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**Office of Inspector General**  
United States Department of State

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ISP-I-19-19

Office of Inspections

August 2019

**Inspection of Embassy Nassau,  
The Bahamas**

BUREAU OF WESTERN HEMISPHERE AFFAIRS

UNCLASSIFIED



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

ISP-I-19-19

## What OIG Inspected

OIG inspected the executive direction, program and policy implementation, resource management, and information management operations at Embassy Nassau.

## What OIG Recommends

OIG made 31 recommendations: 30 to Embassy Nassau and 1 to the Bureau of Western Hemisphere Affairs.

In its comments on the draft report, the Department concurred with the 31 recommendations. OIG considers all 31 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 response is reprinted in its entirety in Appendix B.

August 2019

OFFICE OF INSPECTIONS

BUREAU OF WESTERN HEMISPHERE AFFAIRS

## Inspection of Embassy Nassau, The Bahamas

### What OIG Found

- Embassy Nassau had been without a permanent, confirmed ambassador since November 2011. A series of deputy chiefs of mission have served as Chargé d'Affaires, and section heads have been assigned the collateral duty of acting deputy chief of mission. This inconsistent executive leadership resulted in significant internal control deficiencies and local employee morale issues throughout the embassy.
- Staffing gaps also affected the embassy's Management Section since 2014, as nine temporary-duty management officers, supplemented with support from the Florida Regional Center, have run the section. Due to the shifting and uneven leadership, the embassy's management and information management platforms suffered.
- The embassy lacked adequate metrics to measure progress for Bureau of International Narcotics and Law Enforcement Affairs projects or to conduct required joint evaluations with the Government of The Bahamas.
- Embassy Nassau did not document grants files in accordance with Department of State standards.

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## CONTEXT

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Located 50 miles off the east coast of Florida, the Commonwealth of The Bahamas is a country of more than 700 islands. Although it covers a geographic region approximately the size of California, the total land mass is slightly smaller than Connecticut. The 2010 census found that 90 percent of the total population of 351,461 is concentrated on the three largest islands—New Providence, Grand Bahama, and Abaco—with approximately 208,000 people living in the capital, Nassau.

After gaining its independence in 1973 from Great Britain, The Bahamas prospered through tourism, international banking, and investment management and in 2017 had the second highest per capita gross domestic product in the English-speaking Caribbean. Of the three primary sectors, tourism provides most of the economic activity and accounts for approximately 50 percent of the gross domestic product. With its close proximity to the United States, The Bahamas benefits greatly from over 5 million Americans who visit annually. Security assistance to The Bahamas directly supports U.S. goals related to regional security. Assistance provided through the Caribbean Basin Security Initiative is used to combat the illicit drug trade and other transnational crimes. In addition, the Bureau of International Narcotics and Law Enforcement Affairs (INL) provided the Royal Bahamas Police Force with training, equipment, and technical assistance on law enforcement professionalization, counternarcotics, rule of law, and transparency and anti-corruption issues.

The embassy's 2018 Integrated Country Strategy (ICS) focuses on three major goals: securing the U.S. border by increasing The Bahamas' capacity to counter transnational criminal organization and prevent illegal immigration through its territory; increasing prosperity through improved ease of doing business, reforms to level the playing field for U.S. commercial interests, and energy diversification; and increasing Bahamian engagement and support on shared hemispheric challenges via engagement in multilateral organizations, increased public awareness, and increased study of Bahamians in the United States.

Embassy Nassau is located in an aging facility originally leased by the Department of State (Department) in 1973 and purchased outright in 1994. Construction of a new chancery building is scheduled to begin in 2019 and be completed in 2021 on property purchased by the Bureau of Overseas Buildings Operations (OBO).

At the time of the inspection, the embassy had 143 authorized U.S. staff positions, 2 eligible family members, and 76 locally employed (LE) staff members. The embassy houses 11 different U.S. Government agencies and sub-agencies. Embassy Nassau also provides International Cooperative Administrative Support Services (ICASS)<sup>1</sup> administrative and logistical support to

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<sup>1</sup> ICASS, established in 1997, is the principal means by which U.S. Government agencies share the cost of common administrative support services at more than 250 diplomatic and consular posts overseas. Through the ICASS working capital fund, service providers recover the cost of delivering administrative support services to other agencies at overseas missions, in accordance with 6 Foreign Affairs Manual (FAM) 911 and 6 Foreign Affairs Handbook (FAH)-5 H-013.2.

U.S. Government agencies on Grand Bahama Island, Great Inagua Island, Andros Island, Great Exuma Island, and in Turks and Caicos.

OIG evaluated the embassy's policy implementation, resource management, and internal controls consistent with Section 209 of the Foreign Service Act of 1980.<sup>2</sup> A related classified inspection report discusses the embassy's security program and issues affecting the safety of mission personnel and facilities.

## **EXECUTIVE DIRECTION**

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OIG assessed Embassy Nassau's leadership on the basis of 117 interviews that included comments on the performance of the Chargé d'Affaires (Chargé) and the acting Deputy Chief of Mission (DCM); staff questionnaires; and OIG's review of documents and observations of embassy meetings and activities during the course of the on-site inspection.

### **Lengthy Gaps in Key Leadership Positions Hampered Operations**

Embassy Nassau faced significant operational challenges due to lengthy staffing gaps in three key leadership positions: ambassador, DCM, and management officer. The embassy had been without a permanent, confirmed ambassador since November 2011, when the incumbent, a political appointee, resigned. Her replacement was never confirmed, and, at the time of the inspection, the current nominee had been awaiting confirmation since 2017. As a result, three different long-term Chargés have led the embassy since 2011. The current Chargé arrived in March 2018. Additionally, because the embassy's DCMs have served as Chargé, it has also had a series of acting DCMs. The current acting DCM arrived in June 2016 as the INL Director and assumed the collateral duties of acting DCM in June 2018. As a result, like previous acting DCMs, she shouldered two sets of responsibilities. Finally, due to a series of curtailments in the management officer position, from 2014 to September 2018, the management section had relied on nine temporary duty officers as well as support from the Florida Regional Center.<sup>3</sup>

OIG found that the lack of consistent leadership in the ambassador, DCM, and management officer positions, combined with a series of section heads covering two positions at once for long periods of time, led to serious internal control deficiencies and morale issues, as detailed later in this report. The newly assigned Management Officer arrived in September 2018 and started addressing the embassy's internal control deficiencies, lack of procedures, and outdated policies. However, the current Front Office structure continued to place undue burdens on both the Chargé and the acting DCM, making it impossible for them to perform all of their required functions.

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<sup>2</sup> See Appendix A.

<sup>3</sup> See Consolidated Appropriations Act, 2005, P.L. 108-447, which empowers the Department to deliver services through regional hubs such as the Florida Regional Center in Ft. Lauderdale to enhance operational efficiency and to reduce overseas staffing where possible.

**Recommendation 1:** The Bureau of Western Hemisphere Affairs, in coordination with Embassy Nassau, should assign a temporary duty Deputy Chief of Mission of appropriate rank to the embassy to normalize the Front Office structure until a confirmed ambassador arrives. (Action: WHA, in coordination with Embassy Nassau)

## **Tone at the Top and Standards of Conduct**

The Chargé arrived with a mandate from the Bureau of Western Hemisphere Affairs (WHA) to begin resolving the embassy's operational challenges and to improve a stagnant bilateral relationship with the Government of The Bahamas. A career member of the Foreign Service, the Chargé previously served as Chief of Staff in WHA's Front Office.

In her first few months, the Chargé prioritized the improvement of bilateral relations, as discussed below. She and the acting DCM also worked to create a positive, inclusive, and professional tone for the embassy consistent with Department leadership principles in 3 Foreign Affairs Manual (FAM) 1214. Embassy section heads and heads of other agencies consistently told OIG that both the Chargé and the acting DCM were approachable, solicited their input and feedback, supported their operations and programs, and clearly outlined embassy priorities. Agency heads also praised the embassy's interagency working environment. They told OIG that the Chargé and the acting DCM were knowledgeable about agency operations and were committed to fostering a cooperative working atmosphere that encouraged an active exchange of information. They noted this was especially important because of the unusually high number of law enforcement offices (eight) represented at the embassy, which, if not well managed, created the potential for overlap and jurisdictional disagreements.

OIG found that the Chargé and the acting DCM worked well together and consulted frequently throughout the day on managing embassy operations, consistent with their roles as outlined in 2 FAM 113. However, employees told OIG that Front Office involvement with LE staff and attention to their morale had been a lower priority. LE staff said the acting DCM regularly walked around the chancery and spoke with employees. The Chargé, however, was seen less often outside the Front Office, and several LE staff members said they had never spoken with her. Efforts by the current Front Office to foster a more positive atmosphere appeared to be hampered by the small chancery building's lack of a cafeteria or large space that could comfortably accommodate the entire staff. For example, OIG held its entrance meeting with staff in the chancery parking lot. OIG suggested the Chargé focus her efforts on demonstrating her commitment and concern for the LE staff by interacting with them on a daily basis. During the inspection, she began to visit offices on a regular basis to talk informally with LE staff members.

In her first 6 months at Embassy Nassau, the Chargé instituted new procedures to regularize the flow of paper and clearances and ensure the embassy's work products were of high quality and to advance ICS goals, as detailed below. The Chargé also named one Equal Employment Opportunity counselor and one LE staff liaison, consistent with her responsibility in 3 FAM

1514.2 to provide equal opportunity in employment-related decisions. The embassy posted Equal Employment Opportunity information throughout the facility.

### **Execution of Foreign Policy Goals and Objectives**

The Chargé led a collaborative effort that integrated input from all concerned elements of the embassy to develop an ICS that articulated U.S. Government priorities in The Bahamas, in accordance with 18 FAM 301.2-1b. OIG's review of her calendar showed the Chargé tied her daily activities explicitly to advancing the embassy's ICS goals. Embassy staff agreed that the Chargé's early priority to reinvigorate bilateral relations with the host government largely had been accomplished. In her first 3 months, the Chargé held 34 meetings with key Bahamian Government officials, including the prime minister and all cabinet ministers; participated in 18 public diplomacy events; and hosted 21 representational events. She also met with opposition politicians, Bahamian business, educational, and cultural leaders, and U.S. business representatives. In addition, she travelled to several of the country's other main islands for meetings with local political, business, and cultural leaders. Through these activities, the Chargé fulfilled her responsibilities under 2 FAM 113.1 to develop close relations with host government officials, establish relations with leaders from all levels of society, maintain contact with international organizations, and attend and host representational events.

### **Adherence to Internal Controls**

The Chargé and the acting DCM prepared the FY 2018 Annual Chief of Mission Management Control Statement of Assurance in accordance with 2 FAM 022.7, which requires chiefs of mission to develop and maintain appropriate systems of internal control of their organizations. Embassy staff told OIG the Chargé and the acting DCM reviewed management control checklists prepared by embassy sections and demonstrated ongoing concern for internal controls. The embassy's Statement of Assurance did not identify any significant deficiencies or material weaknesses.

