



Office of Inspector General United States Department of State

ISP-I-22-10

Office of Inspections

March 2022

(U) Inspection of Embassy Santiago, Chile

BUREAU OF WESTERN HEMISPHERE AFFAIRS

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HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-22-10

(U) What OIG Inspected

(U) OIG inspected the executive direction, program and policy implementation, resource management, and information management operations of Embassy Santiago.

(U) What OIG Recommends

(U) OIG made 14 recommendations to Embassy Santiago.

(U) In its comments on the draft report, Embassy Santiago concurred with all 14 recommendations. OIG considers all 14 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal response is reprinted in its entirety in Appendix B.

(U) March 2022

(U) OFFICE OF INSPECTIONS

(U) BUREAU OF WESTERN HEMISPHERE AFFAIRS

(U) Inspection of Embassy Santiago, Chile

(U) What OIG Found

- (U) Embassy Santiago's Chargé d'Affaires and acting Deputy Chief of Mission set a positive leadership climate, modeling integrity, openness, and concern for embassy staff.
- (U) The embassy implemented restrictions to maintain the health and safety of personnel during the COVID-19 pandemic.
- (U) Embassy Santiago did not exercise adequate financial oversight of the Commission for Educational Exchange between the United States of America and Chile.
- (U) The embassy did not conduct seismic safety assessments for all residences, as required by Department of State standards.
- (U) Embassy Santiago's contracting officer's representative program did not comply with Department standards.
- (U) The embassy's information systems security officers failed to perform all required information systems security duties.

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(U) CONTEXT

(U) The Republic of Chile is one of South America's most stable and prosperous nations. Chile leads Latin American countries in measures of economic competitiveness, quality of life, political stability, economic freedom, governance, and poverty alleviation. In addition, it ranks high in measures of freedom of the press, human development, and democratic development. In 2020, the Economist Intelligence Unit's Democracy Index ranked Chile as a "full democracy," one of only three countries in Latin America to be so designated.¹ In addition, the 2020 Transparency International Corruption Perceptions Index ranked Chile among the world's least corrupt countries.² Despite these positive indicators, Chile has high levels of income and social inequality that contributed to widespread civil unrest in 2019. Reports of police mistreatment of protesters strained many Chilean institutions and set the nation on a path of social reform, including the drafting of a new constitution. The unrest subsided as the COVID-19 pandemic began in March 2020 and addressing the pandemic and the resulting economic recession became the top priorities of the Government of Chile.

(U) The relationship between the United States and Chile is based on a shared commitment to democracy, market economies and fair trade, security, human rights, and the rule of law. In addition, Chile partners with the United States on sustainable environmental management, energy security, and science, technology, and innovation. Since the United States-Chile Free Trade Agreement entered into force in 2004,³ trade has expanded significantly; the United States is Chile's second-largest trading partner, after China. In addition, the United States is Chile's top source of foreign direct investment. Furthermore, Chile is the only country in Latin America that is a member of the Visa Waiver Program.⁴ After Chile's entry into the program in 2014, the number of Chileans visiting the United States more than doubled. However, due to the COVID-19 pandemic, that number declined in 2020 and 2021.

(U) In FY 2020, the United States provided Chile with approximately \$2.6 million in foreign assistance implemented through three U.S. Government agencies. The Department of Defense

¹(U) The Economist Intelligence Unit, which is the research and analysis division of the Economist Group media company, ranked Chile, Uruguay, and Costa Rica as the only full democracies in Latin America. The unit's annual survey rates the state of democracy across 167 countries based on five measures: electoral process and pluralism, the functioning of government, political participation, democratic political culture, and civil liberties.

² (U) The 2020 Transparency International Corruption Perceptions Index ranked Chile at 25 out of 180 countries, in the top 15 percent of least corrupt countries.

³ (U) The United States-Chile Free Trade Agreement entered into force on January 1, 2004. The agreement eliminated tariffs and opened markets, reduced barriers for trade in services, provided protection for intellectual property, ensured regulatory transparency, guaranteed nondiscrimination in the trade of digital products, committed the parties to maintain competition laws that prohibit anticompetitive business conduct, and required effective labor and environmental enforcement. As of January 1, 2015, all goods originating from the United States enter Chile duty free.

⁴ (U) The Visa Waiver Program, administered by the Department of Homeland Security in consultation with the Department of State, permits citizens of 38 countries to travel to the United States for business or tourism for stays of up to 90 days without a visa. In return, those 38 countries must permit U.S. citizens and nationals to travel to their countries for a similar length of time without a visa for business or tourism purposes.

provided \$2 million in medical supplies and equipment through its Humanitarian Assistance Program, the U.S. Agency for International Development provided \$70,000 in COVID-19 relief funding, and the Department of State (Department) provided \$552,569 through the International Military Education and Training account.

