



OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

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Office of Inspections

May 2018

Inspection of Embassy Lisbon and Consulate Ponta Delgada, Portugal

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS



OIG HIGHLIGHTS

ISP-I-18-22

May 2018

OFFICE OF INSPECTIONS

Bureau of European and Eurasian Affairs

Inspection of Embassy Lisbon and Consulate Ponta Delgada,
Portugal

What OIG Found

- Embassy Lisbon's Ambassador and Deputy Chief of Mission set an inclusive, positive, and ethical tone for the mission. They also promoted strong coordination among country team members to advance U.S. goals in Portugal through an updated set of mission goals and objectives.
- The Principal Officer in Consulate Ponta Delgada established an open and inclusive relationship with staff and engaged in consular services, public outreach, and diplomatic representation to the Azores.
- A locally employed staff member in the Consular Section performed legal work for other embassy sections, although doing so was not permitted under Department guidance.
- The Bureau of Human Resources' Office of Overseas Employment had not responded to a long-standing embassy request to update its local compensation plan.
- Spotlight on Success: Embassy Lisbon achieved a positive work-life balance with a self-funded child care facility and fitness programs for employees on the embassy compound. The Front Office actively participated in health and wellness activities.
- Spotlight on Success: The Management Section created a useful Official Residence Expenses Handbook to guide incoming Front Office staff unfamiliar with these complex Department of State regulations, which helped minimize accountability problems.

What OIG Inspected

OIG inspected the executive direction, consular affairs, and resource management operations of Embassy Lisbon. The inspection included U.S. Consulate Ponta Delgada.

What OIG Recommended

This report includes 7 recommendations. OIG made 6 recommendations to Embassy Lisbon to improve its Consular and General Services operations and 1 to the Bureau of Human Resources regarding the embassy's local compensation plan.

In its comments on the draft report, the Department concurred with all 7 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

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CONTEXT

Portugal is located in Europe's southwest corner on its western most point. The Portuguese mainland and the Azores and Madeira islands comprise a land mass slightly smaller than the state of Virginia. A global maritime and colonial power during the 15th and 16th centuries, Portugal is an Atlantic nation with ties to the Americas, Africa, Asia, and Europe. Its population of 10.8 million is concentrated on or near the Atlantic coast.

Portugal is a founding member of the North Atlantic Treaty Organization (NATO) and contributes to NATO's world-wide missions. However, defense spending in 2017 comprised only 1.39 percent of Gross Domestic Product, short of Portugal's NATO commitment of 2 percent. The United States has used Lajes Field, the Portuguese air base in the Azores, for military operations since World War II. Although both countries support continuing U.S. operations, which today are primarily for aircraft refueling, the United States' decision to downsize its presence at the base has created a sensitive bilateral issue and attracted U.S. Congressional attention.

The Portuguese economy has grown steadily since May 2014, when Portugal emerged from a European Union-International Monetary Fund financial rescue package issued to help the country recover after the 2008 global economic crisis. The strengthened Portuguese economy created new opportunities for foreign investment and trade, especially in the liquefied natural gas sector. In 2015, the United States became Portugal's largest trading partner outside the European Union and fifth largest overall. Bilateral trade in goods between the United States and Portugal reached \$4.7 billion in 2017.

In addition to the embassy in Lisbon, the mission includes Consulate Ponta Delgada, the United States' oldest continuously operating consulate. Consulate staff provide American citizen services, public outreach, and diplomatic representation to the Azores. In addition to hosting Americans serving at Lajes Field, the Azores region is the source of much of the Portuguese-American diaspora and is home to approximately 6,800 American citizens.

The mission's FY 2017 authorized Department staffing levels included 43 U.S. direct-hire employees and 99 locally employed (LE) staff members. Nine of 16 positions last held by an eligible family member remained vacant at the time of the inspection as a result of the Department of State's (Department) hiring freeze.¹ The Ambassador identified this as a significant management challenge. Other agencies represented in the mission include the

¹ A government-wide hiring freeze was first announced by the Office of Management in Budget on January 23, 2017. While most positions were frozen and could not be filled if vacant, the Secretary approved specific exemptions to the hiring freeze to ensure the Department was able to meet critical needs. The Secretary announced that beginning in January 2018, he would give greater authority to the bureaus to strategically manage the exemption process and fill vacant positions through lateral reassignments and internal promotions. In addition, he stated he would authorize each of the regional bureaus to fill 1,500 priority eligible family member positions abroad in FY 2018, to meet the Department's security, health, and safety requirements.

