strengthening internal controls over operations and improving efficiencies and customer service; EUR management acknowledges this and is taking appropriate action.

JEX management addressed the lack of continuity in the division's leadership, by using the bureau's Civil Service Professional Development Rotation pilot program to bring in a GS-14 foreign affairs officer from the Office of Policy and Global Issues to serve for a year as chief budget officer. The consistent leadership seems to be improving productivity and morale in the division. However, during the OIG inspection, the deputy chief position unexpectedly became vacant, and the bureau once again is challenged with filling another leadership position. Current JEX management has sought the Bureau of Resource Management and HR support in identifying and bringing on an experienced temporary duty deputy budget officer for 5 months, to fill the position until the next bidding cycle. The team also appears to be addressing long- and short-term issues in the financial management section, recognizing that the division needs experienced personnel to plan for the immediate and projected budget realities facing the Department. The OIG team agrees that EUR should continue these efforts.

One area needing improvement in the financial management division is the lack of standard operating procedures for the overseas and domestic teams. This issue is discussed later in this report, in the Management Controls section.

Overseas Team

An FS-02 deputy budget officer leads the overseas team, supported by three positions (FS-02 and FS-03 budget officers, and a GS-14 budget analyst). The deputy also fills in during the chief's absences. During the past year, two positions on the overseas team have been vacant. The overseas team is responsible for providing support to 56 EUR posts and 7 posts in IO. It also handles diplomatic and consular programs, ICASS, and representation funding. Other duties include setting financial targets; developing financial plans for EUR and IO; and issuing and tracking allotments, including cost of living allowances, educational allowances, and locally employed staff wage increases. The team is in contact with post financial management officers daily, dealing with a myriad of issues, such as handling locally employed staff pension and medical benefit plans, funding new positions, reconciling Secretary of State and White House travel, and processing reimbursements from other agencies. The team also regularly responds to requests from the EUR and IO front offices, as well as from JEX and the Bureau of Resource Management. The current team has performed these responsibilities adequately — but not without a toll on the staff, due to turnover and gaps in the section. The RSC Frankfurt staff has assisted the overseas team throughout the year with some of these taskings. An experienced WAE senior financial management specialist will fill in the deputy position upon the departure of the incumbent.

Domestic Team

The domestic team, led by a GS-14 budget analyst supported by a staff of three, generally performs well in carrying out its duties. These duties include processing EUR and IO travel, EUR domestic representation, and other domestic expenditures totaling about \$28 million. This team is also responsible for planning and executing EUR's special accounts, such as bureau-managed foreign assistance accounts, ICASS, Foreign Service national separation liability trust fund, and gift funds. The staff also handles funds held domestically for overseas posts (for example, for the Art in Embassies program or OSCE expenses). One shortcoming of this office is its lack of standard operating procedures, especially for the responsibilities of a long-term employee who will soon retire. In light of this division's recent staff turnover, it is important that it have standard operating procedures in place, particularly for this position. This issue is discussed further in the Management Controls section of the report.

Another area needing improvement is the review of unliquidated obligations. The domestic team reviews the status of obligations reports on a quarterly, rather than monthly, basis and intermittently throughout the year. The OIG team informally recommended that the section review its unliquidated obligations and obligated balances more frequently. The section was short-handed during the last yearend push and found the period challenging. As the new budget analysts adjusted to the office, backlogs receded and accounts are now in reasonable shape. A number of unliquidated obligations relating to Department hiring contracts in ACE remained outstanding. These could easily be cleared. The financial management division needs to improve coordination between its domestic team and ACE. The OIG team made an informal recommendation addressing this issue.

Managing travel obligations will always create a large workload, and it often will have to be given top priority. The section directs much of its energy to EUR's and IO's travel processes. The OIG team recommended informally that the financial management office could achieve greater efficiency by allowing analysts to telework, to focus exclusively on travel accounting. (See the Travel Process and Management Controls sections of this report for formal recommendations regarding travel process policy and procedures.)

Contributions Team

The staff of three on the contributions team processes payments from international organizations accounts to the respective international organizations. The team handles execution for about \$2.2 billion in funds for U.S. contributions to United Nations (UN) peacekeeping activities, and \$1.7 billion for U.S. contributions to the UN and approximately 47 other international organizations. It also processes

payments for about \$390 million for voluntary contributions to multilateral organizations and activities supporting U.S. priorities, including the UN Development Fund and the UN Children's Fund.

The contributions team performs its duties adequately. The experienced and knowledgeable staff members worked in these same positions in IO prior to the consolidation of EUR and IO, and they work well with other JEX staff. Their responsibilities include providing regular reports on the status of funds to the IO managers with whom they work closely. The unit has standard operating procedures for its processes and the two databases it uses to manage payments. The OIG inspection team could not verify checks and balances in IO, but EUR and the Bureau of Resource Management appear to oversee the unit's general processes. Once the financial management division is fully staffed and stabilized, JEX management should consider cross training the contributions team on EUR's international organization appropriations allotments, to increase the section's knowledge and enhance career development. During the inspection, EUR discussed implementing this suggestion.