(U) Embassy Santiago's top three strategic objectives, as outlined in the FY 2021 interim Integrated Country Strategy (ICS), are to:

- (U) Protect U.S. security at home and abroad by supporting Chile's full compliance with the Visa Waiver Program and protecting and serving U.S. citizens in Chile during an emergency or natural disaster.
- (U) Support Chilean resolve to strengthen hemispheric democratic institutions and regional security by deepening the positive network of bilateral relationships.
- (U) Expand U.S.-Chile trade and investment, prosperity, and social inclusion.

(U) At the time of the inspection, Embassy Santiago had 127 authorized U.S. direct-hire staff, 169 locally employed (LE) staff, and 13 eligible family member employees. The Departments of Agriculture, Commerce, Defense, Health and Human Services, Homeland Security, and Justice were represented at the embassy.

(U) OIG evaluated the embassy's executive direction, program and policy implementation, resource management, and information management consistent with Section 209 of the Foreign Service Act of 1980. Because of the COVID-19 pandemic, OIG conducted the inspection remotely and therefore could not review some areas.⁵

(U) EXECUTIVE DIRECTION

(U) OIG assessed Embassy Santiago's leadership based on remote interviews, staff questionnaires, a review of documents, and virtual observations of embassy meetings.

(U) Tone at the Top and Standards of Conduct

(U) At the time of the inspection, the embassy had been without an ambassador since January 2019. The Chargé d'Affaires, a member of the Senior Foreign Service, arrived at the embassy in August 2020 as the Deputy Chief of Mission and immediately assumed the role of Chargé. His previous assignment was as a Deputy Assistant Secretary in the Department's Bureau of International Narcotics and Law Enforcement Affairs. The acting Deputy Chief of Mission (DCM) arrived in August 2020 as chief of the Management Section. He became acting DCM in June 2021 upon the departure of the previous acting DCM.

(U) OIG found that the Chargé and the acting DCM exhibited the Department's leadership principles in 3 Foreign Affairs Manual (FAM) 1214, in particular the principles of

⁵ (U) See Appendix A.

communication, self-awareness, and collaboration. Embassy employees consistently told OIG the Chargé and the acting DCM created a positive leadership climate and modeled openness and concern for embassy staff. The Chargé and the acting DCM told OIG they met daily to discuss embassy operations and employee concerns. They also said they both had an open-door policy and engaged with employees through regular visits to section offices. Embassy staff consistently expressed regard for the Chargé's leadership, citing his successful effort to speak directly or by telephone to every U.S. direct-hire and LE staff member of the embassy. The Chargé told OIG that his one-on-one discussions with employees centered on three main questions: (1) how their work contributed to ICS goals and objectives; (2) what three things the embassy was doing well; and (3) what three things the embassy should improve or do differently. In addition, embassy staff spoke favorably about the Chargé's willingness to conduct town halls in Spanish as well as English.

(U) Despite his short tenure in the role, embassy staff described the acting DCM as an approachable leader who encouraged open dialogue. The acting DCM was an honorary chairperson on the embassy's Council on Diversity, Equity, and Inclusion and met with the LE staff committee monthly.

(U) OIG also determined that the embassy maintained its gift registry in accordance with Department guidance in 2 FAM 964 and 16 STATE 97388.⁶

(U) Embassy Implemented Restrictions to Maintain the Health and Safety of Personnel During the COVID-19 Pandemic

(U) OIG found the Front Office's response to the COVID-19 pandemic was consistent with 2 FAM 031d and 2 FAM 032.6g guidance on risk management.⁷ To contain a potential COVID-19 outbreak among embassy personnel, the Front Office restricted access to embassy facilities, initiated a maximum telework posture, and limited social gatherings. Additionally, the embassy convened a COVID-19 task force at the outset of the pandemic to manage the embassy's response to the crisis. The task force conducted biweekly Emergency Action Committee meetings, distributed biweekly COVID-19 reports, and tracked daily host nation COVID-19 data and pandemic-related indicators specific to Chile. Furthermore, the Front Office divided embassy staff and family members into red and blue teams and prohibited in-person contact between members of the different teams to reduce COVID-19 risks to employees. Embassy leadership communicated the rationale for these restrictions and heard views from members of the embassy community at town halls and through weekly emails to the community. Embassy staff generally had positive views of the Front Office's handling of the COVID-19 pandemic and were complimentary of the Front Office's emphasis on personnel safety. Nevertheless, some

⁶ (U) Cable 16 STATE 97388, "New Reporting Requirements for Official Donations and Gifts to the Department of State," September 1, 2016.