Departments of Defense, Homeland Security, Commerce, and Justice. Non-Department authorized personnel include 17 direct-hire employees and 18 LE staff.

In FY 2017, the embassy received \$100,000 in International Military Education and Training funds, which it used to fund courses for Portuguese cyber warfare officers. The embassy also received \$50,000 from the U.S. Agency for International Development's Office of Foreign Disaster Assistance in FY 2016 and FY 2017 to help areas of Portugal ravaged by forest fires and a \$25,000 grant from the Department's Bureau of Population, Refugees, and Migration to support refugee integration.

OIG conducted this inspection of Embassy Lisbon consistent with Section 209 of the Foreign Service Act.² Using its risk-based approach to inspections, OIG identified the embassy as a relatively lower risk mission and therefore limited the scope of this inspection to executive direction, consular operations, and resource management. The companion classified inspection report discusses the embassy's security program and issues affecting the safety of mission personnel and facilities.

EXECUTIVE DIRECTION

OIG assessed Mission Portugal's leadership on the basis of on-site interviews that included comments on Front Office performance; 57 staff questionnaires; and OIG's review of documents and observations of meetings and activities during the course of the on-site inspection.

Tone at the Top and Standards of Conduct

The Ambassador arrived in August 2017. This is his first experience representing the United States as a diplomat. The Deputy Chief of Mission (DCM) is a career senior Foreign Service officer who arrived at post in July 2016. She served as Chargé d' Affaires, ad interim, in Lisbon from January 2017 until the Ambassador's arrival.

Front Office Forges "One Team, One Fight" Spirit

In the 5 months they had worked together, the Ambassador and the DCM formed a strong leadership team consistent with the Department leadership principles outlined in 3 Foreign Affairs Manual (FAM) 1214. The Ambassador's leadership style is energetic, engaged, and approachable. OIG found that he regularly sought input from the DCM and other staff members to help familiarize himself with embassy procedures and to ensure that his decisions and activities were consistent with Department ethics rules and standards. Based on OIG observations and a review of embassy records, the Ambassador and the DCM both promoted good communication via town hall meetings, regular participation in internal professional development activities, and by making themselves accessible to all staff. The DCM received consistently high marks from all sections for forging a "one team, one fight" spirit to the embassy's efforts to advance its objectives and for her attention to staff development.

² See Appendix A.

The Ambassador and the DCM demonstrated their commitment to ethical principles by rejecting a long-standing complimentary local gym membership offered to chiefs of mission that was inconsistent with 11 FAM 613.1-4(b), which prohibits discounts which discriminate among government employees on the basis of their official responsibilities or which favor those of higher rank or rate of pay. They also made difficult personnel decisions that demanded clear, high standards. The DCM increased mission Equal Employment Opportunity engagement by organizing embassy-wide training for American and LE staff. The mission's Equal Employment Opportunity program included two trained counselors, one of whom was an American LE staff member.

Execution of Foreign Policy Goals and Objectives

New Ambassador Began Update of 2015 Mission Goals within Weeks of Arrival

Only weeks after his arrival, the Ambassador organized an off-site session with section and agency heads and Consulate Ponta Delgada's Principal Officer to review the mission's Integrated Country Strategy (ICS), which was published in August 2015. The Ambassador sought to update the mission's goals and objectives while awaiting Department guidance on how to prepare a new ICS. Participants told OIG that the Ambassador valued their comments to shape the updated mission goals and objectives.

The updated strategy document identified three overarching mission goals:

- Reinforcing historic ties between Portugal and the United States.
- Promoting mutual prosperity in trade and investment.
- Advancing the security of the United States and its allies through cooperation on defense, peacekeeping, law enforcement, intelligence, economic prosperity, and the safety of official and private American citizens in Portugal.

The Ambassador Engaged With Senior Portuguese Officials

The Ambassador set out immediately on arrival to engage the Portuguese Government, based on two sequential 100-day plans prepared by the Country Team and designed to introduce him to key contacts in the government and community. He met with the Portuguese president on at least 10 occasions in individual or group meetings, and conducted a wide host of minister and sub-minister level meetings. He made four domestic trips within Portugal during his first 5 months at the embassy, including visits to overseas provinces Madeira and the Azores islands, where he met with provincial leaders. The DCM made eight domestic trips as Chargé or as DCM to meet local officials. Either the Ambassador or DCM as Chargé participated in semi-annual sessions of the U.S.-Portugal Standing Bilateral Commission, the main vehicle for policy dialogue, which has played an important role in shaping the direction of relations between the two countries. The Ambassador accompanied the Portuguese defense minister to Washington for a meeting with the Secretary of Defense to discuss important ICS issues regarding defense cooperation.