INFORMATION MANAGEMENT

The information management division is making concerted efforts to be proactive and customer-oriented. Following IT consolidation in 2008, IRM has been providing desktop support services. EUR's information management division handles a wide range of roles related to IRM's provision of these services, such as coordinating IRM's efforts to meet bureau customer needs; conducting development activities for the SharePoint environments; and acting as a liaison between EUR and the posts (for instance, with regard to ordering equipment for the posts or reporting to IRM on systemic IT issues at overseas posts).


Information Technology Consolidation

Two years after EUR'S consolidation of desktop services with IRM, growing pains remain. EUR staff described a number of issues concerning IRM's customer service, including poor technical support, misrouted trouble tickets, excessive delays in resolving trouble tickets, and apparent limitations in the overall knowledge and technical ability of the IRM technicians. (The OIG team experienced some of these difficulties firsthand, when it experienced network access problems in its assigned work space. EUR had noted similar issues in during OIG's 2009 evaluation of the IT consolidation program.)

The misrouting of trouble tickets by IRM is fairly common. Each time a staff member receives a misrouted ticket, he or she must take time to research the issue, to reroute the ticket correctly. Moreover, there have been numerous instances when IRM technical staff have been unable to resolve relatively simple troubleshooting tasks, and instead have recommended replacing the equipment — whereupon out-of-scope information management personnel reportedly were called in to fix the problems. They were able to do so with little ado; nevertheless, they were diverted from their primary responsibilities. EUR staff also questioned IRM's apparent practice of opening multiple trouble tickets on the same issue, such as when issuing a hard drive, and even suggested that IRM technicians are doing so solely to improve their performance benchmarks.

Meanwhile, IRM has not been clear about defining which staff members have which information management responsibilities. For instance, information systems security officer duties are not clearly defined, nor are they understood by the relevant parties.

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The OIG team met with the IT consolidation representatives who are responsible for liaison between EUR and IRM. The IRM representatives were aware of EUR's concerns, and indicated they have taken several corrective steps. To address the issues with trouble ticket resolution and technician abilities, the current version 3 of the service level agreement between IRM and all consolidated bureaus is being revised. IRM has formed a working group that includes representatives from the information management division, to involve the bureau in developing customer service benchmarks. Also, IRM has revised its in-scope and out-of-scope responsibilities matrix to alleviate confusion. The IRM bureau liaisons also have coordinated several face-to-face meetings with EUR senior management to discuss the bureau's concerns and collaborate on determining corrective measures.

One of IRM's overall goals in IT consolidation was to achieve economy of scale for information management staffing levels within the Department. However, as a consolidated bureau, EUR's information management staffing will show little change. As a result of consolidation, seven of EUR's information management division positions were moved to IRM; however, a recent study by the Bureau of Administration's Commercial Services Management team deemed EUR's information management office understaffed, identified two of the contractor positions as inherently governmental, and proposed an increase in personnel that would return staffing to preconsolidation levels. Thus, as far as EUR is concerned, consolidation efforts have resulted only in decreased personal attention to customers, a sharp drop in overall customer satisfaction, and the failure to realize savings.

The IT consolidation issues described by EUR staff echo many of those identified in last year's OIG evaluation report on the IT consolidation program.³ The findings of that report ranged from the lack of timeliness in resolving trouble tickets to inadequacy of training and skill levels among IRM technicians and a lack of clarity of in-scope and out-of-scope responsibilities. Additionally, last year's OIG team found inconsistent sharing of information systems security officer duties and an overall lack of communication among parties. Clearly, these issues remain.

The 2009 OIG team made several recommendations in its evaluation of the IT consolidation program. Specifically, it recommended that the chief information officer revise performance metrics for its helpdesk service contracts, to address customer complaints on timeliness and resolution of issues. It also recommended revising the training program for IRM's technicians, and clarifying in-scope and out-of-scope responsibilities for desktop services, information systems security officer duties, and asset management. The current OIG team concluded that IRM's compliance with the recommendations in that 2009 OIG report would alleviate the problems still being experienced by EUR and other consolidated bureaus. Recommendations made in the 2009 report remain open and require IRM compliance actions.

Telecommunications, Wireless, and Data Services

EUR receives its voice and data connectivity from the Telecommunications, Wireless, and Data Services Division (TWD) within IRM. The relationship between TWD and EUR's information management office is strained. The OIG team heard numerous accounts of TWD's poor customer service and exorbitant monthly rates for items such as network switches.

In discussions with EUR and TWD personnel, the OIG team observed a lack of clarity about where responsibility lies for providing, maintaining, and documenting bureau telecommunications infrastructures. This lack of clarity includes diagrams and location documentation for data ports and circuitry, as well as access rights to switch closets, and even which office moves furniture to allow access to data ports. Also, there was confusion over whether connectivity was being initiated/terminated via electronic consoles or physically at the patch panel, and by whose authorization. Both EUR and TWD have attempted to arrange meetings to resolve the confusion, but with limited success. Toward the end of this inspection, the OIG team prompted TWD and EUR IM representatives to hold a meeting. This meeting helped promote communication between both parties; however, questions regarding processes and procedures remained unanswered, thus preventing a long-term resolution to the problems.