During the inspection, OIG identified numerous internal control deficiencies and vulnerabilities in the Management and Information Management Sections. The lengthy staffing gaps in key leadership positions exacerbated many of these issues, particularly those detailed in the Resource Management section of this report.

The Chargé and, beginning in October 2018, the acting DCM carried out regular reviews of the Consular Section chief's nonimmigrant visa adjudications, as required by 9 FAM 403.9-2d and 9 FAM 403.10-3d.

### **Security and Emergency Planning**

OIG determined that the Chargé and the acting DCM conducted their security responsibilities in accordance with 12 Foreign Affairs Handbook (FAH)-1 H-721. Embassy security personnel told OIG the Chargé and the acting DCM fully supported the security program. Both led by example by engaging in drills, meeting regularly with security personnel, and participating in Marine

Security Guard ceremonies and events. They also were open to suggestions to improve the security program. Shortly after her arrival, the Chargé reviewed, revised, and reissued all security directives, including one to all personnel under chief of mission authority mandating participation in the weekly checks of the emergency and evacuation radio network. In addition, she emphasized to staff that she expected full participation in the radio checks. Participation rates increased from 20 percent in spring 2018 to almost 90 percent by October of that year. The Chargé chaired the embassy's Emergency Action Committee, which reviewed potential risks that could affect the health, safety, and security of mission employees and resident U.S. citizens. The embassy also submitted to the Department the annual review of the security memorandum of agreement between the Chief of Mission and the Department of Defense geographic combatant commander as required by 2 FAH-2 H-1164b.

OIG determined the embassy took steps to improve its capacity to respond to emergencies and to fulfill the 2 FAM 113.1c(14) requirement to advise, protect, and assist U.S. citizens. The Emergency Action Committee reviewed and approved the emergency action plan and briefed the country team on its elements. At the time of the inspection, the Consular Section was transitioning from a warden system to the new American Liaison Network,<sup>4</sup> including designating U.S. citizen liaison volunteers on the major Bahamian islands.

### **Developing and Mentoring Foreign Service Professionals**

The Chargé successfully oversaw the embassy's First- and Second-Tour employee development program for five officers and specialists, as directed by 3 FAM 2242.4. Participants commented favorably on the Chargé's involvement in the program. Following her arrival at post, the Chargé hosted monthly lunch sessions for participants and provided her insights on diplomatic protocol, planning for Congressional visits, writing effective employee evaluation reports, general writing skills, and the bidding process.

## **POLICY AND PROGRAM IMPLEMENTATION**

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OIG assessed Embassy Nassau's policy and program implementation through a review of the Political-Economic Section's advocacy and analysis work, the International Narcotics and Law Enforcement section's counternarcotics and law enforcement efforts, the Public Diplomacy Section's activities, and the Consular Section's provision of American citizen and visa services. OIG found the embassy generally met Department requirements for policy and program implementation, except as noted below.

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<sup>4</sup> In 2018, the Department replaced its warden system with the American Liaison Network, a country-based network of volunteers composed of representatives from key U.S. citizen constituencies. As described in 7 FAM 071, the network facilitates regular two-way communication between embassies and U.S. citizens abroad on topics such as security, health, voting, and travel.



## **Political-Economic Section**

OIG reviewed the Political-Economic Section's leadership and management, policy implementation, reporting and advocacy, commercial promotion, program implementation and grants, and Leahy vetting and found them to comply with Department standards and regulations, with the exceptions noted below.

### ***Political-Economic Section Generally Advanced Integrated Country Strategy Goals***

OIG found Embassy Nassau generally fulfilled its advocacy and reporting responsibilities in accordance with ICS goals. Embassy staff maintained contacts in the Bahamian Government, political parties, nongovernmental organizations, and business community. Washington consumers praised to OIG the embassy's reporting for its quality and usefulness, highlighting reporting on ministerial meetings and Chinese investments. OIG reviewed reporting cables generated by the embassy between January and August 2018 and found them to be appropriately sourced, timely, and relevant to ICS goals.

Although the embassy generally fulfilled its advocacy and reporting responsibilities in accordance with ICS goals, OIG found that nearly 30 percent of cables may not have reached interested missions, offices, and agencies because the staff did not use accurate addressee lines and acronyms, known as TAGS.<sup>5</sup> OIG suggested corrective measures to ensure cables were properly addressed and reached interested U.S. Government audiences. The Political-Economic Section chief started taking steps to address this issue during the inspection.

### ***Department of Commerce Support Requests Affected Section's Reporting***

Requests from the Department of Commerce for embassy commercial support services more than doubled from 2016 to 2018. The Political-Economic Section managed these requests with little to no assistance from the fledgling American Chamber of Commerce, which decreased the amount of time the section dedicated to reporting and other duties. Given the increased workload, OIG advised, and the section chief agreed, to limit the amount of commercial support they provide to ensure the section can adequately manage its work. OIG also suggested the embassy propose to Commerce that it fund an LE staff position to help manage its requests, particularly if the agency wished to maintain the workload at current levels. During the inspection, the embassy and Commerce began discussing additional staffing. The Department of Commerce subsequently told the embassy that it could not fund an LE staff position.

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<sup>5</sup> The Department uses TAGS (Traffic Analyses by Geography and Subject) to categorize and store information by subject, location, and program.

### ***Embassy Conducted Leahy Vetting in Accordance With Department Standards***

OIG's review of Embassy Nassau's processing of Leahy vetting<sup>6</sup> cases in 2017 and 2018 found they were handled in accordance with Department guidelines. Specifically, from January 1, 2017, to January 1, 2018, Embassy Nassau vetted 752 individuals and security units for potential gross human right abuses. The embassy vetted an additional 534 individuals through September 15, 2018.

### **International Narcotics and Law Enforcement**

INL has supported Bahamian law enforcement since 1978, including committing \$17.8 million in foreign assistance since 2010. The program supports the embassy's ICS goal of a more secure U.S.-Bahamian border. OIG reviewed INL Nassau's programming from FY 2014 through FY 2018 to evaluate end use monitoring, program metrics, grants and contracting management, and overall operations.

### ***Embassy Lacked Appropriate Metrics for Law Enforcement-Related Projects***

INL Nassau lacked appropriate metrics to monitor progress for its four law enforcement and judicial assistance projects. Specifically, OIG found that project metrics had not been updated since at least 2014 and were outdated. Furthermore, INL Nassau did not formally evaluate project progress on a quarterly basis, as required by INL guidance.<sup>7</sup> INL Nassau told OIG that it informally reported project progress on a quarterly basis but was unaware of the requirement to formally track and monitor project progress against established metrics. Without current metrics for its projects, the embassy cannot measure progress and performance against the embassy's ICS goals and INL's strategic planning objectives.

**Recommendation 2:** Embassy Nassau, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should comply with metrics, monitoring, and reporting requirements for Bureau of International Narcotics and Law Enforcement Affairs-funded projects. (Action: Embassy Nassau, in coordination with INL)

### ***Embassy Did Not Comply With Program Evaluation Requirements***

INL Nassau also did not conduct joint evaluation reviews from FY 2014 through FY 2018 with the Government of The Bahamas for the four police and judicial assistance projects discussed above. According to the Letters of Agreement,<sup>8</sup> the embassy and the Bahamian Government must conduct joint evaluation reviews annually or quarterly, depending on the project, and must summarize the results in written reports. Embassy staff told OIG they met often with their

<sup>6</sup> The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 USC 2378d.

<sup>7</sup> INL's *Standard Operating Procedures for Measurement and Evaluation of Programs* (March 4, 2014) states that metrics should be built into all INL-funded projects and that monitoring of project progress against those metrics must be done at least quarterly.

<sup>8</sup> Letters of Agreement with a host government provide the mutually agreed terms for funding provided by INL.

counterparts to further project activities but were unaware of the formal reporting requirements. Joint reviews and subsequent reporting of project progress facilitate efficient and effective use of funding, minimize waste of resources, and help measure progress against the embassy's ICS goals and INL's program objectives.

**Recommendation 3:** Embassy Nassau should conduct the required joint evaluation reviews with the Government of The Bahamas for Bureau of International Narcotics and Law Enforcement Affairs-funded projects. (Action: Embassy Nassau)

### ***End Use Monitoring Practices Did Not Comply With Department Guidance***

Embassy Nassau's end use monitoring procedures did not comply with INL guidance.<sup>9</sup> OIG found that monitoring files lacked required documentation, such as transfer letters, an annual plan, and detailed, written standard operating procedures.<sup>10</sup> Employees told OIG they were using INL's 2015 guidance and were unaware of the new requirements in the 2017 guidance. Without current standard operating procedures and an annual plan for end use monitoring, the embassy cannot ensure that all items subject to these requirements are properly issued, recorded, and inspected.

**Recommendation 4:** Embassy Nassau should comply with end use monitoring and recordkeeping requirements mandated in Bureau of International Narcotics and Law Enforcement Affairs guidance. (Action: Embassy Nassau)

## **Public Diplomacy**

OIG reviewed the Public Diplomacy Section's operations in the areas of strategic planning, reporting, section leadership, resource and knowledge management, federal assistance awards, American Spaces,<sup>11</sup> educational and cultural programs, and media engagement. The section used an appropriate range of programs and outreach to advance ICS goals, and collaborated throughout the embassy, most notably with the Consular Section, to promote and facilitate study in the United States. OIG found the Public Affairs Officer planned strategically and responsibly managed resources and that section operations generally complied with Department standards. However, OIG identified two deficiencies, as discussed below.

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<sup>9</sup> INL's *Standard Operating Policy/Procedure for End-Use Monitoring* (March 3, 2017) requires that certain property purchased with foreign assistance funds be monitored to ensure it is used for its intended purposes. In general, equipment valued at more than \$2,500 or items designated as defense articles or dual-use items are subject to this requirement. End use monitoring fulfills the requirements of Section 484(b) of the Foreign Assistance Act of 1961 and Section 40A of the Arms Export Control Act. See 22 U.S.C. § 2991(c) and 22 U.S.C. § 2785.

<sup>10</sup> *Standard Operating Policy/Procedure for End-Use Monitoring*, Section 6.1.2.

<sup>11</sup> See 10 FAM 380, "American Spaces." American Spaces and American Corners are Department-operated or -supported public diplomacy facilities, providing digitally enhanced physical platforms for effective engagement with foreign audiences in support of U.S. foreign policy objectives. Embassy Nassau has one American Corner at the University of the Bahamas.

### ***Inconsistent Use of Public Diplomacy Mission Activity Tracker***

OIG found the section did not consistently enter public diplomacy activity reports into the Mission Activity Tracker, which compiles global public diplomacy data, as required by the Department.<sup>12</sup> OIG found that, as of August 2018, Embassy Nassau had not made any entries in more than one year. Section leadership told OIG they did not enter the information because of difficulties accessing the system and the low priority WHA placed on internal reporting by smaller embassies. Without systematic reporting and evaluation, public diplomacy managers cannot assess program effectiveness and incorporate that knowledge into decision making. During the inspection, Embassy Nassau updated its tracker reporting and committed to continue regular updates. Therefore, OIG did not make a recommendation.