Drawing on his business background, the Ambassador participated in the World Liquefied Natural Gas Summit in Lisbon and identified a promising area for bilateral energy trade and investment that eventually might strengthen European Union energy security. He hosted events at his residence to promote U.S. products that featured a connection to Portugal, an approach that is consistent with the mission's updated goals and objectives. He also highlighted his overarching mission goals in speeches to the local American Chamber of Commerce.

Adherence to Internal Controls

The then-Chargé d'Affaires, now DCM, oversaw preparation of the 2017 Annual Chief of Mission Management Control Statement of Assurance. Because the Department was late in issuing guidance, the Management Counselor, serving as acting DCM, took the initiative to use an internal controls checklist from the Department's Office of Management Controls to ensure that the embassy was ready when formal guidance arrived. This permitted Embassy Lisbon to finalize the statement on time, which the Chargé certified in August 2017, in accordance with 2 FAM 022.7. OIG also found that the DCM reviewed the required minimum number of nonimmigrant visa adjudications from July through September 2017, as required by 9 FAM 403.9-2(D). OIG's review of all official residence expenses and representation vouchers and the embassy's gift registry for FY 2017 and FY 2018 through the time of the inspection found no anomalies or prohibited practices.

However, the DCM exercised insufficient oversight of the mission's efforts to ensure that a senior Consular Section LE staff member's work was consistent with Department guidance. OIG found that, despite changes to the job description and verbal instructions to section heads not to use the employee for legal work, the practice continued. The Consular Operations section of this report includes a recommendation regarding this issue.

Spotlight on Success: Handbook Provided Guidance on Official Residence Expenses

Embassy Lisbon developed an Official Residence Expenses Handbook to help the Ambassador, DCM, and Ponta Delgada Principal Officer better understand and follow required procedures related to the management of their official residence staff. The embassy based the handbook on Department requirements and standards as well as on Portuguese labor law and customs. The Human Resources and Financial Management Offices also reached out to colleagues at Embassy Athens, who had created a similar product, and incorporated their best practices. In addition to serving as a valuable resource to Mission Portugal's principal officers, the handbook has the potential to help senior leaders in other posts manage official residence staff employment.

Security of the Mission

The Ambassador and the DCM underscored the importance of mission security in public speeches and embassy notices. At the time of the inspection, OIG found that the Ambassador was urging local American Chamber of Commerce members to participate in the Overseas Security Advisory Council, led by the embassy's Regional Security Officer. While Chargé, the

DCM involved Country Team members in a 2-day desktop exercise to improve crisis preparedness. The DCM also strengthened emergency preparedness by empowering key staff members. For example, the Regional Security Officer took steps to improve monthly radio check participation by staff members and conducted mission-wide drills in which the Ambassador and the DCM participated. The Management Counselor implemented steps to improve the accuracy of emergency employee contact lists, a valuable tool should the embassy need to contact American staff, family members, and local employees in an emergency. Finally, the DCM, or an acting DCM, chaired 16 emergency action committee meetings between January and December 2017.

Developing Future Foreign Service Leaders

Embassy Lisbon had no first-tour and only one second-tour officer at the time of the inspection, since mid-level employees held most positions. Consequently, in September 2016, the DCM launched a mid-level program to strengthen mentoring for all officers. Program members met 14 times from its inception to the time of the on-site inspection in February 2018, including a session chaired by the Ambassador. Past meetings addressed topics such as modeling integrity, service in priority staffing posts, employee evaluation report writing, and assignment bidding strategies. In addition, during prolonged absences of one or the other Front Office leaders between January and October 2017, the embassy instituted a rotation of four section heads to act as DCM to broaden their experience. OIG found that the DCM maintained an open door policy, and embassy staff reported that they benefitted from one-on-one sessions with her. She also held regular group sessions with eligible family member employees.

U.S. Consulate Ponta Delgada

OIG observations and interviews with the two consulate LE staff members in Ponta Delgada³ indicated that the Principal Officer, who arrived 5 months before the start of the on-site portion of inspection, had established an open and inclusive tone. He interacted daily with his staff through informal meetings and while performing consular services and outreach. In covering the consulate's consular district, which comprises the nine islands that make up the Azores, he met with a number of regional government officials and hosted or attended public diplomacy events to promote the mission's ICS objectives. In addition, the Principal Officer traveled several times to the island of Terceira to provide consular services for U.S. military personnel serving at the Lajes Field air base.