⁷ (U) According to 2 FAM 031d, a key Department leadership tenet is to lead teams to the best possible assessment of risk, implementation of mitigation measures, and an evaluation of the residual risk that still remains, through sound planning and management. The Department expects leaders to judge whether the benefits of an activity outweigh the residual risk potential and to act accordingly. Guidance in 2 FAM 032.6g also states the chief of mission sets the risk tolerance level at post and communicates it clearly to staff.

embassy staff told OIG that Front Office communication could have been better in keeping embassy staff updated on continuously changing Chilean COVID-19 testing requirements at the airport and host-nation restrictions related to quarantines and curfews.

(U) Staff told OIG the Department's rollout of remote access electronic applications and additional resources to support telework enabled the embassy to continue to advance ICS objectives during the pandemic. Embassy staff relied on Webex, Microsoft Teams, and other virtual platforms for internal and external meetings, including with government officials, lawmakers, business, and civil society. Nonetheless, the embassy's Consular Section suspended all routine U.S. citizen and visa services at the beginning of the pandemic. As described later in this report, the embassy resumed all U.S. citizen services and limited visa services in July 2021.

(U) On November 1, 2021, the Government of Chile lifted most of its COVID-19 restrictions due to its successful vaccination campaign. As a result, the embassy resumed normal operations, and all U.S. direct-hires and most LE staff employees, except those eligible to telework under Government of Chile labor laws, returned to the office.

(U) Execution of Foreign Policy Goals and Objectives

(U) Upon his arrival in August 2020, the Chargé led a multi-pronged effort to ensure the ICS was at the center of Embassy Santiago's activities, consistent with 18 FAM 301.2-4(D)c and 16 STATE 122756.⁸ The Chargé told OIG he asked embassy staff members directly about their role in implementing the ICS. In addition, he used the ICS to set the agenda for weekly Country Team meetings and distributed cards outlining ICS goals to all staff members. The Chargé also required that the Country Team ensure embassy activities supported ICS goals. In August 2021, the Chargé oversaw a review of ICS goals that adjusted some sub-objectives to account for new U.S. policy initiatives as well as developments in Chile. Embassy staff told OIG the Chargé's focus on the ICS created a useful and effective framework for embassy activities. OIG found staff were familiar with ICS goals and used the document to decide how to structure embassy programs and activities.

(SBU) (b) (5) [REDACTED]

⁸ (U) Cable 16 STATE 122756, "Implementation of Strategic Progress Reviews, New Managing for Results Website, and Program Design and Performance Management Toolkit," November 15, 2016.

⁹ (U) "Trusted vendors" include vendors whose equipment for items such as fifth generation mobile network (5G) or undersea cable networks are less susceptible to surveillance or interference.

(b) (5) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(U) Consistent with his responsibilities to maintain close official relations and represent the interests of the United States, as described in 2 FAM 113.1c(1) and (7), OIG's review of the Chargé's calendar and other documentation showed he had contacts with a wide range of Chilean officials and private citizens, including the President, officials in the Ministries of Foreign Affairs, Health, Interior, and Telecommunication, members of Congress, Constitutional Convention delegates, and members of the American Chamber of Commerce-Chile.

(U) Adherence to Internal Controls

(U) The Front Office prepared the FY 2020 Annual Chief of Mission Management Control Statement of Assurance in accordance with 2 FAM 022.7(1) and (5), which require chiefs of mission to develop and maintain appropriate systems of management control of their organizations. OIG reviewed the supporting documentation for the Statement of Assurance, which showed that embassy sections reviewed internal controls as required. Embassy staff told OIG of the Chargé's emphasis on the importance of the Statement of Assurance process in Country Team meetings and said he personally reviewed embassy section submissions.

(U) OIG confirmed that the acting DCM carried out regular reviews of the Consular Section chief's nonimmigrant visa adjudications, as required by 9 FAM 403.12-1b and 9 FAM 403.12-2b.

(U) Security and Emergency Planning

(SBU) The Chargé's leadership of the embassy's security and emergency preparedness programs was consistent with the Department's guidelines in 12 Foreign Affairs Handbook (FAH) (b) (5), (b) (7)(F)

[REDACTED] The Chargé signed all embassy security directives and met weekly with the Regional Security Officer to review security issues. (b) (5), (b) (7)(F) [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] In addition, the Chargé and the acting DCM supported an initiative to reestablish a security planning position to assist with disaster preparedness planning, an important priority in earthquake-prone Santiago.