³ *Evaluation of the Information Technology Consolidation Project at the Department of State*, Report Number AUD/IT-10-11, January 2010.

RECOMMENDATION 14: The Bureau of Information Resource Management should clarify the roles and responsibilities of the Bureau of European and Eurasian Affairs and the Bureau of Information Resource Management, with regard to telecommunications, wireless, and data services, including which entity is responsible for installation, wiring diagrams, access rights, and service change requests for all consolidated bureaus. (Action: IRM)

The OIG team noted errors in voice circuit billing and poor billing formats that make reconciliation efforts exceedingly difficult. In the case of voice circuits, EUR is being charged monthly for several phone lines that are invalid numbers. Because of such errors, EUR undertook to identify anomalies in their monthly bills. The EUR general services division surveyed the bureau to identify active phone lines, then reconciled that list with the lines identified on its billing statements. So far, EUR has identified at least 365 lines for which it is being charged that are not currently in use; many of these discrepancies may be related to the numerous office moves the bureau recently has undergone. However, by identifying and rectifying these billing errors, EUR will save approximately \$150,000 annually.

EUR has not completed a comparable study for data circuits, but conducting such a study would be difficult for a variety of reasons. The data port billing statements are more complex and cannot be sorted easily. It also is more labor intensive to check the viability of data circuits than it is to confirm whether phone lines are active. Moreover, the billing statements detail only one data port per page, resulting in a 500-page monthly bill from TWD, which effectively acts as a disincentive to close scrutiny. In addition, although the bill is handled by the general services division, the knowledge of which ports are active is dispersed among various information management division staff, contractors, and IRM personnel.

In accordance with 5 FAM 527, bureau executive officers should review monthly telephone service statements for accuracy of charges and to seek repayment for unapproved telephone charges. Further, executive officers should review telephone inventories annually to validate the need for equipment installed within their bureaus in attempt to eliminate unnecessary telecommunications expenses.

RECOMMENDATION 15: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Information Resource Management, should complete a thorough review of telecommunications circuit billing, to reconcile current charges against the actual, active infrastructure, determine any discrepancies, and take corrective steps as needed. (Action: EUR, in coordination with IRM)

Systems Development Life Cycle

EUR's information management office has neither established nor implemented a systems development life cycle (SDLC) methodology. In accordance with 5 FAH-5H-210, the Managing State Projects or similar life cycle methodology should be deployed to manage all IT system development projects with a systematic framework with tailoring options and control gates for management review. While most of the office's current development activities are performed within a SharePoint environment with an established structure, it is important to deploy a rigorous process. A properly documented and enforced SDLC methodology would provide assurance that all bureau-specific applications and systems are adequately documented, with proper management and security controls in place.

During the inspection, the OIG team found that systems documentation was not easily accessible—often because either the documentation did not exist, or the staff was unfamiliar with particular systems' presence and purpose. A properly existing methodology makes such documentation readily available. According to the unit's director, the information management division needs an SDLC process, and the staff is working on its development.

RECOMMENDATION 16: The Bureau of European and Eurasian Affairs should develop and implement a systems development life cycle process.
(Action: EUR)

SECURITY PROGRAM

The JEX security program is administered by a bureau security officer, who is a Civil Service employee in the Bureau of Diplomatic Security's division of information security, programs, and applications. This individual is one of ten bureau security officers directly supporting the Department's geographic and functional bureaus. The bureau security officer program was created in 2004 to provide subject matter experts in all matters concerning internal bureau security. The officers develop, implement, and advise on procedures and controls for safeguarding classified and administratively controlled information, and they enforce all associated security regulations. In addition, JEX has one principal unit security officer and 15 primary and alternate unit security officers at the directorate or equivalent level.

The JEX bureau security officer takes a proactive approach to security, has the full backing of the executive office, and is well integrated into the JEX workforce. The officer sends out security directives via email, particularly before weekends and holidays, to remind personnel to properly secure classified hard drives and check work areas for classified and Sensitive But Unclassified (SBU) material.

In general, EUR staff members take personal security awareness seriously. The unit's security officers enforce use of the "buddy system" for double checks of colleagues' work areas. The JEX director is immediately informed of any security violations discovered during after-hours inspections. JEX makes a team effort to keep violations to a minimum: the bureau security officer is included in the JEX in- and out-processing procedures, so that Sensitive Compartmented Information (SCI) requests/transfers/debriefs are completed and mandatory security training is scheduled. The bureau security officer also executes safety programs. During the course of the inspection, for example, the OIG team participated in a fire drill in the Harry S Truman Building and observed that EUR and IO evacuation plans are complete, and the exercise was conducted smoothly and without incident.