### ***Public Diplomacy Grants Files Did Not Meet Department Standards***

OIG reviewed records for 11 of the section's 29 grants<sup>13</sup> awarded from FY 2016 through FY 2018 (totaling \$138,161 of \$189,375, or 73 percent of the grants' overall value) and found that all electronic grant file folders in the State Assistance Management System Overseas (SAMS Overseas) lacked key documentation for all phases of a grant's lifecycle.<sup>14</sup> These included verification of eligibility, missing designations of grants officer representatives, and a lack of risk assessments and monitoring plans.<sup>15</sup> In addition, the embassy did not administratively close out 4 of the 11 grants OIG reviewed or report that 1 had been terminated.<sup>16</sup> OIG determined that competing priorities, delays in moving from paper to electronic files, and an unfamiliarity with the SAMS Overseas system led to these deficiencies. Despite these issues, the embassy provided sufficient information<sup>17</sup> for OIG to assess that the work called for in the grants was underway or completed. Failure to properly maintain grants files, nonetheless, risks the misuse or waste of U.S. Government funds.

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<sup>12</sup> Cable 15 STATE 116406, "Announcing Release of the New Public Diplomacy Mission Activity Tracker (MAT 4.0)," October 7, 2015.

<sup>13</sup> Four grants reviewed by OIG were subject to the Department's Federal Assistance Policy Directive (issued March 2015, revised January 2016) and the Procedural Guide for Grants and Cooperative Agreements to Non-Federal Entities Not Recognized as Foreign Public Entities (issued December 2015). On May 20, 2017, the Office of the Procurement Executive consolidated these two documents into a Federal Assistance Directive (revised October 1, 2017). The other seven grants were subject to this revised, consolidated guidance.

<sup>14</sup> Federal Assistance Directive, October 2017, Chapter 2 (Pre-Federal Award Requirements); Chapter 4.D (Post Federal Award Requirements); Chapter 5 (Closeout); and Federal Assistance Policy Directive, March 13, 2015, Chapter 2 (Pre-Federal Award Requirements and Contents of Federal Awards); Chapter 3 (Post Federal Award Requirements); and Chapter 3.07 (Post Federal Award Requirements—Closeout).

<sup>15</sup> OIG identified a global pattern of the latter deficiency in its *Management Assistance Report: Improved Oversight Needed to Standardize the Use of Risk Assessments and Monitoring Plans for Overseas Grants* (ISP-17-33, July 2017).

<sup>16</sup> Other omissions included lack of final financial and narrative reports and close-out documentation.

<sup>17</sup> For example, the embassy provided OIG its 2016-2018 update on its public diplomacy activities, which included updates on its grant-funded initiatives.

**Recommendation 5:** Embassy Nassau should bring its public diplomacy grants program into compliance with Department standards. (Action: Embassy Nassau)

## Consular Affairs

OIG reviewed consular operations, including American citizen services, nonimmigrant and immigrant visas, cashiering, internal controls, outreach, crisis preparedness, and fraud prevention programs. The Consular Section chief, who arrived in August 2017, demonstrated strong leadership in developing standard operating procedures, mentoring three First- and Second-Tour officers, and preparing for future hurricanes. OIG determined that the embassy's consular programs generally complied with guidance in 7 FAM, 9 FAM, 7 FAH, applicable statutes, and other Department policies.

Embassy Nassau's American citizen services workload consisted primarily of processing emergency passports. Nassau hosts up to six cruise ships from the United States per day with approximately 3,000 passengers each, the majority of whom are U.S. citizens. Passengers who missed their ships' return to Florida contributed to the more than 400 emergency passports Embassy Nassau issued in FY 2018.

## RESOURCE MANAGEMENT

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OIG reviewed internal control systems in the general services, facilities management, financial management, and human resources operations at Embassy Nassau. Management Section operations and oversight suffered as a result of staffing gaps due to two previous curtailments in the management officer position. Since 2014, the embassy had relied on a succession of nine temporary-duty management officers. Additionally, from 2014 to 2018, both the embassy and the management support structure at the Florida Regional Center experienced high turnover of staff. The newly assigned Management Officer arrived in September 2018 to find a section confronting operational weaknesses, including internal control deficiencies, lack of procedures, and outdated management policies. Since his arrival, the section had worked on implementing new policies and standard operating procedures. At the time of the inspection, the section had issued 11 new policies and was working on establishing 59 others. OIG identified the internal control deficiencies detailed below.

### General Services Operations

#### ***Embassy Did Not Properly Ratify Unauthorized Commitments***

Embassy Nassau did not ratify its unauthorized commitments<sup>18</sup> in accordance with Department standards. Management staff told OIG that when unauthorized commitments occurred, staff

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<sup>18</sup> An unauthorized commitment occurs when a contractual agreement is made that is not binding on the U.S. Government solely because the U.S. Government representative who made the agreement lacked the requisite authority to do so.

had been instructed to find workarounds rather than follow Department guidelines in 14 FAH-2 H-132. Specifically:

- An unauthorized commitment valued at \$2,700 occurred in April 2017. During the ratification process, the embassy inappropriately asked the vendor for a new invoice and issued a new purchase order.
- An unauthorized commitment valued at \$3,977.50 occurred in May 2018 but was not ratified because the invoice was altered to a date after the purchase order was issued.
- An unauthorized commitment valued at \$1,500 occurred in April 2018. The embassy ratified the unauthorized commitment rather than reporting it to the Bureau of Administration's Office of the Procurement Executive for ratification, as required by 14 FAH-2 H-132.2f.

Staff told OIG they were unaware of the requirements for ratifying unauthorized commitments. This, in addition to a lack of management oversight and internal controls, led to these deficiencies. Failure to report and ratify unauthorized commitments risks potential violations of the Anti-Deficiency Act<sup>19</sup> and does not allow the embassy to take action against repeat offenders.

**Recommendation 6:** Embassy Nassau, in coordination with the Bureau of Administration, should seek to ratify its unauthorized commitments in accordance with Department standards. (Action: Embassy Nassau, in coordination with A)

#### ***Health Insurance Contract Lacked Designated Contracting Officer's Representative***

The embassy did not assign a new contracting officer's representative (COR) for its health insurance contract, valued at more than \$3 million, after terminating the employee who had served in that position. Although the services under the contract continued as required, no one had monitored the contract since August 2018. Federal regulations<sup>20</sup> require contracting officers to designate and authorize, in writing and in accordance with agency procedures, a COR on all contracts and orders, unless the contracting officer retains those duties.

**Recommendation 7:** Embassy Nassau should delegate a contracting officer's representative for health insurance contract SBF50016D0002. (Action: Embassy Nassau)

#### ***Embassy Lacked Standard Operating Procedures for the Use of Official Vehicles***

The embassy did not have standard operating procedures regarding the use of all official vehicles. As stated in 14 FAM 437.1a, accountability, vehicle use, and maintenance records, including records of fuels and lubricants used, must be established and kept on file for all official vehicles and monitored for effective fleet management and to identify any irregularities

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<sup>19</sup> 31 U.S.C. § 1341(a)(1)(A). The Anti-Deficiency Act prohibits Federal agencies from obligating or expending Federal funds in advance or in excess of an appropriation, and from accepting voluntary services.

<sup>20</sup> 48 Code of Federal Regulations (CFR) 1.602-2.

in fuel consumption. In addition, 14 FAH-1 H-814.2-2a requires the embassy to review this information monthly and compare it with that of previous months. Any significant changes in fuel or oil use could indicate mechanical or operating problems, unrecorded issues, theft or misappropriation of fuel, or misuse. This deficiency occurred due to a lack of management oversight. Failure to establish standard operating procedures or implement internal controls increases the risk of fuel theft and billing inaccuracies or overcharges.

**Recommendation 8:** Embassy Nassau should implement standard operating procedures for the use of all official vehicles, in accordance with Department standards. (Action: Embassy Nassau)

### ***Embassy Used Vehicles that Exceeded Their Life-Cycle Schedule***

OIG found 17 of the 31 embassy vehicles exceeded their life-cycle schedule and should have been replaced. The Department's general replacement cycle for standard passenger sedans is 5 years. However, OIG found that more than half of the embassy vehicles were more than 5 years old. In accordance with 14 FAM 436.2d, the embassy should develop local vehicle life-cycle schedules that maximize value for the U.S. Government. The embassy did not develop this schedule due to lack of oversight. As a result, the embassy spent excessive amounts on maintenance and repair of the embassy's vehicles as they aged. Inadequate fleet management increases the risk of excessive costs and loss of Government resources.

**Recommendation 9:** Embassy Nassau should implement local vehicle life-cycle schedules for official vehicles, in accordance with Department standards. (Action: Embassy Nassau)

### ***Lack of Internal Controls for Vehicle Repair and Maintenance Increased the Risk of Fraud***

Embassy Nassau did not have internal controls in place to ensure maintenance and repair charges for its vehicle fleet were properly recorded and monitored, increasing the risk of fraud. OIG's review of maintenance logs and procurement orders found that in FY 2017 and FY 2018, the embassy spent \$244,533 on maintenance and repairs but did not keep records to document that the work was necessary or was actually completed. Specifically, OIG found the following questionable maintenance and repair transactions:

- In FY 2017, the embassy sent one vehicle to the maintenance shop for service and repairs three times within one week, at a cost of more than \$4,000. In FY 2018, the same vehicle was serviced seven times, costing more than \$3,800. None of these repairs were recorded or entered in the Department's Fleet Management Integrated System.
- In FY 2017, the embassy paid \$14,960 to cover regular cleaning of all vehicles for that year. The embassy also paid \$7,200 to the same company that same year for vehicle cleaning services that were included in the first amount, thus essentially paying twice for the same service.
- Similarly, in FY 2018, the embassy paid \$14,740 for regular cleaning of all vehicles; the embassy also paid \$9,240 for the same vehicle cleaning services to a different vendor during this same time period.



- In FY 2018, the embassy paid maintenance and repair costs of \$18,698 for one vehicle, including some repairs that were repeated.

Guidance in 14 FAH-1 H-818.2a requires embassies to maintain, on specific Department forms, a history of repairs performed on each vehicle. This information should also be entered into the Fleet Management Integrated System. Proper internal controls, through accurate and complete recordkeeping, can highlight repeated repairs that might indicate either an underlying mechanical problem or possible fraudulent activity. Failure of the embassy to put internal controls in place pertaining to the maintenance and repair of vehicles increases the risk of waste, fraud, and misuse of U.S. Government funds. Due to the deficiencies described above, OIG questions \$244,533 in vehicle maintenance and repair costs.

**Recommendation 10:** Embassy Nassau should verify and document that vehicle maintenance and repair costs of \$244,533 were necessary and recover any funds that were not used for the intended purposes. (Action: Embassy Nassau)

***Embassy Did Not Adhere to the Overseas Motor Vehicle Safety Management Policy***

The embassy did not adhere to the Department's Overseas Motor Vehicle Safety Management Program regarding training and medical clearances for drivers. OIG found that 48 of the embassy's 125 professional drivers and incidental (self-drive) operators had outdated safety training and 115 lacked medical clearances, contrary to 14 FAM 433.4 and 14 FAM 433.5. As stated in 14 FAM 433.1a, embassies must implement the Department's Overseas Motor Vehicle Safety Management Program for all professional and incidental drivers under chief of mission authority. Embassy staff told OIG they did not know they had to track training for other agencies' drivers or that U.S. direct-hire employees were required to obtain medical clearances. Inadequate oversight of motor pool operations can lead to motor vehicle accidents and increase the risk of liability to the embassy.