(U) Equal Employment Opportunity

(U) OIG found that embassy Equal Employment Opportunity practices were consistent with 3 FAM 1514c and d and 21 STATE 60514.¹⁰ Embassy staff members told OIG the Chargé exemplified the importance of diversity and inclusion in his public events. For example, he

¹⁰ (U) Cable 21 STATE 60514, "Policy Statements on Diversity and Inclusion and Equal Employment Opportunity and Harassment," June 11, 2021.

insisted on the participation of female firefighters at an event to honor Chilean firefighters and asked female U.S. Air Force officers to brief an all-male group of Chilean journalists on the capabilities of U.S. military equipment. Members of the embassy's Diversity and Inclusion Council told OIG the Chargé supported their work and their public activities. Embassy staff also told OIG the Front Office supported efforts to diversify the recruiting pool of new employees to include Chilean minorities. Finally, OIG confirmed that the embassy had a trained Equal Employment Opportunity counselor and an LE staff liaison, as required.

(U) Developing and Mentoring Foreign Service Professionals

(U) OIG found the acting DCM oversaw the embassy's First and Second Tour (FAST) employee program, as required in 3 FAM 2242.4. However, staff told OIG they would benefit from a reinvigorated mentoring program, overseen by the Front Office, following disruptions due to the pandemic and personnel changes in the Front Office and FAST staff. During the inspection, with the return of FAST employees to the embassy due to the lifting of COVID-19 restrictions, the acting DCM took steps to revitalize the program. For example, the acting DCM distributed a written FAST program policy that included activities for FAST employees, and he also began meeting with them. The acting DCM told OIG he intended to have monthly lunches with them to discuss career challenges and planning opportunities.

(U) POLICY AND PROGRAM IMPLEMENTATION

(U) OIG assessed Embassy Santiago's policy and program implementation work performed by the Political-Economic, Public Diplomacy, and Consular Sections. OIG found the embassy generally met Department requirements. However, OIG found deficiencies in the Public Diplomacy and Consular Sections, as discussed below.

(U) Political-Economic Section

(U) OIG reviewed the Political-Economic Section's leadership and management, policy implementation, reporting and advocacy, Leahy vetting,¹¹ commercial promotion, and end-use monitoring functions and found they complied with Department standards.

(U) During the inspection, the embassy corrected one issue identified by OIG. Specifically, the Political-Economic Section submitted updated Leahy vetting standard operating procedures to the Department's Bureau of Democracy, Human Rights, and Labor as required.¹²

(U) OIG reviewed 60 cables sent by the embassy from May to October 2021 and found the reporting to be relevant to strategic objectives in the embassy's ICS. Department officials praised the embassy's reporting for its quality and relevance. They highlighted reporting on

¹¹ (U) 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 U.S.C. § 2378d.

¹² (U) Bureau of Democracy, Human Rights, and Labor, 2017 Leahy Vetting Guide.

China's growing economic activity in Chile and recent political developments, including the constitutional reform process, as strong products. Officials from the Department and other agencies also praised the Political-Economic Section for its advancement of U.S. Government priorities in Chile, including facilitating bilateral scientific cooperation and coordinating with the Chilean Government on climate change initiatives. Department officials also reported that the section continued to provide useful reporting and policy input during the pandemic when Embassy Santiago staff members were teleworking. In addition, Political-Economic Section staff members served as coordinators for embassy working groups on cybersecurity, science, COVID-19 humanitarian assistance, and China, as well as the embassy's COVID-19 task force, discussed earlier in this report.

(U) Public Diplomacy

(U) OIG reviewed the Public Diplomacy (PD) Section's leadership, strategic planning, program implementation, reporting, grants administration, and media engagement and found its activities were aligned with the ICS and coordinated with other embassy sections and agencies. The Under Secretary for Public Diplomacy and Public Affairs, Office of Policy, Planning, and Resources, cited the PD Section's FY 2021 Public Diplomacy Implementation Plan in its annual "kudos cable" for meaningfully integrating the challenge of competing with China across all its public diplomacy initiatives to help counter malign actions of the Chinese Government. OIG found the PD Section's operations and programs generally complied with Department standards, except for grants management and oversight of the Fulbright program, as discussed below.

(U) Grants Files Lacked Sufficient Evidence of Recipient Reporting and Monitoring and Evaluation

(U) OIG reviewed 20 public diplomacy grants and cooperative agreements issued from August 1, 2019, to September 1, 2021, totaling \$1.4 million, and found that 5 of the 20 grant files lacked sufficient evidence of recipient reporting and monitoring and evaluation by the PD Section.¹³ The Department's Federal Assistance Directive¹⁴ requires that Federal assistance awards be monitored to ensure that programmatic and financial management performance is adhered to and that the intended activities, goals, and objectives are being accomplished.¹⁵ The lack of documentation for reporting monitoring and evaluation occurred because grants officer representatives told OIG they were unfamiliar with grants documentation standards. Failure to monitor and evaluate grants impairs the ability of grants officers to identify and mitigate risk, monitor program implementation, evaluate program results, and ensure accountability for PD

¹³ (U) OIG reviewed a selection of 20 grants out of a universe of 125 grants awarded from August 1, 2019, to September 1, 2021. The sample included all grants and cooperative agreements greater than \$25,000 as well as grants focused on different public diplomacy areas and with different grants officer representatives.