Security Incident Program

The JEX security incident program is well managed. As set forth in 12 FAM 553.1 a., and 12 FAM 556 a., security incidents must be reported to the Bureau of Diplomatic Security for adjudication. Security infractions and violations have been declining, as shown by the following table:

	2008	2009	2010 (to date)
Infractions:	9	7	4
Violations:	0	0	0
Validated:	3	0	1

The Bureau of Diplomatic Security determined that only one infraction was validated, and it did not result in a possible or actual compromise of information. As the record attests, the bureau security officer has done an excellent job applying internal security controls to protect sensitive and classified material within JEX. Security incidents are processed and adjudicated expeditiously, in coordination with the Office of Information Security's division of programs and applications.

Annual Security Refresher Briefing

In accordance with 12 FAM 564.2, all functional bureaus within the Department must provide, at a minimum, annual security refresher training for personnel having continued access to classified information. This is one of many tools used

to prevent personnel from becoming indifferent to good security practice. With the assistance of the Bureau of Diplomatic Security, JEX conducts an annual, combined security/counterintelligence refresher. Of the approximately 345 EUR and IO domestic employees, 80 percent have completed the required training; JEX schedules make-up classes to enable the bureaus to strive for 100 percent compliance.

Annual Review of Classified and Sensitive But Unclassified Hardcopy Material

The JEX director has authorized downtime of 1 hour semiannually for all personnel to review and purge all accumulated SBU and classified material that is no longer required—a process that is informally termed “summer cleaning.” This procedure reduces the likelihood of an inadvertent compromise of national security or sensitive information.

Special Security Representative

In accordance with the Director, Central Intelligence Directive 6/1, Section 5.2, a special security representative shall be appointed for any organization that has a subordinate SCI facility. The special security representative will ensure that proper SCI security policy and procedures are implemented for SCI information and physical security controls of the SCI facility itself. This information also must be provided to the special security operations division of Bureau of Diplomatic Security’s Office of Information Security.

According to the special security operations division, JEX has special security representatives on written orders for each bureau, all of whom are current in their special security representative training. All EUR and IO SCI facilities are in compliance with Director of Central Intelligence Directive 6/9, based upon the last inspections. Two of EUR’s facilities are currently due for their periodic inspection by the special security operations division; the division will schedule upcoming inspections. IO is currently up to date on its inspections.

MANAGEMENT CONTROLS

EUR's management controls program is headed by one of JEX's deputy executive directors. On August 23, 2010, EUR submitted the Assistant Secretary's annual Management Control Statement of Assurance, which identified specific, potential material weaknesses and/or deficiencies at 12 overseas missions, along with the status of corrective actions. The submission did not identify management control weaknesses in EUR's domestic operations, even though a recent risk assessment exercise had noted several areas of concern. These concerns included (a) the need to create and use standard operating procedures, workflow charts, and schedules for preparing work commitments, and (b) the need to enter this information into the ePerformance database. The OIG team also identified these weaknesses, which are addressed in more detail below.

TRAVEL VOUCHERS

Processing travel documents has been a challenge for the financial management division. Since EUR and IO programs require extensive travel, the domestic team spends a lot of time on travel-related work. The previous yearend brought what one analyst described as 50 pages of unliquidated obligations relating to uncompleted travel vouchers. After a concerted effort by the financial management division and GSO travel section, this number was brought down to a reasonable level. However, most travelers do not complete vouchers in a timely manner, and the bureau does not enforce the Department's standard that vouchers be completed within 5 days from the travel ending date (4 FAM 465.1). As a result, the related obligations stay on the books longer than is necessary.

RECOMMENDATION 17: The Bureau of European and Eurasian Affairs should disseminate a management notice reminding travelers of their responsibility to file travel vouchers within 5 days from the travel ending date and stating sanctions for late filers, and track compliance. (Action: EUR)

PURCHASE CARD PROGRAM

The executive director of JEX has not adequately assumed the role of coordinator for the bureau's purchase card program, as prescribed by the Department's *Worldwide Purchase Card Program Manual*. As a result, EUR's purchase card program does not comply with Department standards, and the bureau cannot be sure its transactions are free from error or misstatement.

Monthly account reconciliations are a cornerstone of the Department's purchase card program. Although EUR's cardholders have prepared reconciliations, the approving official has not consistently submitted the monthly approval and reconciliation to central accounting, as is required by the *Worldwide Purchase Card Program Manual*. Nevertheless, the Bureau of Resource Management's central accounting office continues to make purchase card payments. Further, the OIG team found no evidence that the bureau program coordinator has completed purchase card annual reviews. The review process monitors compliance with policy and procedures, enhances oversight to prevent fraud, and raises awareness by highlighting areas that need improvement. The failure to implement these control measures has persisted over a considerable period of time, which has impaired the bureau's control environment.