**Recommendation 11:** Embassy Nassau should bring all professional drivers and incidental operators into compliance with the Department's Overseas Motor Vehicle Safety Management Program. (Action: Embassy Nassau)

***Embassy Did Not Certify Residences for Occupancy***

OIG found the Post Occupational Safety and Health Officer (POSHO) did not certify 38 of the embassy's 105 residences for occupancy. While the POSHO had conducted the surveys, the files lacked POSHO program certification showing hazards had been effectively controlled or eliminated, as required by 15 FAM 252.5. These deficiencies resulted from a lack of oversight and coordination within the Management Section. The failure to properly document required residential safety and security reviews prior to occupancy creates potential life and safety vulnerabilities.



**Recommendation 12:** Embassy Nassau should establish a comprehensive corrective action plan and certify all residences for occupancy in accordance with Department standards. (Action: Embassy Nassau)

***Living Quarters Allowance Residences Did Not Adhere to Department Standards***

The embassy's two living quarters allowance residences,<sup>21</sup> occupied by Office of Defense Cooperation employees, did not adhere to Department standards. According to 15 FAM 263, employees wishing to lease residential properties must obtain Interagency Housing Board approval prior to signing the lease. In addition, the Regional Security Officer and POSHO must approve the properties. OIG found that neither of the residences had these approvals before the leases were signed. Failure to conduct required residential safety and security reviews before occupancy creates potential life and safety vulnerabilities.

**Recommendation 13:** Embassy Nassau should bring its two living quarters allowance residences into compliance with Department standards. (Action: Embassy Nassau)

***Property Management Program Did Not Meet Department Standards***

The embassy did not establish written standard operating procedures regarding internal controls and the handling and storage of property. Specifically:

- Property belonging to different agencies was comingled at the warehouse and not appropriately identified to show agency ownership, contrary to 14 FAM 413.7(2).
- Warehouse duties were not separated, as required by 14 FAH-1 H-112.2j. For example, the same individual was responsible for receiving and inventorying property.
- The warehouse contained assets valued at \$56,500 that were past their life cycle or obsolete and required disposal in accordance with 14 FAH-1 H-711.
- The embassy did not document spot checks of its inventory to verify the accuracy of property records and discrepancies, as required in 14 FAH-1 H-112f(3).
- The embassy lacked standard operating procedures for documenting receipt, transfer, and disposal of property, as required by 14 FAH-1 H-712 and 14 FAH-1 H-713.1.

Staffing gaps and a lack of management oversight led to these deficiencies. A lack of recordkeeping and oversight leaves the embassy's property vulnerable to fraud and theft.

**Recommendation 14:** Embassy Nassau should comply with Department standards for handling and storage of property. (Action: Embassy Nassau)

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<sup>21</sup> Living quarters allowance is intended to cover the average costs of rent and utilities incurred by U.S. citizen civilian Government employees living in a foreign area who are not assigned to Government-provided housing.

## Facilities Management

### ***Embassy Used Shipping Containers for Extra Storage***

OIG found the embassy used eight shipping containers for additional storage, contrary to Department guidance. Five of these containers were located at the Marine Security Guard residence, and three were on the chancery compound. A September 2018 cable states the Department does not support the use of shipping containers that do not conform to its building codes and safety standards.<sup>22</sup> OIG advised the embassy to establish a plan to dispose of all storage containers at U.S. Government-owned facilities, which the embassy agreed to do.

### ***Facilities Management Expendable Supplies Lacked Controls***

The embassy lacked adequate internal controls for the Facilities Management unit's expendable supplies, such as maintenance materials and spare parts. The facilities staff did not document what supplies were used, as required by 14 FAM 414(1). In addition, the embassy did not control access to or manage the expendable supply inventory. Furthermore, the embassy lacked safeguards and controls to ensure supplies were issued only for official use, as required by 14 FAM 414.4, and were properly requisitioned, as required by 14 FAM 414.5. These deficiencies were caused by a lack of management oversight. Failure to properly account for and safeguard expendable supplies left the embassy vulnerable to waste and theft.

**Recommendation 15:** Embassy Nassau should establish internal controls for the administration and disbursement of Facility Management stock and supplies in accordance with Department standards. (Action: Embassy Nassau)

### ***Fuel Tanks Located on Embassy Compound Were Not Calibrated***

The embassy did not calibrate the fuel tanks located on its compound to ensure accurate meter readings, as required by 14 FAH-1 H-815.4(C)(1). OIG found no records showing the fuel tanks had been calibrated, nor did the Facilities Management unit request OBO guidance or assistance to calibrate the meters. A failure to calibrate the tanks increases the risk of inaccuracies in fuel inventory and leaves the embassy vulnerable to theft and fraud.

**Recommendation 16:** Embassy Nassau should calibrate its fuel tanks in accordance with Department guidelines. (Action: Embassy Nassau)

### ***Embassy Did Not Conduct Annual Occupational Safety and Health Inspections of Work Areas***

The POSHO did not perform occupational safety, health, and environmental inspections as required by Department standards, due to competing priorities. Guidance in 15 FAM 962c requires the POSHO to inspect all office work areas annually and increased-risk work areas and

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<sup>22</sup> Cable 18 STATE 98976, "Shipping Containers And Portable Structure Use And Occupancy Requirement," September 27, 2018.

operations twice a year.<sup>23</sup> However, OIG found no record of these inspections. Failure to inspect work areas risks harm to personnel and failure to meet environmental requirements.

**Recommendation 17:** Embassy Nassau should perform occupational safety, health, and environmental inspections of work areas in accordance with Department standards. (Action: Embassy Nassau)

### ***Embassy Lacked Plan for the Vacant Deputy Chief of Mission Residence***

At the time of the inspection, the Chargé occupied the Chief of Mission residence, rather than the DCM residence, due to several security vulnerabilities. Because of these vulnerabilities, the DCM residence had been unoccupied for more than 6 months at the time of the inspection. As stated in 15 FAM 512.1, embassies must review U.S. Government-owned properties annually to identify those excess to requirements, not fully utilized, or uneconomical to retain, and report such properties to OBO. Embassy staff told OIG they would like to find a new DCM residence, as well as replace the current Chief of Mission residence, due to increasing maintenance costs but had yet to receive authorization from OBO to do so. The lack of a plan for use of the residences puts a strain on the Management Section, which must continue to maintain them.

**Recommendation 18:** Embassy Nassau, in coordination with the Bureau of Overseas Buildings Operations, should establish a plan for the future use of the Chief of Mission residence and the Deputy Chief of Mission residence. (Action: Embassy Nassau, in coordination with OBO)

## **Financial Management**

### ***Cashier Operations Lacked Consistent Procedures and Oversight***

OIG found that Embassy Nassau's cashier operations did not meet Department standards. Specifically:

- The cashier did not perform daily cash reconciliations, as required in 4 FAH-3 H-393.3-4(13).
- The cashier accountability<sup>24</sup> was out of balance more than nine times over a 3-month period, contrary to guidance in 4 FAH-3 H-397.1-1 and the Department's Cashier User Guide, Sections 12.2.15 and 13.2(8). In addition, the bank account used by the cashier was out of balance during the inspection.
- The cashier's American supervisor did not conduct monthly unannounced cash verifications, as required by 4 FAH-3 H-393.3-3(3).

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<sup>23</sup> According to 15 FAM 962e, an increased-risk work area is a workplace or environment with a high potential for mishaps or occupational illnesses, including activities involving machines, electrical or electronic functions, construction, maintenance and repair.

<sup>24</sup> Total cashier accountability includes the cash, checks, and documents for which each cashier is responsible.

- The cashier did not have a standard operating procedure for timely reconciliations of transactions for the U.S. Disbursing Officer bank account for Embassy Nassau, as called for in 4 FAH-3 H-393.3-4(17) and the Cashier User Guide, Section 4.4.1.1(1).
- The embassy did not establish a schedule that allowed alternate cashiers to work as the principal cashier, contrary to guidance in the Cashier User Guide, Section 3.3.6 (5).
- The cashier policies had not been updated since 2016. Guidance in the Cashier User Guide, Section 4.4.1.1, requires these policies to be updated annually.

These issues occurred due to a lack of management oversight. Failure to perform end of day cash verifications and implement internal controls increases the risk of errors or theft. During the inspection, the embassy initiated a review to change the cashier's hours to allow sufficient time to complete the end of day activities properly and to update cashier policies.

**Recommendation 19:** Embassy Nassau should bring its cashier operations, including management oversight of those operations, into compliance with Department standards. (Action: Embassy Nassau)

***Unliquidated Obligations Were Not Reviewed in a Timely Manner***

Embassy Nassau did not establish standard operating procedures defining responsibilities and processes for periodic, systematic reviews of funds under its control<sup>25</sup> and unliquidated obligations. As of October 2018, Embassy Nassau had not reviewed \$2.3 million in unliquidated obligations for fiscal years prior to FY 2018 to determine whether they were still valid. The amount included \$565,000 from 2017, \$181,000 from 2016, \$338,000 from 2015, \$1 million from 2014, \$230,000 from 2013, and \$24,000 from 2010. OIG's sampling review found that 39 obligations from FY 2017, valued at \$24,818, should have been identified for de-obligation, while another 9 unliquidated obligations lacked backup documentation. Guidance in 4 FAM 225a requires procedures be established to review documents supporting unliquidated obligations monthly and at the end of each fiscal year. Unliquidated obligations with no activity for more than one year must be targeted and de-obligated unless they can be documented as valid obligations, in accordance with 4 FAM 225d. This deficiency resulted from a lack of management oversight. Failure to review unliquidated obligations resulted in an accumulation of up to \$2.3 million in funds that could be put to better use.

**Recommendation 20:** Embassy Nassau should review its unliquidated obligations in accordance with Department guidelines and put up to \$2.3 million to better use. (Action: Embassy Nassau)

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<sup>25</sup> Department guidance on funds control (4 FAM 225) requires that all officers responsible for managing, tracking, and obligating allotted funds implement procedures for reviewing obligations and available fund balances.

### ***Embassy Did Not Conduct Annual ICASS Performance Assessment Surveys***

Embassy Nassau did not complete annual ICASS performance assessment surveys for FY 2017 and FY 2018. Guidance in 6 FAH-5 H-222.3-4a and Department cable 17 STATE 21918<sup>26</sup> require embassies to complete annual assessment reports to determine customer satisfaction, post the results on its intranet website, and submit the results to Washington. The embassy did not complete the reports due to staffing gaps. Failure to perform an annual assessment hinders the tracking of accurate performance metrics for meaningful comparisons of customer satisfaction among service providers.