¹⁴ (U) The Department's Federal Assistance Directive (FAD) establishes internal guidance, policies, and procedures for all domestic and overseas grant-making bureaus, offices, and posts within the Department when administering Federal financial assistance. See 1 FAM 212.2.

¹⁵ (U) Standards relevant to this finding were FAD, October 2019, Chapter 4.D. 5 (Post Federal Award Requirements: Monitoring and Reporting) and Chapter 4.D.4-5 (Post Federal Award Requirements: Monitoring and Reporting: Performance Progress Report, Desk Monitoring and Site Visits).

resources. Because grants officers and grants officer representatives began entering evidence of recipient reporting and monitoring and evaluation by the PD Section into grant files during the inspection, OIG did not make a recommendation to address this issue.

(U) Public Diplomacy Section Did Not Exercise Adequate Financial Oversight of the Binational Fulbright Commission

(U) OIG found that the PD Section did not exercise adequate financial oversight of the Commission for Educational Exchange between the United States of America and Chile, also known as the U.S.-Chile Fulbright Commission.¹⁶ Specifically, the PD Section failed to appoint a commission treasurer from August 2020 to May 2021, as required by the binational agreement.¹⁷ To correct this issue, the section appointed a PD officer to serve as treasurer in June 2021. However, at the time of the inspection, the officer was still learning the treasurer's duties¹⁸ and was having difficulty obtaining financial documents and reports from commission staff. Failure to exercise adequate oversight of the commission increases the risks of misuse of the U.S. Government's annual commission funding.

Recommendation 1: (U) Embassy Santiago, in coordination with the Bureau of Educational and Cultural Affairs, should develop and implement a plan to provide full financial oversight over the binational Fulbright Commission. (Action: Embassy Santiago, in coordination with ECA)

(U) Consular Operations

(U) OIG reviewed the embassy's consular operations, including Consular Section leadership, U.S. citizen services, crisis preparedness, management controls, visa services and processing, outreach, and fraud prevention programs. The Consular Section suspended most services in March 2020 due to the COVID-19 pandemic. The section began offering limited services to U.S. citizens in September 2020, and in July 2021 it resumed all U.S. citizen services as well as some immigrant and nonimmigrant visa services.

(U) OIG determined that Embassy Santiago's consular operations complied with the guidance contained in 7 FAM, 9 FAM, 7 FAH, applicable statutes, and other Department policies. During

¹⁶ (U) The Fulbright Program is a bilateral agreement between the U.S. Government and the government of another country pursuant to the provisions of the Fulbright-Hays Act. The Act established a binational commission to conduct a program of educational and cultural exchange between two countries using funds made available by both governments. In FY 2021, the Department allocated \$800,000 to fund the U.S.-Chile Fulbright Commission.

¹⁷ (U) The binational agreement governing the U.S.-Chile Fulbright Commission stipulates that when Chile chairs the commission, the treasurer will be a U.S. Foreign Service officer.

¹⁸ (U) According to the Fulbright Commission Manual Section 104.2, treasurer duties include ensuring that adequate internal controls are established and are functioning to safeguard commission funds; ensuring the commission has a double-entry accounting system; ensuring that annual audits are conducted, reviewing financial transactions; and reviewing commission financial reports and statements to ensure that they accurately reflect the Commission's financial operations and that they are forwarded to the Department and the partner government as required.

the inspection, the Consular Section corrected three internal control issues identified by OIG. Specifically:

- (U) The section developed a plan to record the names of 71 deceased U.S. citizens who died between January 2020 and September 2021 in the Department's Consular Lookout and Support System, as required by 7 FAM 227a.
- (U) The section completed standard operating procedures for conducting fraud interviews and site visits, as required by 7 FAH-1 H-943.7b.
- (U) Pending the procurement of a safe in which to store consular cashiers' cash boxes as required by 7 FAH-1 H-742b, the Consular chief began storing them in her safe overnight as required in 7 FAH-1 H-742c.

(U) However, as described below, the section lacked a wheelchair accessible interview window and a fraud prevention strategy.

(U) Embassy Had No Wheelchair Accessible Consular Interview Window

(U) The Consular Section lacked a wheelchair accessible interview window. Guidance in 7 FAH-1 H-282(1)(I) calls for consular sections to provide an interview window low enough for wheelchair users. OIG determined this issue occurred because when Embassy Santiago's Consular Section was designed in 1989, the Bureau of Overseas Buildings Operations (OBO) did not have standards in place to ensure full accessibility for clients in wheelchairs.¹⁹ The lack of an interview window at a height suitable for clients using wheelchairs inhibits the ability of applicants in wheelchairs to access consular services and makes it difficult for consular officers to interview applicants.