³ To support a growing workload in the Azores due to increased consular services for American tourists and public diplomacy outreach, Embassy Lisbon decided to transfer one of its LE staff positions to the consulate. It had yet to fill the position at the time of the inspection.

Spotlight on Success: On-Site Child Care and Yoga Contributed to Work-Life Balance

Embassy Lisbon placed a premium on maintaining work-life balance to enhance the morale, well-being, and productivity of embassy staff. For the past 20 years, the embassy's employee association operated a self-funded, on-site day care center for the children of American and LE staff members. In addition, employees had access to regular on-site, self-funded yoga, fitness, and wellness programs. The Front Office participated in the mission's wellness programs, including a weight loss contest and a weekly yoga class taught by the DCM.

CONSULAR OPERATIONS

OIG reviewed Mission Portugal's consular operations, including American citizen services, nonimmigrant visas, training and staffing, management controls, communications and outreach, crisis preparedness, and fraud prevention programs. OIG also assessed coordination between the embassy's Consular Section and Consulate Ponta Delgada and with other mission sections and agencies. OIG found that the Consular Country Coordinator, a mid-level officer who arrived in September 2016 and directed consular operations mission-wide, demonstrated strong leadership in developing standard operating procedures, particularly in management controls, crisis management, and fraud prevention. Her inclusive and open management style fostered a sense of team work among all consular staff. She also improved overall consular efficiencies by holding weekly American citizen services staff meetings, conducting cross-training, and implementing application pre-screening processes for fraud prevention. OIG concluded that the mission carried out its consular responsibilities in compliance with applicable law and Department guidance, with the exception of staffing and consular fees as detailed below.

Consular Local Employee Provided Legal Work for Other Sections Contrary to Department Guidance

OIG found that a senior Consular Section LE staff member provided legal work and translations for other mission sections, a practice inconsistent with Department guidance. Specifically, a May 2017 cable⁴ from the Department's Office of the Legal Adviser restricted soliciting and receiving legal advice from employees, including LE staff. Although the embassy modified the employee's duties and position description, including the position title, they still included responsibility for performing legal work. OIG found that the embassy did not confer with the Office of the Legal Adviser and the Bureau of Human Resources to ensure that required changes to the employee's duties, position description and title complied with Department guidance and local labor law, as the cable advised. The continued use of an LE staff member to provide legal advice to the embassy puts the employee at risk for the unauthorized practice of law and related liability issues that would not be covered by the Department.

Recommendation 1: Embassy Lisbon, in coordination with the Office of the Legal Adviser and the Bureau of Human Resources, should bring the duties and position description, including the title, of the senior Consular Section locally employed staff member into

⁴ Cable 17 STATE 28479, "Restrictions on Soliciting and Receiving Legal Advice from Employees at Post, Including Local Employed Staff," May 26, 2017.

compliance with Department's standards. (Action: Embassy Lisbon, in coordination with L and DGHR)

Consular Cashiers Did Not Always Deposit Collected Fees Daily

Consular cashiers did not always deposit consular fees with the embassy's principal cashier on the day they were collected, as required by consular end-of-day procedures in 7 Foreign Affairs Handbook (FAH)-1 H-726.2-5. This policy requires consular cashiers to deliver the daily collections and receipts for services to the principal cashier early enough to allow the fees to be properly reconciled and documented by the close of the business day. OIG found that consular cashiers continued to collect fees even after the principal cashier had closed and kept them overnight in the Consular Section's safe. As stated in 7 FAH-1 H-744.1, daily fee reconciliation is critical for accountability and to ensure that the receipts issued balance the fees collected. By not ensuring each day that the fees collected match the services provided, the embassy risked misuse, misappropriation, or waste of U.S. Government resources. After OIG advised the embassy of this issue, the Consular Section developed a written standard operating procedure for cashiers' end-of-day procedures, and all consular cashiers began making same-day deposits of collected fees with the principal cashier. As a result, OIG did not make a recommendation in this report.

RESOURCE MANAGEMENT

OIG reviewed internal control systems in the Human Resources, Financial Management, Facilities Management, and, General Services Offices, and in the health unit and employee association, and found the Management Section implemented required processes and procedures in accordance with applicable laws and Department guidance, except as noted below.