**Recommendation 21:** Embassy Nassau should conduct annual International Cooperative Administrative Support Services performance assessment surveys as required by Department guidelines. (Action: Embassy Nassau)

### ***Embassy Used Wrong Fund Source to Pay Utilities***

In FY 2017 and FY 2018, Embassy Nassau paid utilities (electricity, water, and sewage) for the new embassy compound land using ICASS, rather than OBO funds. Federal regulations state that appropriations shall be applied only to the objects for which the appropriations were made.<sup>27</sup> Furthermore, use of the wrong funding source constitutes a potential Anti-Deficiency Act violation. During the inspection, the embassy contacted OBO and found funds were available to cover these expenses. OBO told the embassy that appropriate funds would be allotted.

**Recommendation 22:** Embassy Nassau, in coordination with the Bureau of Overseas Buildings Operations, should use the proper funding source to pay utility costs for the new embassy compound, in accordance with Department guidance. (Action: Embassy Nassau, in coordination with OBO)

### ***Alternate Certifying Officer Activity Not Reviewed***

The embassy did not periodically review the activity of the alternate LE certifying officer. In addition, OIG found no documentation of quarterly audits of LE staff certifying activity or voucher reviews. According to 4 FAH-3 H-065.2-2d, the Financial Management Officer should review designated LE staff certifying officer payments on a quarterly basis. A lack of oversight and staffing gaps contributed to this deficiency. Because certifying officers must personally reimburse the U.S. Government for any improper payment made by a disbursing officer because of incorrect certifications, the lack of monitoring of the certification activity could result in liability to the designated LE staff members.

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<sup>26</sup> Cable 17 STATE 21918, "2017 Annual Performance Assessment of ICASS Services Due June 1," March 8, 2017.

<sup>27</sup>Government Accountability Office, *Principles of Federal Appropriations Law*, 4th ed., 2017 rev., ch. 3, § A, (GAO-17-797SP, March 2016). "Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law." (31 U.S.C. § 1301(a)).

**Recommendation 23:** Embassy Nassau should review and document the locally employed staff certifying activities in accordance with Department guidelines. (Action: Embassy Nassau)

## Human Resources

### ***Embassy Lacked Time and Attendance Controls***

Embassy Nassau did not follow Department time and attendance procedures. OIG found that the LE staff payroll liaison certified the embassy's time and attendance and payroll without any review by a U.S. direct hire supervisor. Guidance in 4 FAH-3 H-519.3 requires implementing internal controls such as supervisory reviews, spot checks, and separation of duties. OIG advised the newly arrived Financial Management Officer to set up a system of checks and balances to ensure time and attendance procedures comply with Department standards, which she agreed to do. Therefore, OIG did not make a recommendation.

### ***Embassy Did Not Suspend Hardship Differential Pay as Required***

Embassy Nassau did not routinely suspend hardship differential pay when staff traveled to the United States.<sup>28</sup> U.S. direct-hire employees assigned to the embassy receive a 5 percent hardship differential when overseas, but Department of State Standard Regulation 532(a)(2) require that it be terminated when an employee begins travel to the United States. The differential is reinstated upon the employee's return to post. OIG found no evidence that the embassy did this. A lack of supervisory oversight led to this deficiency. Failure to comply with Department requirements for termination of hardship differential could result in overpayment to employees.

**Recommendation 24:** Embassy Nassau should implement procedures to suspend the hardship differential in accordance with Department standards. (Action: Embassy Nassau)

### ***Embassy Directly Paid Official Residence Expense Salaries***

Embassy Nassau paid official residence staff expenses staff salaries via Government electronic funds transfer. This practice violated 3 FAM 3257a, which requires the principal representative or the household manager to pay the official residence staff directly. OIG in August 2017 issued a report that included two recommendations to the Department to address official residence staff payments.<sup>29</sup> In response to OIG's recommendations, the Department reported that direct payments to official residence expenses staff—via post cashier, electronic funds transfers, or in cash from a post cashier—will be discontinued and the Department will update its policy guidance accordingly. As a result, OIG did not make a recommendation in this report.

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<sup>28</sup> The hardship differential provides additional compensation to staff for service at foreign locations where environmental conditions differ substantially from those in the continental United States and warrant additional compensation as a recruitment and retention incentive.

<sup>29</sup> OIG, *Compliance Follow-Up Review: Department of State Has Not Implemented Recommendations Pertaining to Official Residence Expense Staff Salaries* (ISP-C-17-32, August 2017).

## INFORMATION MANAGEMENT

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OIG reviewed classified, unclassified, and dedicated internet network operations; physical protection of information technology (IT) assets; classified communications security; emergency communication preparedness; radio and telephone programs; and mail and pouch services at Embassy Nassau. As described below, OIG found a number of deficiencies, including three that were also been identified in a May 2017 Bureau of Diplomatic Security Cyber Security Assessment (CSA) report. However, at the time of the inspection in October 2018, the embassy had not yet corrected the deficiencies.<sup>30</sup>

### ***Deficient Network Infrastructure Hampered Performance***

Embassy Nassau's intranet network faced critical processing delays and frequent variations in processing speed due to internal IT infrastructure issues. The May 2017 Bureau of Diplomatic Security CSA report also identified this severe network performance deficiency and recommended that the embassy work with the Department and the Regional Information Management Center in Ft. Lauderdale to resolve the issue. In August 2017, a regional center network technician performed a limited service repair to the network infrastructure but did not complete all needed repairs. Embassy staff told OIG that despite repeated embassy requests, WHA had yet to provide the additional Regional Information Management Center technical support to complete the work. Guidance in 1 FAM 277(1) states that regional centers should provide technical and operational assistance on all information management programs to the posts within their geographic region. OIG observed the embassy's network issues, including critical delays to the Consular Section's system and applications. Embassy operations will continue to experience delays until the network performance issues are fully addressed.

**Recommendation 25:** Embassy Nassau, in coordination with the Regional Information Management Center Ft. Lauderdale and the Bureau of Western Hemisphere Affairs, should remediate the embassy's computer network infrastructure to improve network performance. (Action: Embassy Nassau, in coordination with RIMC and WHA)

### ***Information Systems Security Officer Duties Not Performed***

Embassy Nassau's Information Systems Security Officer (ISSO) did not perform information system audits or complete mandated duties, including recurring vulnerability scanning, random email reviews, and random user data reviews. The Bureau of Diplomatic Security's May 2017 CSA report also identified this deficiency. According to 12 FAM 623.2a, the Department must create, protect, and retain information system audit records. In addition, 12 FAM 632.1-8c states that the Department must conduct monthly reviews of randomly selected user accounts

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<sup>30</sup> Because OIG frequently found that overseas posts were not addressing CSA findings and recommendations to mitigate cyber security risks and vulnerabilities, it issued a management assistance report that recommended that the Bureau of Diplomatic Security establish a process to track and verify compliance with recommendations made in CSA reports. See: OIG, *Management Assistance Report: Deficiencies Reported in Cyber Security Assessment Reports Remain Uncorrected* (ISP-17-39, July 2017).



to ensure they are not processing information above the authorized classification level for the network. Section management told OIG that competing priorities due to staffing vacancies prevented the ISSO from performing his duties. OIG issued a Management Assistance Report in May 2017 that identified the need to enforce the performance of ISSO duties by overseas personnel in accordance with Department standards.<sup>31</sup> In a subsequent Department cable, the Bureau of Information Resource Management requested that embassy management work with ISSOs to ensure performance of their duties by prioritizing resources to ensure that cybersecurity needs were met and documented.<sup>32</sup> Without regularly scheduled reviews and documented records, the Department's networks are vulnerable to potential unauthorized access and malicious activity.

**Recommendation 26:** Embassy Nassau should require that the Information Systems Security Officer perform information systems security duties in accordance with Department standards. (Action: Embassy Nassau)

### ***Information Technology Contingency Plans Were Not Tested***

The Information Management Office last tested the IT contingency plans for the unclassified and classified computer networks in 2016. According to 5 FAM 851a, every information system must have a documented contingency plan that is tested annually. The May 2017 Bureau of Diplomatic Security CSA report also identified this deficiency. Embassy staff stated that competing priorities and staffing limitations affected their ability to test the embassy's contingency plans. An untested IT contingency plan increases the risk of ineffective response and potential loss of critical information during an emergency or other crisis.

**Recommendation 27:** Embassy Nassau should conduct annual information technology contingency plan testing on its unclassified and classified networks in accordance with Department standards. (Action: Embassy Nassau)

### ***Emergency Communications Equipment Not Tested Regularly***

Embassy Nassau did not regularly test its emergency communications equipment for operational readiness as required by Department standards. Per 5 FAH-2 H-812.1a(6), the section is responsible for emergency and contingency communications, including emergency satellite phones and emergency satellite data systems. After Hurricane Matthew in 2016, Embassy Nassau identified the need for additional emergency communications equipment. The embassy received the equipment in 2017. However, OIG found no evidence that the equipment had been tested for operability, nor had the embassy established and documented standard operating procedures for its operation. Section management told OIG that competing priorities due to staffing vacancies led to non-performance of these requirements. The Department's annual notice for hurricane season preparedness identified the need to regularly test

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<sup>31</sup> OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

<sup>32</sup> Cable 17 STATE 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.



emergency communications equipment in advance of a potential hurricane or emergency crisis event.<sup>33</sup> Without regular testing of this equipment, the embassy may be unable to communicate with embassy personnel during an emergency.

**Recommendation 28:** Embassy Nassau should regularly test the emergency communications equipment in accordance with Department standards. (Action: Embassy Nassau)

### ***Account Management Operations Lacked Standard Operating Procedures***

Embassy Nassau lacked standard operating procedure for managing user account operations. According to 5 FAM 867, managers must maintain documentation for all aspects of computer support and operations to ensure continuity and consistency. Furthermore, OIG found the section did not establish basic user account management procedures for arriving and departing personnel, including the personal identity verification cards assigned to those accounts. As a result, incoming personnel immediately incurred a delay in the administrative transfer process for their user accounts. For example, several personal identity verification cards assigned to user accounts expired during the inspection, and the section lacked procedures to provide and activate new credentials. The absence of established account management procedures adversely affects the overall management and effectiveness of Information Management operations.

**Recommendation 29:** Embassy Nassau should implement standard operating procedures for account management operations. (Action: Embassy Nassau)

### ***Unauthorized Use of Diplomatic Mail***

OIG's review of the embassy's mail program found an instance of unauthorized use of the unclassified pouch and diplomatic post office by LE staff. Guidance in 14 FAM 742.2-2f(1) limits use of the unclassified pouch and diplomatic post office to authorized personnel meeting specific criteria. Section managers stated they did not enforce the guidelines and did not have a policy that detailed authorized mailroom usage. The lack of a written embassy policy and proper oversight of diplomatic mail leaves the program vulnerable to continued abuse.

**Recommendation 30:** Embassy Nassau should implement standard operating procedures for its unclassified pouch and diplomatic post office that comply with Department guidance. (Action: Embassy Nassau)

### ***Embassy Records Management Program Did Not Comply With Department Standards***

Embassy Nassau did not establish a records management program as required by Department standards. OIG found that the embassy did not have a formal policy on record email and did not provide records management training to embassy employees or systematically reduce its paper file holdings. Guidance in 5 FAM 414.5 requires the principal officer at each embassy to

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<sup>33</sup> Cable 18 STATE 69490, "Hurricane Season Preparedness," July 9, 2018.

implement and administer records policies, standards, systems, and procedures issued by the Department's Records Officer. In addition, 5 FAM 414.8 requires that all Department employees preserve documentary materials meeting the definition of a record under the Federal Records Act. These issues resulted from a lack of oversight by embassy management. The lack of an effective records management program can result in the loss of important data for historical insight into policy analysis, decision-making, and archival research.