Recommendation 2: (U) Embassy Santiago, in coordination with the Bureaus of Overseas Buildings Operations and Consular Affairs, should provide a wheelchair accessible interview window for consular applicants, in accordance with Department standards. (Action: Embassy Santiago, in coordination with OBO and CA)

(U) Consular Section Lacked Required Fraud Prevention Strategy

(U) Although the Consular Section had internal controls for fraud prevention activities, it lacked an overall fraud prevention strategy. Specifically, the section had not developed a written fraud prevention strategy that included the identification of fraud-related management controls and service goals, delineation of fraud prevention roles and responsibilities, and definition of functions and strategies for preventing and combating fraud, as required by 7 FAH-1 H-941.1c and 7 FAH-1 H-943.7a. Consular staff told OIG that they overlooked this requirement. Without a fraud prevention strategy, consular staff might not identify fraudulent requests and applications for services and, as a result, deliver U.S. citizen and visa services to ineligible applicants.

¹⁹ (U) The Americans with Disabilities Act did not become law until July 26, 1990, after the design of Embassy Santiago was completed. The act requires covered employers to provide reasonable accommodations to employees with disabilities and imposes accessibility requirement on public accommodations.

Recommendation 3: (U) Embassy Santiago should develop and implement a fraud prevention strategy in accordance with Department standards. (Action: Embassy Santiago)

(U) RESOURCE MANAGEMENT

(U) OIG reviewed Embassy Santiago's internal control systems in facility management, general services operations, financial management, and human resources management. During the inspection, the embassy corrected three internal control issues identified by OIG. Specifically, the embassy:

- (U) Reviewed and reissued its motor vehicle policy, in accordance with 14 FAM 435.1a.
- (U) Reviewed its list of confined spaces and established entry permit requirements, as required by the Department's Confined Space Program Procedures.²⁰
- (U) Conducted an annual review of its 19 blanket purchase agreements,²¹ in accordance with Department of State Acquisition Regulation, Section 613.303-6.

(U) Overall, OIG found the Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, with the exceptions noted below. Embassy staff attributed several of the internal control issues described below to a lack of oversight caused by competing and shifting priorities during the COVID-19 pandemic and staffing gaps in the section. For example, the Management Counselor served as acting DCM from May to October 2021. In addition, during this time, the General Services Officer also served as acting Management Counselor and acting Facility Manager while performing duties as the General Services Officer.

(U) Facility Management

(U) Embassy Housing Safety Program Did Not Fully Meet Department Safety Standards

(U) Embassy Santiago's housing safety program did not fully meet Department safety standards. Specifically, the Post Occupational Safety and Health Officer (POSHO) did not fully complete or enter safety certifications for 29 of the embassy's 87 residences in the Department's POSHO Certification Application.²² Guidance in 15 FAM 252.5c states that all POSHO safety certifications must be completed and documented in the POSHO Certification Application. Section staff told OIG they could not complete all residential safety certifications in the application because of system access issues. Failure to conduct safety certifications could lead to the embassy placing U.S. direct-hire employees and their families in unsafe residences.

²⁰ (U) Office of Safety, Health, and Environmental Management, Confined Space Program Procedures, 2002.

²¹ (U) A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply.

²² (U) The POSHO Certification Application generates and documents the form used to certify that a residence meets the requirements of 15 FAM 252.5. The form lists the safety requirements that must be certified prior to occupancy, and the application allows relevant documentation to be electronically attached to the form.

Recommendation 4: (U) Embassy Santiago should complete and document safety certifications for all embassy residences in the Post Occupational Safety and Health Officer Certification Application, in accordance with Department standards. (Action: Embassy Santiago)

(U) Embassy Did Not Conduct Seismic Evaluations for All Residences

(U) Embassy Santiago did not conduct seismic safety assessments for all residences, as required by Department standards. Guidance in 15 FAM 252.6f requires that an OBO-approved structural engineer perform seismic assessments at embassies and missions located in high-risk seismic areas, such as Chile. OBO conducted a seismic assessment of 27 residences in 2018 and delivered a report to the embassy in 2020. However, OIG's review of the 2020 seismic assessment report and the current composition of the embassy's housing pool indicated that another 35 residences had yet to be assessed. Embassy staff told OIG this occurred because of a lack of management oversight. Leasing properties without performing seismic safety assessments poses significant risk to the life and safety of occupants, who could face injury or death in the event of an earthquake.