Human Resources

Retail Price Survey Was Overdue

At the time of the inspection, the embassy was 9 months late in submitting its retail price survey, used to set the embassy's post allowance,⁵ to the Bureau of Administration. Department of State Standardized Regulations Section 920 establishes a schedule for submitting post allowance reports every 2 years.⁶ Embassy management stated the survey was not submitted in April 2017 due to staffing issues in the Human Resources Office linked to the Department's hiring freeze. Nonetheless, the absence of timely allowance reports increases the risk of inaccurate employee allowances.

⁵ The post allowance, commonly referred to as the "cost of living allowance," is granted to an employee stationed at a post in a foreign area where the cost of living, exclusive of housing, is substantially higher than in Washington, D.C.

⁶ OIG's recent report, *Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas* (AUD-FM-17-51, August 2017), recommended eliminating the location-specific survey data process for individual posts. Notwithstanding this recommendation, since the current process is still in place, the Department should ensure that it is followed correctly, which is why OIG is making a specific recommendation to address the problem at Embassy Lisbon.

Recommendation 2: Embassy Lisbon should submit its retail price survey to the Bureau of Administration. (Action: Embassy Lisbon)

Outdated Local Compensation Plan Did Not Comply with Local Labor Law

At the time of the inspection, the Bureau of Human Resources' Office of Overseas Employment had not responded to Embassy Lisbon's June 2016 request to update its local compensation plan to bring it into compliance with Portuguese labor law. As explained in 3 FAM 7523, revisions to local compensation plans may become necessary due to a host government decree or to incorporate new types of payments, such as premium pay rates, bonus payments, and contributions to host government or private insurance plans. The bureau told OIG that the request remained unanswered due to its heavy workload. Notwithstanding these challenges, because it has not adjusted its local compensation plan, the embassy's practices are inconsistent with local law, and LE staff may not be receiving all the rights and benefits they are due under Portuguese law.

Recommendation 3: The Bureau of Human Resources should respond to Embassy Lisbon's request for proposed changes to the local compensation plan. (Action: DGHR)

Facilities Management

Embassy Did Not Conduct Required Occupational Health and Safety Inspections

OIG found that the embassy's Post Occupational Safety and Health Officer (POSHO), who is responsible for day-to-day safety, occupational health, and environmental program management, did not perform required inspections. Guidance in 15 FAM 931b and 15 FAM 962c states that all office work areas should be inspected annually, and increased-risk work areas and operations should be inspected semi-annually. The POSHO, who arrived 5 months before the start of the on-site portion of the inspection, told OIG he knew of the requirement but had been unable to conduct the inspections due to competing priorities. In addition, the embassy could not provide evidence showing these inspections had been done prior to the POSHO's arrival. These issues should be addressed, as failure to complete required annual and semi-annual inspections increases the risk that workplace hazards will not be identified and mitigated.

Recommendation 4: Embassy Lisbon should perform the required annual inspection of all office work areas and semi-annual inspection of increased risk work areas and operations. (Action: Embassy Lisbon)

Embassy Did Not Inform Residents of Community Swimming Pool Safety Deficiencies

The embassy did not take required steps to inform employees of safety deficiencies at apartment complexes with community swimming pools. In particular, the embassy's housing included several apartments in residential complexes with community swimming pools that were not enclosed with a permanent barrier or fence, as required by 15 FAM 957.4(1). In circumstances such as these, where the requirement cannot be met because the swimming

pools are not under embassy control, the Bureau of Overseas Buildings Operations Swimming Pool Safety Management Program states that embassies should inform employees assigned to these residences about the swimming pool hazard and provide them with copies of the Department's Swimming Pool Safety brochure. The embassy was unaware of this guidance. Failure to adhere to Department safety and health standards and mitigate vulnerabilities puts the life and safety of employees and their families at risk.

Recommendation 5: Embassy Lisbon should inform all employees and family members assigned to housing with community pools about the hazards and provide them with copies of the Department's Swimming Pool Safety brochure. (Action: Embassy Lisbon)

Some Embassy Fire and Safety Programs Were Deficient

The Facilities Management Office did not comply with some fire and safety guidance in 15 FAM 660 and 15 FAM 842. For example, OIG found that fire extinguishers in embassy facilities had not been inspected monthly and that chancery elevators had unresolved issues identified in the annual elevator inspection. During the inspection, the embassy revived its inspection program for fire extinguishers and began necessary repairs on the chancery elevators in order to obtain the certificates of use from the Bureau of Overseas Buildings Operations. As a result, OIG did not make a recommendation in this report.