**Recommendation 31:** Embassy Nassau should establish a records management program in accordance with Department standards. (Action: Embassy Nassau)

## RECOMMENDATIONS

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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 Embassy Nassau and the Bureau of Western Hemisphere Affairs. The Department's complete responses can be found in Appendix B.<sup>34</sup> The Department also provided technical comments that were incorporated into the report, as appropriate.

**Recommendation 1:** The Bureau of Western Hemisphere Affairs, in coordination with Embassy Nassau, should assign a temporary duty Deputy Chief of Mission of appropriate rank to the embassy to normalize the Front Office structure until a confirmed ambassador arrives. (Action: WHA, in coordination with Embassy Nassau)

**Management Response:** In its July 9, 2019, response, the Bureau of Western Hemisphere Affairs concurred with this recommendation. A temporary duty Deputy Chief of Mission arrived at Embassy Nassau on June 9, 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the temporary duty Chief of Mission was assigned to Embassy Nassau.

**Recommendation 2:** Embassy Nassau, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should comply with metrics, monitoring, and reporting requirements for Bureau of International Narcotics and Law Enforcement Affairs-funded projects. (Action: Embassy Nassau, in coordination with INL)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy complies with metrics, monitoring, and reporting requirements for Bureau of International Narcotics and Law Enforcement Affairs-funded projects.

**Recommendation 3:** Embassy Nassau should conduct the required joint evaluation reviews with the Government of The Bahamas for Bureau of International Narcotics and Law Enforcement Affairs-funded projects. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation. The embassy noted an estimated completion date of September 2019.

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<sup>34</sup> The Bureau of Western Hemisphere Affairs and Embassy Nassau consolidated their responses in the July 9, 2019, memorandum found in Appendix B.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy conducts the required joint evaluation reviews with the Government of The Bahamas for Bureau of International Narcotics and Law Enforcement Affairs-funded projects.

**Recommendation 4:** Embassy Nassau should comply with end use monitoring and recordkeeping requirements mandated in Bureau of International Narcotics and Law Enforcement Affairs guidance. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy complies with end use monitoring and recordkeeping requirements mandated in Bureau of International Narcotics and Law Enforcement Affairs guidance.

**Recommendation 5:** Embassy Nassau should bring its public diplomacy grants program into compliance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation. The embassy noted an estimated completion date of July 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the public diplomacy grants program complies with Department standards.

**Recommendation 6:** Embassy Nassau, in coordination with the Bureau of Administration, should seek to ratify its unauthorized commitments in accordance with Department standards. (Action: Embassy Nassau, in coordination with A)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy ratified its unauthorized commitments in accordance with Department standards.

**Recommendation 7:** Embassy Nassau should delegate a contracting officer's representative for health insurance contract SBF50016D0002. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy delegated a contracting officer's representative for health insurance contract SBF50016D0002.

**Recommendation 8:** Embassy Nassau should implement standard operating procedures for the use of all official vehicles, in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of standard operating procedures for the use of all official vehicles, in accordance with Department standards.

**Recommendation 9:** Embassy Nassau should implement local vehicle life-cycle schedules for official vehicles, in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation. The embassy noted an estimated completion date of November 2020.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy implemented local vehicle life-cycle schedules for official vehicles in accordance with Department standards.

**Recommendation 10:** Embassy Nassau should verify and document that vehicle maintenance and repair costs of \$244,533 were necessary and recover any funds that were not used for the intended purposes. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy verified and documented that vehicle maintenance and repair costs of \$244,533 were necessary and recovered any funds that were not used for the intended purposes.

**Recommendation 11:** Embassy Nassau should bring all professional drivers and incidental operators into compliance with the Department's Overseas Motor Vehicle Safety Management Program. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all professional drivers and incidental operators comply with the Department's Overseas Motor Vehicle Safety Management Program.

**Recommendation 12:** Embassy Nassau should establish a comprehensive corrective action plan and certify all residences for occupancy in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy established a comprehensive corrective action plan and certified all residences for occupancy in accordance with Department standards.

**Recommendation 13:** Embassy Nassau should bring its two living quarters allowance residences into compliance with Department standards (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the two living quarters allowance residences comply with Department standards.

**Recommendation 14:** Embassy Nassau should comply with Department standards for handling and storage of property. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy complies with Department standards for handling and storage of property.

**Recommendation 15:** Embassy Nassau should establish internal controls for the administration and disbursement of Facility Management stock and supplies in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation the embassy established internal controls for

the administration and disbursement of Facility Management stock and supplies in accordance with Department standards.

**Recommendation 16:** Embassy Nassau should calibrate its fuel tanks in accordance with Department guidelines. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy calibrated its fuel tanks in accordance with Department guidelines.

**Recommendation 17:** Embassy Nassau should perform occupational safety, health, and environmental inspections of work areas in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy performs occupational safety, health, and environmental inspections of work areas in accordance with Department standards.

**Recommendation 18:** Embassy Nassau, in coordination with the Bureau of Overseas Buildings Operations, should establish a plan for the future use of the Chief of Mission residence and the Deputy Chief of Mission residence. (Action: Embassy Nassau, in coordination with OBO)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a plan for the future use of the Chief of Mission residence and the Deputy Chief of Mission residence.

**Recommendation 19:** Embassy Nassau should bring its cashier operations, including management oversight of those operations, into compliance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy cashier operations comply with Department standards.

**Recommendation 20:** Embassy Nassau should review its unliquidated obligations in accordance with Department guidelines and put up to \$2.3 million to better use. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy reviewed its unliquidated obligations in accordance with Department guidelines.

**Recommendation 21:** Embassy Nassau should conduct annual International Cooperative Administrative Support Services performance assessment surveys as required by Department guidelines. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy conducts annual International Cooperative Administrative Support Services performance assessment surveys.

**Recommendation 22:** Embassy Nassau, in coordination with the Bureau of Overseas Buildings Operations, should use the proper funding source to pay utility costs for the new embassy compound, in accordance with Department guidance. (Action: Embassy Nassau, in coordination with OBO)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy uses the proper funding source to pay utility costs for the new embassy compound.

**Recommendation 23:** Embassy Nassau should review and document the locally employed staff certifying activities in accordance with Department guidelines. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation. The embassy noted it no longer has a locally employed staff certifying officer. However, if it does designate a locally employed certifying officer in the future, the embassy will complete and document audits of certifying activity in accordance with Department guidelines.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy no longer has a locally



employed staff certifying officer or if it has one, that the embassy reviews and documents certifying activities in accordance with Department guidelines.

**Recommendation 24:** Embassy Nassau should implement procedures to suspend the hardship differential in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of procedures to suspend the hardship differential in accordance with Department standards.

**Recommendation 25:** Embassy Nassau, in coordination with the Regional Information Management Center Ft. Lauderdale and the Bureau of Western Hemisphere Affairs, should remediate the embassy's computer network infrastructure to improve network performance. (Action: Embassy Nassau, in coordination with RIMC and WHA)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy remediated its computer network infrastructure to improve network performance.

**Recommendation 26:** Embassy Nassau should require that the Information Systems Security Officer perform information systems security duties in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation. The embassy noted an estimated completion date of August 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Information Systems Security Officer performs information systems security duties in accordance with Department standards.

**Recommendation 27:** Embassy Nassau should conduct annual information technology contingency plan testing on its unclassified and classified networks in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation. The embassy noted an estimated completion date of July 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy conducts annual information

technology contingency plan testing on its unclassified and classified networks in accordance with Department standards.

**Recommendation 28:** Embassy Nassau should regularly test the emergency communications equipment in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy regularly tests the emergency communications equipment in accordance with Department standards.

**Recommendation 29:** Embassy Nassau should implement standard operating procedures for account management operations. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of standards operating procedures for account management operations.

**Recommendation 30:** Embassy Nassau should implement standard operating procedures for its unclassified pouch and diplomatic post office that comply with Department guidance. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of standard operating procedures for its unclassified pouch and diplomatic post office that comply with Department guidance.

**Recommendation 31:** Embassy Nassau should establish a records management program in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** In its July 9, 2019, response, Embassy Nassau concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a record management program that complies with Department standards.

## PRINCIPAL OFFICIALS

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Title	Name	Arrival Date
<b>Chiefs of Mission:</b>		
Chargé d’Affaires	Stephanie Bowers	03/2018
Acting Deputy Chief of Mission	Jamie Martin <sup>1</sup>	06/2016
<b>Chiefs of Sections:</b>		
Management	Bill Hunt	09/2018
Consular	Angelina Wilkinson	08/2017
Political/Economic	Douglas Sun	06/2017
Public Affairs	Penny Rechkemmer	07/2016
Regional Security	Peter Kapoukakis	07/2016
<b>Other Agencies:</b>		
Department of Defense	Commander Kevin Self	6/2018

Source: Embassy Nassau

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<sup>1</sup> Jamie Martin arrived as the INL Director in June 2016 and assumed the collateral duties of acting DCM in June 2018.

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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This inspection was conducted from September 4, 2018, to April 2, 2019,<sup>1</sup> 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 and the U.S. Agency for Global Media (USAGM).

### Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. 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 and U.S. interests are 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; and whether instances of fraud, waste, or abuse exist and whether adequate steps for detection, correction, and prevention have been taken.

### Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; reviews pertinent records; circulates surveys and compiles the results, 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 117 interviews and reviewed responses to 152 personal questionnaires.

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<sup>1</sup> This work was delayed because of the lapse in OIG's appropriations that occurred from 11:59 p.m. December 21, 2018, through January 25, 2019.

## APPENDIX B: MANAGEMENT RESPONSES

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**Embassy of the United States of America**  
Nassau, The Bahamas

**UNCLASSIFIED**  
**MEMORANDUM**

July 9, 2019

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

THRU: WHA – Kimberly Breier, Assistant Secretary

FROM: Embassy Nassau – Stephanie L. Bowers, Chargé d’Affaires, a.i.

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

Embassy Nassau has received the draft OIG inspection report. We provide the following comments in response to the recommendations provided by OIG:

**Recommendation 1:** The Bureau of Western Hemisphere Affairs, in coordination with Embassy Nassau, should assign a temporary duty Deputy Chief of Mission of appropriate rank to the embassy to normalize the Front Office structure until a confirmed ambassador arrives. (Action: WHA, in coordination with Embassy Nassau)

**Management Response:** WHA implemented the recommendation by assigning a temporary duty Deputy Chief of Mission to Embassy Nassau. He reported to duty June 19, 2019.

**Recommendation 2:** Embassy Nassau, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should comply with metrics, monitoring, and reporting requirements for Bureau of International Narcotics and Law Enforcement Affairs-funded projects. (Action: Embassy Nassau, in coordination with INL).