Recommendation 5: (U) Embassy Santiago, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Santiago, in coordination with OBO)

(U) Unauthorized Use of Shipping Containers for Permanent Storage of Embassy Property

(U) The embassy used 14 shipping containers as permanent storage space for property such as facility maintenance supplies, landscaping tools, and supplies for official events. The Department issued guidance in September 2018²³ stating it does not support the use of shipping containers as occupied space or as structures to accommodate functional space needs and that non-OBO certified containers should be dismantled and removed. Embassy staff told OIG they were unaware of this guidance. The use of uncertified shipping containers for permanent storage increases the risk of damage to Department property.

Recommendation 6: (U) Embassy Santiago should dismantle and remove its shipping containers and portable structures in accordance with Department requirements or obtain authorization from the Bureau of Overseas Buildings Operations to use the shipping containers as permanent storage. (Action Embassy Santiago)

²³ (U) Cable 18 STATE 98976, "Shipping Containers and Portable Structure Use and Occupancy Requirements," September 27, 2018.

(U) General Services Operations

(U) Embassy Did Not Fully Comply With Department's Motor Vehicle Safety Standards

(U) Embassy Santiago did not comply with elements of the Department's Motor Vehicle Safety Management Program standards. Specifically, OIG found that:

- (U) Thirteen chauffeurs and 31 incidental (self-drive) drivers did not receive driver safety training or required retraining, as called for in 14 FAM 433.5a-b.
- (U) Six chauffeurs and 18 incidental (self-drive) drivers held expired medical clearances, contrary to guidance in 14 FAM 433.4a.
- (U) Chauffeurs exceeded the 10-hour per day limit on driving shifts in 89 instances over 8 weeks from July 4, 2021, to August 28, 2021, contrary to guidance in 14 FAM 433.8a.

(U) The issues related to driver safety training and medical clearances occurred due to COVID-19 restrictions, including social distancing and limited access to the embassy. Chauffeurs exceeding the daily limit on driving shifts occurred because of a lack of management oversight in monitoring drivers' hours. Failure to enforce Department motor vehicle safety standards increases the risk of injury to drivers, passengers, and the public, as well as damage to U.S. Government property.

Recommendation 7: (U) Embassy Santiago should comply with all Department Overseas Motor Vehicle Safety standards for chauffeurs and incidental drivers under chief of mission authority. (Action: Embassy Santiago)

(U) Contracting Officer's Representative Program Did Not Comply With Department Standards

(U) The embassy's contracting officer's representative (COR) program did not comply with Department standards. At the time of the inspection, the embassy had five CORs who oversaw six contracts worth approximately \$6 million. OIG found that:

- (U) None of the five CORs completed mandatory training, in accordance with 14 FAH-2 H-143.1.
- (U) The contracting officer did not prepare COR delegation memoranda for two of the five CORs, as required by 14 FAH-2 H-143.2a(2).
- (U) None of the five CORs had a current certification issued by the Department's Office of the Procurement Executive, as required by 14 FAH-2 H-143a.
- (U) The COR files were either incomplete or nonexistent, contrary to guidance in 14-FAH-2 H-142b(16) and 14 FAH-2 H-517.
- (U) Neither the CORs nor the contracting officer completed a mandatory contractor's performance review in the Contractor Performance Assessment Reporting System²⁴ for

²⁴ (U) The Contractor Performance Assessment Reporting System is the Government-wide evaluation reporting tool for all past performance reports on contracts and orders. An annual performance assessment must be done in

three of the embassy's contracts, as required by 14 FAH-2 H-572d²⁵ and 48 Code of Federal Regulations 42.1502a.

(U) Despite these issues, OIG's discussions with embassy staff and review of other documentation showed the embassy monitored the contracts, received the goods and services for which it had contracted, and addressed contractors' performance when issues arose. Embassy staff told OIG the issues in the COR program occurred because of a lack of management oversight due to staffing gaps in the section, as discussed above. A non-compliant COR program increases the risk of contract mismanagement.

Recommendation 8: (U) Embassy Santiago should bring its contracting officer's representative program into compliance with Department standards. (Action: Embassy Santiago)

(U) Procurement Files Were Not Closed Out Within Required Timeframes

(U) Embassy Santiago did not close out its procurement files in the Department's Integrated Logistics Management System²⁶ within the required timeframes. Specifically, OIG found the embassy did not close out 4,057 procurement files from FY 2015 to FY 2020. Guidance in 14 FAH-2 H-573.2b²⁷ states that contracts awarded under simplified acquisition procedures should be closed out immediately after the contracting officer receives evidence of receipt of property and final payment. Embassy staff told OIG this issue occurred because the contracting officer was unable to obtain guidance on how to close out files that pre-dated his arrival and because responsibilities that arose during the COVID-19 pandemic limited the time he had available to address contract closeout processes. Failure to close out procurement files within the required timeframe increases the risk of inaccuracies in procurement records and of internal control issues in procurement operations.