General Services

Motor Vehicle Safety Program Did Not Meet Department Standards

Embassy Lisbon did not comply with Department overseas motor vehicle safety standards. OIG found that five incidental drivers under Chief of Mission authority had not received Smith Safety⁷ driver training, as required by 14 FAM 432.4c(2), or medical certificates, as required by 14 FAM 432.4c(4), before driving U.S. Government vehicles. These problems occurred because of a lack of oversight and a failure to track compliance with driver safety requirements. Failure to enforce these standards increases risks to drivers, passengers, and the public, as well damage to U.S. Government property.

Recommendation 6: Embassy Lisbon should require that all drivers under Chief of Mission authority comply with applicable Department overseas motor vehicle safety requirements. (Action: Embassy Lisbon)

Property Transfers to Embassy Residences Were Not Properly Documented

OIG found that in FY 2016 and FY 2017, the embassy did not document 35 percent of its nonexpendable property transfers to residences. According to 14 FAM 416.3, such property transfers must be documented and signed for by the residents; the signed forms must be maintained in residential inventory files. This process allows the embassy to track changes to the original inventory prepared when an employee first moves into a residence. Additionally, 14

⁷ Smith System training is a program used by the Department to teach drivers to see and avoid driving hazards.

FAM 414.5 states that the accountable property officer must ensure that effective internal requisitioning and issuing procedures to document nonexpendable property transactions are established and enforced. Embassy officials were unable to explain or provide a reason for the lack of transfer documentation. This deficiency is an internal management control weakness that increases the risk of fraud and theft.

Recommendation 7: Embassy Lisbon should document nonexpendable property transfers in accordance with Department standards. (Action: Embassy Lisbon)

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Human Resources and Embassy Lisbon. The Department's complete responses can be found in Appendix B.⁸ The Department also provided technical comments that OIG incorporated, as appropriate, into this report.

Recommendation 1: Embassy Lisbon, in coordination with the Office of the Legal Adviser and the Bureau of Human Resources, should bring the duties and position description, including the title, of the senior Consular Section locally employed staff member into compliance with Department's standards. (Action: Embassy Lisbon, in coordination with L and DGHR)

Management Response: In its April 13, 2018, response, Embassy Lisbon concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the duties and position description of the senior Consular Section locally employed staff member updated to meet Department standards.

Recommendation 2: Embassy Lisbon should submit its retail price survey to the Bureau of Administration. (Action: Embassy Lisbon)

Management Response: In its April 13, 2018, response, Embassy Lisbon concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the retail price survey submitted to the Bureau of Administration.

Recommendation 3: The Bureau of Human Resources should respond to Embassy Lisbon's request for proposed changes to the local compensation plan. (Action: DGHR)

Management Response: In its April 24, 2018, response, the Bureau of Human Resources concurred with this recommendation. The bureau established a target compliance date of July 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the bureau responding to the embassy's proposed changes to the local compensation plan.

⁸ OIG received Embassy Lisbon's response memo (dated April 13, 2018) on April 18, 2018, and the Bureau of Human Resources' response memo (dated April 24, 2018) on May 1, 2018.

Recommendation 4: Embassy Lisbon should perform the required annual inspection of all office work areas and semi-annual inspection of increased risk work areas and operations. (Action: Embassy Lisbon)

Management Response: In its April 13, 2018, response, Embassy Lisbon concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of required annual and semi-annual inspections of embassy office work areas and operations.

Recommendation 5: Embassy Lisbon should inform all residents assigned to housing with community pools about the hazards and provide them with copies of the Department's Swimming Pool Safety brochure. (Action: Embassy Lisbon)

Management Response: In its April 13, 2018, response, Embassy Lisbon concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all residents assigned to housing with community pool received the Department's Swimming Pool Safety brochure.

Recommendation 6: Embassy Lisbon should require that all drivers under Chief of Mission authority comply with applicable Department overseas motor vehicle safety requirements. (Action: Embassy Lisbon)

Management Response: In its April 13, 2018, response, Embassy Lisbon concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all applicable drivers comply with Department overseas motor vehicle safety standards.