**Management Response:** Embassy Nassau concurs with the recommendation. Embassy Nassau and INL have implemented the recommendation. In 2017, INL/WHP signed a contract with Dexis to develop a monitoring and evaluation system for INL programs, including the hiring of an M&E Specialist through Dexis in November 2018, who oversees the development and collection of strategic performance measures for INL Nassau.

**Recommendation 3:** Embassy Nassau should conduct the required joint evaluation reviews with the Government of The Bahamas for Bureau of International Narcotics and Law Enforcement Affairs-funded projects. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation. INL Nassau and the Front Office meet regularly with senior representatives from the Bahamian government to discuss programs and advancement towards program targets; in addition, Embassy Nassau is

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establishing an annual Joint Evaluation Meeting with the host government. The expected completion date is 4<sup>th</sup> quarter FY 2019.

**Recommendation 4:** Embassy Nassau should comply with end use monitoring and recordkeeping requirements mandated in Bureau of International Narcotics and Law Enforcement Affairs guidance. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation. INL Nassau has implemented the recommendation by updating its end use monitoring standard operating procedures (SOP) in alignment with INL's most recent update from 2017. In updating its SOP, INL Nassau reduced the number of items it was monitoring in previous years. Despite its use of the older INL SOP, INL Nassau completed 100% inspection of all required items on time for the last several years.

**Recommendation 5:** Embassy Nassau should bring its public diplomacy grants program into compliance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation. Post, in coordination with A/OPR, is implementing this recommendation by ensuring the Public Affairs Grants Officer Representative (GOR) received the following training: PP426 – Foreign Assistance Program Monitoring and Evaluation and WHA's Regional Grants Management Workshop from April 29 – May 3, 2019. The GOR renewed her GOR certification thru FY 2022, and all open Grants for FY 2018 and FY 2019 have been updated in the State Assistance Management System (SAMS). Post is currently uploading Grants ordered offline prior to the roll out of SAMS overseas and this effort will be completed by the end of July 2019. Moreover, Post has requested that A/OPE visit Post to conduct a full audit of public diplomacy grants.

**Recommendation 6:** Embassy Nassau, in coordination with the Bureau of Administration, should seek to ratify its unauthorized commitments in accordance with Department standards. (Action: Embassy Nassau, in coordination with A/OPE, WHA/EX, and Florida Regional Center (FRC))

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau is working with the Bureau of Administration to address the deficiencies outlined in this recommendation. The Embassy requested A/OPE to visit Post to audit processes, make further recommendations, assist in resolving outstanding issues, and train/consult staff. No timeframe for an A/OPE visit has been established.

In addition, the FRC is assisting with establishing a contracting officer's representative (COR) position in the Embassy's "Accountability Service Center" (ASC). The ASC COR position will have the responsibility to assist with all unauthorized commitment processing, tracking, and training to guard against future deficiencies. This position will report to the ASC Supervisor and Management Counselor.

Embassy Nassau will continue working on this recommendation, but will not consider it fully implemented until A/OPE visits Post and subsequent audit results have been appropriately addressed, as well as the ASC COR and ASC Supervisor positions filled.

**Recommendation 7:** Embassy Nassau should delegate a contracting officer's representative for health insurance contract SBF50016D0002. (Action: Embassy Nassau, in coordination with WHA/EX and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

The Embassy has assigned a contracting officer's representative (COR) to temporarily fill the role until such time that the ASC COR position is filled and can assume the role of primary COR for contract SBF50016D0002. The ASC COR will provide oversight for numerous contracts including the Locally Employed Staff health insurance contract. In the case of the health insurance contract, designated personnel in the human resources office will assume the role of Government Technical Monitor (GTM) and serve as alternate to the primary COR. The FRC is providing human resources support to establish the ASC COR position.

Although a COR has been temporarily assigned, Embassy Nassau will not consider this recommendation fully implemented until the ASC COR position is filled and appropriate oversight established, as well as an appropriate GTM role established.

**Recommendation 8:** Embassy Nassau should implement standard operating procedures for the use of all official vehicles, in accordance with Department standards. (Action: Embassy Nassau, in coordination with WHA/EX and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

The Fleet Manager position has been vacant since mid-November 2018. Since that time the Embassy has worked to establish and is implementing standard operating procedures utilizing staff from other management offices. The FRC is assisting Post to establish an ASC Fleet Management Assistant position as well as an ASC Clerk position for support. In addition, the FRC is sending a team in mid-July 2019 to review GSO operations, including motor pool. The Senior General Services Officer (S/GSO) position has been vacant since December 2018. The incoming S/GSO, arriving mid-August 2019, will complete the effort already well under way.

Embassy Nassau will not consider this recommendation fully implemented until FRC visits Post and subsequent audit results have been addressed, as well as the ASC Fleet Management Assistant, ASC Clerk, and ASC Supervisor positions filled, with these newly hired employees trained.

**Recommendation 9:** Embassy Nassau should implement local vehicle life-cycle schedules for official vehicles, in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau has established life-cycle schedules and completed a thorough needs assessment. Embassy Nassau budgeted \$300,000 in FY 2019 to begin the replacement cycle and anticipates an order will be submitted to the selected source by the end of July 2019. Furthermore, Embassy Nassau recently disposed of three aged fleet vehicles in anticipation of replacing them. More disposals will occur as new vehicles arrive.

An additional \$300,000 in FY 2020 funding will be required to continue catch-up efforts so Embassy Nassau can begin to comply with established government standards.

The expected completion date is fall 2020.

**Recommendation 10:** Embassy Nassau should verify and document that vehicle maintenance and repair costs of \$244,533 were necessary and recover any funds that were not used for the intended purposes. (Action: Embassy Nassau, in coordination with WHA/EX and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

Although Embassy Nassau concurs with this recommendation, Post does not have sufficient staff to effectively address this issue retroactively. Currently, the Embassy staff must maintain its focus on Embassy operations and establishing processes and strong management controls. Embassy Nassau will begin a retroactive review once staffing levels are at an adequate level.

Embassy Nassau will begin implementing this recommendation after the Financial Account, Designated Billing Office (DBO) Clerk, Class B Cashier, ASC Supervisor, ASC Fleet Management Assistant, and ASC Fleet Management Clerk positions are filled, and processes associated with those positions have been established.

No completion date has been established.

**Recommendation 11:** Embassy Nassau should bring all professional drivers and incidental operators into compliance with the Department's Overseas Motor Vehicle Safety Management Program. (Action: Embassy Nassau, in coordination with WHA/EX, FRC, and Customs and Border Protection (CBP))

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau implemented this recommendation by bringing professional drivers and incidental operators into compliance with the Department's Overseas Motor Vehicle Safety Management Program. Post and anticipates full compliance by the end of August 2019 with one exception: Custom and Border Protection (CBP) personnel. Post is working with WHA/EX to resolve CBP's refusal to comply, addressing it via negotiations at the agency headquarters level.

Embassy Nassau will not consider this recommendation fully implemented until CBP is compliant or a waiver can be presented.



**Recommendation 12:** Embassy Nassau should establish a comprehensive corrective action plan and certify all residences for occupancy in accordance with Department standards. (Action: Embassy Nassau, in coordination with OBO, OBO Regional Center, WHA/EX, and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau is changing its approach to residential housing. The OBO Regional Center is working with Post to develop a staff needs assessment with the eventual intent of Facilities Maintenance (FAC) assuming a subject-matter-expert leadership role in Post Occupational Safety and Health Officer (POSHO)-related activities, commissioning, make readies, and decommissioning of residential housing. FAC already named, trained, and established an additional POSHO assistant. A General Services Officer will remain as POSHO until a U.S. direct hire Facilities Manager is assigned to Embassy Nassau. The plan will include retroactively evaluating current residences to bring them into compliance, if needed, and formulating a plan to remove any leased properties that do not meet the established standards.

Post and WHA/EX have requested that OBO/RM/FM or OBO/PRE/RPL/PM visit Embassy Nassau and conduct an audit of the Real Property Application (RPA). The FRC is sending a team in mid-July 2019 to review GSO operations, including real estate.

Embassy Nassau will not consider this recommendation fully implemented until OBO/RM/FM or OBO/PRE/RPL/PM visit Post and subsequent audit results have been addressed, and the ASC Real Estate Assistant, ASC Realty Clerk, ASC Supervisor, and appropriate FAC positions have been filled and associated processes established.

**Recommendation 13:** Embassy Nassau should bring its two living quarters allowance (LQA) residences into compliance with Department standards (Action: Embassy Nassau, in coordination with OBO Regional Center, Regional Security Office, and the tenant agency)

**Management Response:** Embassy Nassau concurs with the recommendation.

As stated in the management response to recommendation 12, Post plans to retroactively evaluate current residences, including the two LQA residences, bring them into compliance if needed, and formulate a plan to remove any leased property that does not meet the established Department standards.

No completion date has been established.

**Recommendation 14:** Embassy Nassau should comply with Department standards for handling and storage of property. (Action: Embassy Nassau, in coordination with WHA/EX and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

The Embassy is making great strides to comply with Department standards. Currently Post personnel are in training to deploy Annual Inventory Modernization (AIM). The incoming S/GSO, arriving mid-August, is extremely familiar with AIM and is considered a subject-matter-

expert in Property Management. Post held two auctions in CY 2019 to dispose of outmoded items.

Embassy Nassau will not consider the recommendation fully implemented until the incoming S/GSO is able to assess the situation holistically and can demonstrate that the Property Management operations are in compliance with Department standards. In addition to the S/GSO's assessment and action plan, the ASC Property Management Assistant, ASC Property Management Clerk, and ASC Supervisor positions must be filled, and associated processes established.

No completion date has been established.

**Recommendation 15:** Embassy Nassau should establish internal controls for the administration and disbursement of Facility Management stock and supplies in accordance with Department standards. (Action: Embassy Nassau, in coordination with OBO Regional Center, WHA/EX, and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau has largely implemented this recommendation by eliminating the container storage farm previously located on the Marine Security Guard Residence grounds, and by bringing FAC stock and supply items under GSO control, thus ensuring their storage in the warehouse and issuance are handled per Department guidelines. Further assessment is recommended and will be addressed when the S/GSO position is filled again in mid-August 2019.

Embassy Nassau will not consider this recommendation fully implemented until the S/GSO has assessed the operation and implemented any subsequent compliance actions. In addition, the ASC Property Management Assistant, ASC Property Management Clerk, and ASC Supervisor positions must be filled, and associated processes established.

No completion date has been established.

**Recommendation 16:** Embassy Nassau should calibrate its fuel tanks in accordance with Department guidelines. (Action: Embassy Nassau, in coordination with OBO Regional Center)

**Management Response:** Embassy Nassau concurs with the recommendation.

In coordination with the OBO Regional Center, Embassy Nassau is establishing a process map outlining the complete fuel process, establishing a COR and GTM, a list of specific fuel trucks, to include drivers, that are designated to deliver fuel, receiving methods to measure amounts, and testing methods for fuel quality.

Embassy Nassau will not consider this recommendation fully implemented until the ASC Supervisor, ASC COR, and requisite FAC positions are filled, associated processes have been

established, a GTM identified and trained, and contracts are reviewed and determined to be appropriate.