RECOMMENDATION 18: The Bureau of European and Eurasian Affairs should disseminate a written policy for its purchase card program, underscoring the executive director's role as program coordinator and listing the roles and responsibilities of program participants. (Action: EUR)

RECOMMENDATION 19: The Bureau of European and Eurasian Affairs should complete the approving official review of monthly purchase card reconciliations and transmit the records to the Bureau of Resource Management. (Action: EUR)

RECOMMENDATION 20: The Bureau of European and Eurasian Affairs should complete the purchase card annual review for fiscal year 2010. (Action: EUR)

PERFORMANCE MANAGEMENT

The 2008 report of the human accountability review conducted by HR's Office of Resource Management and Organization Analysis cited a breakdown in EUR's documentation of performance evaluations for the bureau's Civil Service employees. The bureau has made progress, but 9 months after EUR's documentation was due, 7 out of 117 of the Civil Service performance evaluations were outstanding, and 5 out of 117 of the work commitments were outstanding. In addition, all completed evaluations were delivered to the central HR office after the deadline. The OIG team found similar problems with IO's Civil Service employee evaluations; some IO employees had not even been assigned raters for the current cycle.

The performance evaluation function is important for administering a personnel system and building employee morale. The OIG team recommended informally that the bureau remind employee raters that they are required to complete all evaluations and submit them in to the central HR office by the deadline. Reporting requirements for unreported and late Civil Service performance evaluations under 3 FAH-1 H-2825.4 were not met.

RECOMMENDATION 21: The Bureau of European and Eurasian Affairs should submit a delinquent raters list identifying both delinquent raters and Civil Service employees whose performance evaluation reports were late or not prepared. (Action: EUR)

STANDARD OPERATING PROCEDURES

EUR lacks standard operating procedures for the financial management division's overseas and domestic teams. This shortcoming is longstanding and significant, given the division's turnover in staff. In the 2001 OIG report, inspectors recommended that EUR document standardized procedures for recurring financial management control activities in the budget office. EUR responded that it was updating its handbook of standardized procedures, and the recommendation was closed. However, the current inspectors found that standard operating procedures either were still in the early stages of development or could not be found. Financial management division staff attributed this problem to the turnover and gaps in office staffing and their need to respond to short turnaround requests while carrying out day-to-day responsibilities.

RECOMMENDATION 22: The Bureau of European and Eurasian Affairs should establish written standard operating procedures for the financial management division's overseas and domestic teams. (Action: EUR)

LIST OF RECOMMENDATIONS

RECOMMENDATION 1: The Bureau of European and Eurasian Affairs should conduct a top-to-bottom review of functional portfolios, reducing their overall number and reallocating them accordingly among the relevant offices. (Action: EUR)

RECOMMENDATION 2: The Bureau of European and Eurasian Affairs, in coordination with the Office of the Legal Adviser, should establish specific benchmarks in the resolution of Holocaust era-related issues that, when reached, would lead to the phasing out of the Office of the Special Envoy for Holocaust Issues and absorption of its remaining elements into other Department offices. (Action: EUR, in coordination with L)

RECOMMENDATION 3: The Bureau of European and Eurasian Affairs should designate a second office to fall under the responsibility of the deputy assistant secretary responsible for the Office of South Central Europe. (Action: EUR)

RECOMMENDATION 4: The Bureau of European and Eurasian Affairs should instruct bureau policy offices and the Office of Press and Public Diplomacy to reach agreement on core work requirements for public diplomacy embedded officers before they begin their assignments. (Action: EUR)

RECOMMENDATION 5: The Bureau of European and Eurasian Affairs should create a new public diplomacy embedded position in the Office of Caucasus Affairs and Regional Conflicts, and leave the incumbent who is now covering that office with responsibility only for the Office of Southern European Affairs. (Action: EUR)

RECOMMENDATION 6: The Bureau of Resource Management, in coordination with the Under Secretary for Management, the Under Secretary for Public Diplomacy and Public Affairs, and the Bureau of European and Eurasian Affairs, should assess the implications of the new Strategic Framework for Public Diplomacy for the planning process for public diplomacy activities in the Bureau of European and Eurasian Affairs. (Action: RM, in coordination with M, R, and EUR)

RECOMMENDATION 7: The Bureau of European and Eurasian Affairs should amend the standard operating procedures of the Division of Press and Outreach, to make clear that the division is responsible for all requests to facilitate interviews in the bureau coming from European media representatives, whether they are based in the U.S. or in Europe. (Action: EUR)

RECOMMENDATION 8: The Bureau of European and Eurasian Affairs should periodically recirculate the press division's standard operating procedures via the "All EUR" collective address and also should post them on the bureau's permanent intranet site where they will be seen readily. (Action: EUR)

RECOMMENDATION 9: The Bureau of European and Eurasian Affairs should include the deputy assistant secretary responsible for press and public diplomacy in the clearance process for all bureau press guidance. (Action: EUR)

RECOMMENDATION 10: The Bureau of European and Eurasian Affairs should remove the Division of Press and Outreach from the Office of Press and Public Diplomacy, and place it under the direct supervision of the deputy assistant secretary responsible for public diplomacy. (Action: EUR)