Recommendation 7: Embassy Lisbon should document nonexpendable property transfers in accordance with Department standards. (Action: Embassy Lisbon)

Management Response: In its April 13, 2018, response, Embassy Lisbon concurred with this recommendation. The embassy noted a target compliance date of May 31, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of non-expendable property transfers.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	George Glass	8/2017
Deputy Chief of Mission	Herro Mustafa	7/2016
Constituent Post:		
Consulate Ponta Delgada, Principal Officer	Jason Chue	8/2017
Chiefs of Sections:		
Management	Martin Schwartz	5/2016
Consular	Angela Dalrymple	9/2016
Political-Economic	Peter Andreoli	7/2017
Public Affairs	Todd Miyahira	7/2017
Regional Security	Jennifer Babic	6/2016
Other Agencies:		
Defense Attaché Office	Glenn LeMasters	3/2015
Office of Defense Cooperation	Scott Worthington	5/2016
Foreign Commercial Service	Lora Baker	8/2014
Department of Homeland Security	Axel Balzac	1/2016
Drug Enforcement Administration	Matthew Coleman	7/2017

Source: Embassy Lisbon

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between January 2 and February 23, 2018, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department of State and the Broadcasting Board of Governors.

Objectives 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.

In conducting inspections, OIG uses a risk-based approach to focus its inspection resources on areas of greatest impact. Consequently, OIG identified Embassy Lisbon as a relatively lower risk mission and therefore limited the scope of this inspection to executive direction, consular operations, and resource management.

Methodology

OIG reviews pertinent records, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

For this inspection, OIG conducted 87 interviews and reviewed 57 personal surveys.

APPENDIX B: MANAGEMENT RESPONSES



Embassy of the United States of America

April 13, 2018

UNCLASSIFIED

THRU: A. Wess Mitchell, Assistant Secretary, EUR-IO/EX

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: George Glass, Ambassador, Embassy Lisbon

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Lisbon and Constituent Post, Portugal (ISP-I-18-22)

Embassy Lisbon has reviewed the subject draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

OIG Recommendation 1: Embassy Lisbon, in coordination with the Office of the Legal Adviser and the Bureau of Human Resources, should bring the duties and position description, including the title, of the senior Consular Section locally employed staff member into compliance with Department's standards. (Action: Embassy Lisbon, in coordination with L and DGHR)

Management Response: The Embassy accepts the recommendation. The Embassy revised the position description, including the title, to accurately reflect the position's duties in compliance with Department standards. The Bureau of Consular Affairs, Office of the Legal Advisor, and the Human Resources Office of Overseas Employment reviewed and approved the revised position description. The Frankfurt Regional Support Center is currently reviewing the position for reclassification.

OIG Recommendation 2: Embassy Lisbon should submit its retail price survey to the Bureau of Administration. (Action: Embassy Lisbon)

Management Response: Embassy Lisbon accepts the recommendation and submitted the retail price survey through eAllowances on February 12, 2018.

OIG Recommendation 3: The Bureau of Human Resources should respond to Embassy Lisbon's request for proposed changes to the local compensation plan. (Action: DGHR)

Management Response: NA

OIG Recommendation 4: Embassy Lisbon should perform the required annual inspection of all office work areas and semi-annual inspection of increased risk work areas and operations. (Action: Embassy Lisbon)

Management Response: Embassy Lisbon accepts the recommendation and has taken the following action: The Post Occupational Safety and Health Officer (POSHO) has specified a series of Standing Work Orders (SWO) in GMMS that automatically generate these inspections. The Embassy has been grouped into 4 zones and each zone generates a work order during a different quarter, thereby spreading the work across the year. The SWO is generated with a checklist and a place to list the findings with each office and directions to submit work orders to correct any infractions discovered during the inspection. The first quarter 2018 inspection has already auto-generated and the inspection has been completed. This system not only ensures that the inspection is completed but provides a way for the inspection to be documented for further proof of adherence.

OIG Recommendation 5: Embassy Lisbon should inform all employees and family members assigned to housing with community pools about the hazards and provide them with copies of the Department's Swimming Pool Safety brochure (Action: Embassy Lisbon)

Management Response: Embassy Lisbon accepts the recommendation and has taken the following action: The POSHO sent a mitigation letter on February 23rd, 2018, to all residents with access to a community pool, requiring that it be signed and returned. We insured that each resident in this situation received the pool brochure that SHEM asks Posts to use.