No completion date has been established.

**Recommendation 17:** Embassy Nassau should perform occupational safety, health, and environmental inspections of work areas in accordance with Department standards. (Action: Embassy Nassau, in coordination with OBO Regional Center)

**Management Response:** Embassy Nassau concurs with the recommendation.

In coordination with the OBO Regional Center, Embassy Nassau is establishing a corrective plan to review all structures/offices occupied by staff under Chief of Mission authority who are spread across five separate islands. Most of these buildings/structures are captured in the real property application (RPA) but there is no evidence of prior POSHO activity associated with them.

Furthermore, Post and WHA/EX have requested either OBO/RM/FM or OBO/PRE/RPL/PM to visit Post and conduct an audit of RPA to review and assess Post operational needs. The FRC is sending a team in mid-July 2019 to review GSO operations, including real estate.

Embassy Nassau will not consider this recommendation fully implemented until the ASC Supervisor, ASC Real Estate Assistant, ASC Real Estate Clerk, and requisite FAC positions are filled, associated processes have been established, a thorough review has been completed by all relevant OBO offices, and all properties are properly certified.

No completion date has been established.

**Recommendation 18:** Embassy Nassau, in coordination with the Bureau of Overseas Buildings Operations, should establish a plan for the future use of the Chief of Mission residence and the Deputy Chief of Mission residence. (Action: Embassy Nassau, in coordination with OBO and WHA/EX)

**Management Response:** Embassy Nassau concurs with the recommendation.

On February 21, 2019, Embassy Nassau formally requested via 19 NASSAU 94 OBO engagement and assistance on numerous real estate and facility-related topics. OBO has responded appropriately to date and is engaging at all levels on all concerns. The OBO Principal Deputy Director will visit Embassy Nassau at the end of July 2019 to directly assess OBO issues, including the Chief of Mission (CMR) and Deputy Chief of Mission (DCR) residences.

On July 9, 2019, OBO/RM informed Embassy Nassau via formal memorandum that it concurs with the recommendation and will support Post in developing a plan for the future use of the CMR and DCR.

In addition to addressing the status of the CMR and DCR, Post has requested a comprehensive real estate country strategy for all owned and leased properties, to be created by OBO in

coordination with Embassy Nassau and WHA. Embassy Nassau believes developing a direction-setting strategic country plan that is understood and agreed to by all stakeholders (business plan type format) is the best path forward to address Post's bilateral, political, and operational requirements. The plan requested is intended to be a living document that all interested parties continually engage on to prevent or quickly identify future deficiencies.

Embassy Nassau will not consider this recommendation fully implemented until a comprehensive real estate country strategy is drafted, vetted, and approved by all stakeholders.

No completion date has been established.

**Recommendation 19:** Embassy Nassau should bring its cashier operations, including management oversight of those operations, into compliance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau implemented the recommendation as follows:

- The Principal Cashier at the time of the OIG audit is no longer employed by the embassy.
- The Alternate Cashier who is now the Acting Principal Cashier received two weeks of on the job training in May 2019 from Embassy Caracas' Principal Cashier, who has 30 years of experience.
- The Acting Principal Cashier then attended the two-week Bureau of the Comptroller and Global Financial Services (CGFS) Basic Cashiering course in May 2019 and passed the examination as required.
- The Acting Principal Cashier performs the daily cash reconciliation at the end of each day, as required in 4 FAH-3 H-393.3-4(13).
- The cashier accountability is now in balance. The outstanding out of balance condition at the time of the OIG audit has been cleared through the fiscal irregularity process. This fiscal irregularity was declared in accordance with policy per the Cashier User Guide.
- The cashier's U.S. direct hire supervisor has conducted the monthly unannounced cash verifications, as required by 4 FAH-3 H-393.3-3(3), every month since her arrival at Post, beginning with October 2018.
- The cashier's hours have been updated to allow enough time to complete the end of day activities properly.
- As required, the cashier policies have been updated as follows:
  - Cashier Services: February 15, 2019
  - Emergency Action Plan - Cashier Operations: February 28, 2019
  - Cash Movement Policy: February 14, 2019
- A standard operating procedure for timely reconciliations of transactions for the U.S. Disbursing Officer bank account for Embassy Nassau, as called for in 4 FAH-3 H-393.3-4(17) and the Cashier User Guide, Section 4.4.1.1(1) is being developed with assistance from Post's Cashier Monitor.

- A schedule that allows alternate cashiers to work as the principal cashier, as required by the Cashier User Guide, section 3.3.6 (5) will be implemented once a new Principal Cashier is hired and fully trained.

Embassy Nassau will not consider this recommendation fully implemented until a new Principal Cashier is hired and fully trained.

**Recommendation 20:** Embassy Nassau should review its unliquidated obligations in accordance with Department guidelines and put up to \$2.3 million to better use. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and has implemented the recommendation. Embassy Nassau follows the CGFS guidelines for quarterly review of unliquidated obligations. While the balance of unliquidated obligations at the time of the OIG audit was large, it is inaccurate to state the balances had not been reviewed. These balances had been reviewed by the FMO section but were retained based on feedback from other sections. Subsequent to the OIG audit, the FMO put more emphasis on the quarterly reviews and as of May 1, 2019, the embassy had only \$403,000 in unliquidated obligations for fiscal years prior to FY 2018, a reduction of 83% from the time of the OIG audit.

The FMO section is developing an SOP for systematic monthly unliquidated obligation reviews, in addition to the CGFS quarterly reviews, in accordance with 4 FAM 225a. This SOP will ensure the FMO section meets its monthly, quarterly, and annual review obligations to target and de-obligate obligations older than one year, unless they can be documented as valid obligations, in accordance with 4 FAM 225d.

**Recommendation 21:** Embassy Nassau should conduct annual International Cooperative Administrative Support Services performance assessment surveys as required by Department guidelines. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and has implemented the recommendation. The Chair of the ICASS Council at Embassy Nassau certified to the ICASS Service Center on July 1, 2019, that the 2019 ICASS Annual Performance Assessment (APA) was completed and transmitted to the Chargé d'Affaires per Department guidelines. In addition, the APA has been posted to the Embassy's intranet site.

**Recommendation 22:** Embassy Nassau, in coordination with the Bureau of Overseas Buildings Operations, should use the proper funding source to pay utility costs for the new embassy compound, in accordance with Department guidance. (Action: Embassy Nassau, in coordination with OBO, WHA/EX, and FRC)

**Management Response:** Embassy Nassau concurs with and has fully implemented the recommendation by securing funding from OBO for the inappropriately funded utility costs from FY 2017 and FY 2018. Journal vouchers were processed to move the costs from ICASS funding to OBO/NEC funding.

Although this recommendation is complete, Post still requires that the Financial Accountant, DBO Clerk, ASC Supervisor positions be filled, and associated processes established to avoid future occurrences.

**Recommendation 23:** Embassy Nassau should review and document the locally employed staff certifying activities in accordance with Department guidelines. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and has fully implemented the recommendation.

Embassy Nassau no longer has a locally employed certifying officer. If Post decides to designate a locally employed certifying officer in the future, the FMO will complete and document the required quarterly audits of locally employed staff certifying activity or voucher reviews according to 4 FAH-3 H-065.2-2d.

**Recommendation 24:** Embassy Nassau should implement procedures to suspend the hardship differential in accordance with Department standards. (Action: Embassy Nassau, in coordination with WHA/EX and FRC)

**Management Response:** Embassy Nassau concurs with the recommendation.

Embassy Nassau is developing an SOP to allow the human resources and financial management sections to effectively track and suspend hardship differential pay when U.S. direct hire staff travel to the United States. U.S. direct hire employees are required to notify the Regional Security Officer when they depart Post and this information will be leveraged to suspend and reinstate hardship differentials in accordance with Department of State Standard Regulation 532(a)(2).

Embassy Nassau will not consider this recommendation fully implemented until vacancies in the financial management and human resources section are filled to ensure appropriate oversight of the established SOP.

No completion date has been established.

**Recommendation 25:** Embassy Nassau, in coordination with the Regional Information Management Center (RIMC) Ft. Lauderdale and the Bureau of Western Hemisphere Affairs, should remediate the embassy's computer network infrastructure to improve network performance. (Action: Embassy Nassau, in coordination with RIMC and WHA)

**Management Response:** Embassy Nassau concurs with recommendation. To implement this recommendation, RIMC Fort Lauderdale visited Post, in cooperation with IRM/ENM, analyzed network connectivity, and corrected patching issues, bringing Embassy Nassau's iPost scores from a F- to A+ in June 2019. Embassy Nassau is awaiting the RIMC technician's trip report.



**Recommendation 26:** Embassy Nassau should require that the Information Systems Security Officer perform information systems security duties in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation. Both of Post's newly arrived Information Management Specialists (following long-term staffing gaps) are scheduled to complete ISSO training by the end of August 2019. The Information Management Officer has briefed both employees on the ISSO checklist, prioritizing the most important tasks. Once both employees complete the training, they will execute their duties and responsibilities in accordance with Department regulations. The expected completion date is August 2019.

**Recommendation 27:** Embassy Nassau should conduct annual information technology contingency plan testing on its unclassified and classified networks in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with the recommendation. The Contingency Plan has been updated and the unclassified and classified networks have been tested in accordance with Department standards. A full test of the Contingency Plan will be completed by the end of July 2019. The expected completion date is July 2019.

**Recommendation 28:** Embassy Nassau should regularly test the emergency communications equipment in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and has implemented the recommendation. New satellite telephones are set up and have been tested and are working properly. The primary Reach kit has been upgraded and is functioning properly. One of the spare Reach Kits has been assigned to the Consular section, and the third kit has been returned to IRM for repair. Post is working with IRM/REACH to send a replacement kit. Post has also incorporated a quarterly test with different offices.

**Recommendation 29:** Embassy Nassau should implement standard operating procedures for account management operations. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and implemented the recommendation. IRM developed and implemented SOPs for all its operations and consolidated them into one single SOP folder on both OpenNet and ClassNet. As new requirements emerge IRM employees will establish or update SOPs.

**Recommendation 30:** Embassy Nassau should implement standard operating procedures for its unclassified pouch and diplomatic post office that comply with Department guidance. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and implemented the recommendation. Post updated the mail and pouch policy and no longer utilizes day laborers in the pouch facility.

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**Recommendation 31:** Embassy Nassau should establish a records management program in accordance with Department standards. (Action: Embassy Nassau)

**Management Response:** Embassy Nassau concurs with and implemented the recommendation. A records management policy was approved by the Chief of Mission and implemented on June 18, 2019.

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## ABBREVIATIONS

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COR	Contracting Officer's Representative
DCM	Deputy Chief of Mission
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICASS	International Cooperative Administrative Support System
ICS	Integrated Country Strategy
INL	Bureau of International Narcotics and Law Enforcement Affairs
ISSO	Information Systems Security Officer
LE	Locally Employed
OBO	Bureau of Overseas Buildings Operations
POSHO	Post Occupational Safety and Health Officer
WHA	Bureau of Western Hemisphere Affairs

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