RECOMMENDATION 11: The Bureau of European and Eurasian Affairs should execute new service level agreements with clients for whom previous service level agreements have expired. (Action: EUR)

RECOMMENDATION 12: The Bureau of European and Eurasian Affairs should establish a written travel policy, including procedures for managing travel authorizations and travel vouchers. The policy should include delegations of authority and the elements of a valid claim. (Action: EUR)

RECOMMENDATION 13: The Bureau of European and Eurasian Affairs should require employees to have formal travel program training in the bureau and also take E2 Solutions training at the Foreign Service Institute before they are assigned travel arranger responsibilities. (Action: EUR)

RECOMMENDATION 14: The Bureau of Information Resource Management should clarify the roles and responsibilities of the Bureau of European and Eurasian Affairs and the Bureau of Information Resource Management, with regard to telecommunications, wireless, and data services, including which entity is responsible for installation, wiring diagrams, access rights, and service change requests for all consolidated bureaus. (Action: IRM)

RECOMMENDATION 15: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Information Resource Management, should complete a thorough review of telecommunications circuit billing, to reconcile current charges against the actual, active infrastructure, determine any discrepancies, and take corrective steps as needed. (Action: EUR, in coordination with IRM)

RECOMMENDATION 16: The Bureau of European and Eurasian Affairs should develop and implement a systems development life cycle process. (Action: EUR)

RECOMMENDATION 17: The Bureau of European and Eurasian Affairs should disseminate a management notice reminding travelers of their responsibility to file travel vouchers within 5 days from the travel ending date and stating sanctions for late filers, and track compliance. (Action: EUR)

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RECOMMENDATION 21: The Bureau of European and Eurasian Affairs should submit a delinquent raters list identifying both delinquent raters and Civil Service employees whose performance evaluation reports were late or not prepared. (Action: EUR)

RECOMMENDATION 22: The Bureau of European and Eurasian Affairs should establish written standard operating procedures for the financial management division's overseas and domestic teams. (Action: EUR)

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.

Coordination and Clearance

Some EUR offices feel that the Office of Policy and Global Issues' coordination of routine legislative affairs actions (for example, the confirmation process) adds an unnecessary bureaucratic layer to the process. Items uniquely applying to an office should have direct referral, with front office or Office of Policy and Global Issues followup, to the affected office.

Informal Recommendation 1: The Bureau of European and Eurasian Affairs should review and reallocate coordination responsibilities for routine legislative affairs issues directly to the responsible office.

Office of Regional Security and Political Military Affairs

RPM is the lead office on NATO issues in EUR. However, the Office of Policy and Regional Affairs has responsibility for NATO nuclear weapons posture and missile defense issues. This overlap borders on duplication.

Informal Recommendation 2: The Bureau of European and Eurasian Affairs should clearly delineate the respective responsibilities of the Office of Regional Security and Political Military Affairs and the Office of Policy and Regional Affairs.

Office of South Central European Affairs

The office deputy director arrived during the inspection, and the DAS was also newly assigned. When the office director resumed her former position, following several extended periods as the acting DAS, desk officers were unclear about lines of authority and responsibility.

Informal Recommendation 3: The Office of South Central European Affairs should give priority to delineating lines of responsibility and supervision between the office director and the deputy office director.

Office of Press and Public Diplomacy

PPD has a biweekly, expanded staff meeting with representatives from the Department's two principal PD offices, IIP and ECA. While this meeting serves a useful purpose, it does not provide an opportunity to focus closely on priority PD issues or to engage IIP and ECA in developing strategies and marshaling resources to address them.

Informal Recommendation 4: The Bureau of European and Eurasian Affairs should organize small, targeted meetings or working groups among the Office of Press and Public Diplomacy, Bureau of International Information Programs, and Bureau of Educational and Cultural Affairs to develop strategies and marshal resources to address bureau public diplomacy priorities.

Human Resources Division

Client bureaus have been served under service level agreements that specify service levels and the roles and responsibilities. In one arrangement, strong disagreements have emerged, but the parties have not shown a willingness to engage for solutions.

Informal Recommendation 5: The Bureau of European and Eurasian Affairs should instruct its human resources section to reach out to clients on service disputes and resolve differences.

Orientation

New employee orientation is informal in EUR, consisting mainly of filling out forms in the human resources section and leaving more central matters, such as touring the Department and meeting bureau principals, to a new employee's office.

Informal Recommendation 6: The Bureau of European and Eurasian Affairs should develop and implement a centralized orientation program with specific steps that introduce new employees to the Department and all the elements of the bureau.

Informal Recommendation 7: The Bureau of European and Eurasian Affairs should implement, as part of the new arrivals checklist, a requirement that each entrant pay an introductory call on his or her office director, and receive instruction from the staff assistants in the EUR front office on correct preparation of documents.

Foreign Service Assignments

The post management division is frustrated by the lack of information from both the financial management division and the human resources division in planning for new Foreign Service assignments.