OIG Recommendation 6: Embassy Lisbon should require that all drivers under Chief of Mission authority comply with applicable Department overseas motor vehicle safety requirements. (Action: Embassy Lisbon)

Management Response: Embassy Lisbon agrees with this recommendation. All professional drivers have and continue to receive the refresher training, as required by the regulations. At the time of the inspection, five incidental, non-State drivers were not in compliance. To date, everyone has received Smith Training. Two incidental drivers still require medical certification. One has scheduled his exam for 4/23/18. The other driver is on home leave and will schedule the exam upon his return.

OIG Recommendation 7: Embassy Lisbon should document nonexpendable property transfers, in accordance with Department standards. (Action: Embassy Lisbon)

Management Response: Embassy Lisbon agrees with this recommendation. Post is now in compliance and is obtaining signatures as property is transferred. Post will correct the documentation of transfer done prior to the inspection and obtain the required signatures. This task will be completed by 5/31/18.

The point of contact for this memorandum is Marty Schwartz, Management Officer, Embassy Lisbon (SchwartzMB@state.gov, IVG 884-2545, +351-21-770-2545)

Drafted: MGT: Martin Schwartz
Approved: DCM: Herro Mustafa

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United States Department of State

Washington, D.C. 20520

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April 24, 2018

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: DGHR – William E. Todd, Acting 

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Lisbon

HR has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

OIG Recommendation 1: Embassy Lisbon, in coordination with the Office of the Legal Adviser and the Bureau of Human Resources, should bring the duties and position description, including the title, of the senior Consular Section locally employed staff member into compliance with Department's standards. (Action: Embassy Lisbon, in coordination with L and DGHR)

Management Response: The standard process to resolve locally employed staff position classification issues would be for Embassy Lisbon to engage the Frankfurt Regional Support Center (RSC) Regional Human Resource Office. If post is not satisfied with the outcome of Frankfurt RSC classification review and has also exhausted the RSC informal appeal process, post may then request a formal classification appeal by HR/OE.

OIG Recommendation 2: The Bureau of Human Resources should respond to Embassy Lisbon's request for proposed changes to the local compensation plan. (Action: DGHR)

Management Response: HR concurs with the recommendation. HR has been working with post on the requested local compensation plan (LCP) revisions and provided post with another update this week. HR/OE has finalized review of the requested separation notice and separation for age plan changes and expects to release the authorization cable shortly. HR/OE plans to address the other pending LCP revisions (including updates to leave, severance, and premium pay plans) within the next two months. In accordance with post's request, leave and severance plan changes will be prioritized over any other pending items.

The point of contact for this memorandum is Christopher Kidd in HR/OE.

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APPENDIX C: FY 2017 STAFFING AND FUNDING BY AGENCY

Agency	U.S. Direct-hire Staff	U.S. Locally Employed Staff	Foreign National Staff	Total Staff ^a	Funding (\$)
Department of State					
Diplomatic & Consular Programs	20	0	10	30	1,929,400
Consular	2	1	9	12	1,012,954
International Cooperative Administrative Support Services (ICASS)	4	12	60	76	4,906,300
ICASS – Local Guard Program	0	0	3	3	1,975,474
Public Diplomacy	2	1	8	11	953,850
Diplomatic Security	5	1	7	13	675,141
Marine Security	10	0	2	12	172,670
Subtotal	43	15	99	157	11,625,789
Department of Commerce					
U.S. Commercial Service	1	0	3	4	376,452
Subtotal	1	0	3	4	376,452
Department of Defense					
Defense Attaché Office	7	0	4	11	372,475
Office of Defense Cooperation	3	0	2	5	680,000
Southlant (NATO)	0	0	3	3	174,668
Subtotal	10	0	9	19	1,603,595
Department of Justice					
Drug Enforcement Administration	4	0	0	4	351,000
Subtotal	4	0	0	4	351,000
Department of Homeland Security					
Customs and Border Protection	2	0	0	2	108,760
Subtotal	2	0	0	2	108,760
Department of Health and Human Services					
Social Security Administration	0	0	6	6	366,060
Subtotal	0	0	6	6	366,060
Total	17	15	117	192	\$14,431,656

Note: Staff numbers represent authorized levels.

Source: Generated by OIG from data provided by Embassy Lisbon

ABBREVIATIONS

DCM	Deputy Chief of Mission
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICS	Integrated Country Strategy
LE	Locally Employed
POSHO	Post Occupational Safety and Health Officer

OIG INSPECTION TEAM MEMBERS

Douglas A. Hartwick, Team Leader
Brent D. Byers, Deputy Team Leader
John L. Bush
Shannon B. Farrell
Sergio Lagares
Barnaby J. Walsh

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