Informal Recommendation 8: The Bureau of European and Eurasian Affairs should take steps to strengthen communications among the financial management division, the human resources division, and the post management division.

Financial Management Division

The domestic financial management team does not periodically schedule, review, and analyze obligation balances, and there are significant unliquidated obligations for domestic allotments.

Informal Recommendation 9: The Bureau of European and Eurasian Affairs should review unliquidated obligations monthly and prepare adequate working papers and schedules in a form suitable for review.

There are a number of unliquidated obligations relating to program contracts that could easily be cleared. There is little coordination between ACE, which handles the contracts, and the financial management office domestic team.

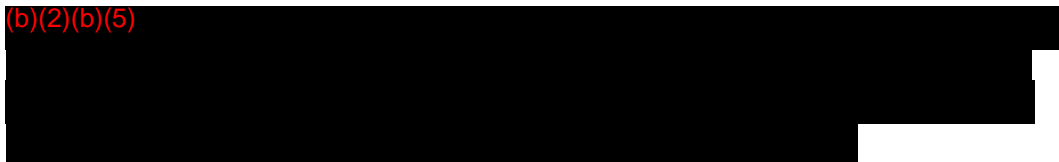
Informal Recommendation 10: The Bureau of European and Eurasian Affairs should take steps to improve coordination for clearing unliquidated obligations between the financial management section domestic team and the Office of the Coordinator of U.S. Assistance for Europe and Eurasia.

Managing travel obligations creates a large workload for the domestic financial management team and often requires priority attention.

Informal Recommendation 11: The Bureau of European and Eurasian Affairs should offer telework options when necessary, to enable budget analysts on the domestic financial management team to work exclusively on travel accounting to achieve greater efficiency.

Security

(b)(2)(b)(5)



Informal Recommendation 12: (b)(2)(b)(5)



Management Controls

For 2010, 7 percent of work commitments and performance evaluations for Civil Service employees remained outstanding 9 months after the due date. Similar circumstances existed for IO Civil Service employees. Some employees had not been assigned raters for the current cycle. The performance evaluation function is important not only in administering a personnel system but also for employee morale.

Informal Recommendation 13: The Bureau of European and Eurasian Affairs should hold supervisors accountable for completing Civil Service performance evaluations and work commitments in their own performance evaluations.

PRINCIPAL OFFICIALS

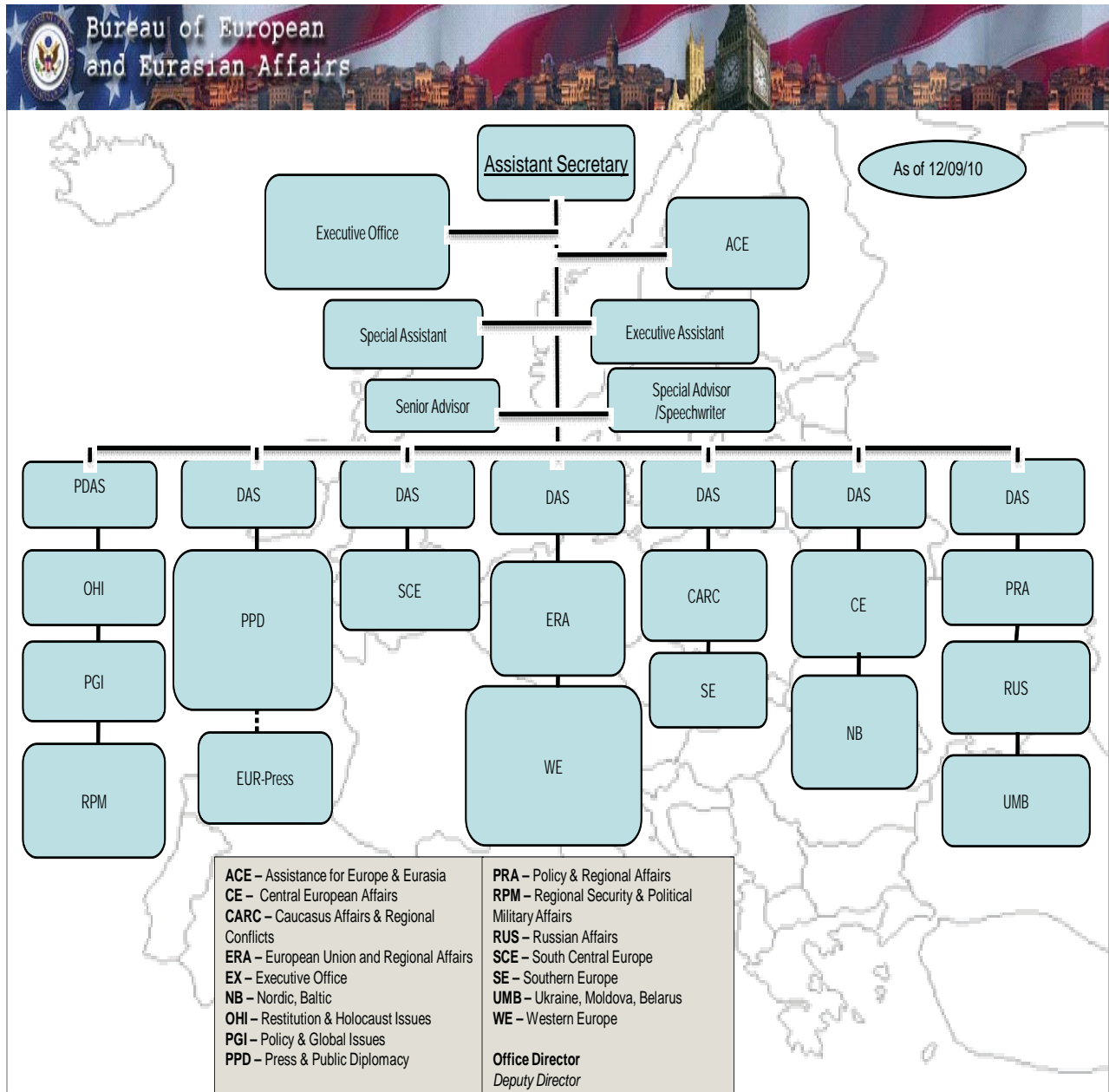
	Name	Arrival Date <i>(month/year)</i>
<i>Front Office:</i>		
Assistant Secretary	Dr. Philip H. Gordon	05/2009
Principal Deputy Assistant Secretary	Nancy E. McEldowney	08/2009
Deputy Assistant Secretary	Thomas M. Countryman	10/2010
Deputy Assistant Secretary	Tina S. Kaidanow	08/2009
Deputy Assistant Secretary	Pamela G. Quanrud	08/2009
Deputy Assistant Secretary	Spencer P. Boyer	08/2009
Deputy Assistant Secretary	Daniel A. Russell	06/2009
Deputy Assistant Secretary	Elizabeth L. Dibble	10/2010
Senior Advisor	Jeremy Shapiro	11/2009
<i>Office Directors:</i>		
Assistance for Europe and Eurasia	Dan Rosenblum	02/2009
Central European Affairs	Alex Karagiannis	08/2009
Caucasus Affairs and Regional Conflicts	Ethan Goldrich	07/2009
European Union and regional Affairs	Kathleen Doherty	07/2010
Executive Office	James D. Melville	09/2010
Nordic, Baltic	Robert Silberstein	01/2010
Restitution and Holocaust Issues	Douglas Davidson	04/2010
Policy and Global Issues	Marc Ostfield	09/2010
Press and Public Diplomacy	Elizabeth McKay	08/2009
Policy and Regional Affairs	Theresa Grecnik	09/2010
Regional Security & Political		
Military Affairs	Brent R. Hartley	07/2010
Russian Affairs	Kyle Scott	09/2009
Southern Europe Affairs	Jess Baily	08/2008
South Central Europe Affairs	Jennifer Brush	05/2010
Ukraine, Moldova, Belarus Affairs	Lawrence Silverman	08/2009
Western Europe Affairs	Maureen Cormack	06/2009

ABBREVIATIONS

ACE	Office of the Coordinator of U.S. Assistance for Europe and Eurasia
AEECA	Assistance for Europe, Eurasia and Central Asia
BSRP	Bureau Strategic and Resource Plan
CARC	Office of Caucasus Affairs and Regional Conflicts
DAS	Deputy Assistant Secretary
Department	U.S. Department of State
ECA	Bureau of Educational and Cultural Affairs
ELO	entry-level officer
EU	European Union
EUR	Bureau of European and Eurasian Affairs
ERA	Office of European Union and Regional Affairs
HR	Bureau of Human Resources
ICASS	International Cooperative Administrative Support Services
IIP	Bureau of International Information Programs
IO	Bureau of International Organization Affairs
IRM	Bureau of Information Resource Management
IT	information technology
JEX	Joint Executive Office
NATO	North Atlantic Treaty Organization
OIG	Office of Inspector General
OMS	office management specialist
OSCE	Organization for Security and Co-operation in Europe
PD	public diplomacy
PDAS	Principal Deputy Assistant Secretary

PMO	post management officer
PPD	Office of Press and Public Diplomacy
R	Under Secretary for Public Diplomacy and Public Affairs
RPM	Office of Regional Security and Political Military Affairs
RSC	Regional Support Center
SBU	Sensitive But Unclassified
SCI	Sensitive Compartmented Information
SDLC	systems development life cycle
SEED	Support for East European Democracies
TWD	Telecommunications, Wireless, and Data Services Division
UN	United Nations
USAID	U.S. Agency for International Development
WAE	when actually employed

EUR Bureau Organization Chart



(EUR also supports the work of four special envoys: an economic envoy to Northern Ireland; a Eurasian energy envoy; an advisor for conflicts and the Minsk Group; and a special envoy on Holocaust issues.)

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