Recommendation 9: (U) Embassy Santiago should close out procurement files in accordance with Department standards. (Action: Embassy Santiago)

(U) Bulk Fuel Operation Was Not Managed in Accordance With Department Standards

(U) OIG found the embassy did not manage its bulk fuel operation in accordance with Department standards. Specifically, the receiving clerk did not receive fuel deliveries, as required by 14 FAM 413.3a. Instead, fuel deliveries were received by other general services office employees, including one employee who also was assigned record keeping duties.

the system for each contract above the simplified acquisition threshold of \$250,000, according to 48 CFR § 42.1502(b) and 48 CFR § 2.101.

²⁵ (U) The contracting officer is responsible for ensuring the evaluation takes place, but the COR may be tasked with evaluating contractor performance. See 14 FAH-2 H-572e, "Final Evaluation."

²⁶ (U) The Integrated Logistics Management System is an integrated web-based system that encompasses all Department supply chain functions in one system. It is designed to upgrade Department supply chain management by improving operations in purchasing, procurement, warehousing, transportation, property management, personal effects, and diplomatic pouch and mail.

²⁷(U) Guidance in 14 FAH-2 H-573.2b also cites 48 CFR § 4.804-1.

Additionally, the fuel pumps were not calibrated, as required by Section 3.3b of the Department's Motor Pool Procedures Overseas Guide. Embassy staff told OIG these issues occurred because of a lack of management oversight. Failure to implement adequate management controls over bulk fuel operations increases the risk of mismanagement and theft.

Recommendation 10: (U) Embassy Santiago should manage its bulk fuel operation in accordance with Department standards. (Action: Embassy Santiago)

(U) Embassy Did Not Submit Annual Housing Market Surveys

(U) OIG found Embassy Santiago had not submitted annual housing market surveys to OBO since 2019. Guidance in 15 FAM 212.6b requires that embassies conduct an annual market survey, and use it to verify rental benchmarks, establish rental control ceilings, and document conditions related to the availability and cost of suitable housing. The housing market survey is to be submitted to OBO within 30 days of completion or by December 31 of each year. Embassy staff told OIG they were unaware of the requirement to submit market surveys annually. Without annual market surveys, the embassy risks overpaying for its residential leases.

Recommendation 11: (U) Embassy Santiago should conduct and submit an annual housing market survey in accordance with Department requirements. (Action: Embassy Santiago)

(U) Foreign Per Diem Rates Were Out of Date

(U) OIG found the foreign per diem rates for Chile were out of date. The Bureau of Administration's Office of Allowances website showed that the embassy had not submitted a hotel and restaurant report since 2018 for Santiago, and since 2013 for locations outside of Santiago. Department of State Standardized Regulation 074.2 states that the parties having responsibility to prepare and submit reports must provide complete, accurate, and supportable information in their biennial hotel and restaurant reports. Embassy staff told OIG they were unaware the reports were overdue. Failure to submit reports on a timely basis could result in overpayment or underpayment of travel expenses to U.S. Government personnel.

Recommendation 12: (U) Embassy Santiago should submit its hotel and restaurant reports to the Bureau of Administration's Office of Allowances, in accordance with Department standards. (Action: Embassy Santiago)

(U) INFORMATION MANAGEMENT

(U) OIG reviewed Embassy Santiago's unclassified information management operations, information systems and mobile computing administration, mail and pouch services, cyber security practices, and records management program. During the pandemic, the Information Management Office provided the tools and support embassy staff needed to continue operations while working remotely. OIG determined the office's programs and services generally met the day-to-day computing and communications needs of the embassy, except for the two issues noted below.

(U) Information Systems Security Officers Did Not Perform All Required Duties

(U) The embassy's Information Systems Security Officers (ISSO) did not perform all required information systems security duties. According to 12 FAM 613.4 and 5 FAH-11 H-116a(1), ISSOs are responsible for implementing cybersecurity policies and procedures for information systems and using the ISSO checklist to document all required duties. Specifically, OIG found that the ISSOs did not review account permissions annually and network logs monthly and did not monitor security controls. Office staff told OIG they did not perform these duties due to COVID-19 restrictions that limited the number of information management employees allowed onsite and staff shortages. OIG issued management assistance reports in May 2017 and December 2020²⁸ that highlighted widespread Department failures to perform ISSO duties. Failure to perform required ISSO responsibilities leaves Department networks vulnerable to potential unauthorized access and malicious activity.

Recommendation 13: (U) Embassy Santiago should complete all information systems security officer responsibilities in accordance with Department standards. (Action: Embassy Santiago)

(U) Records Retirement Practices Did Not Comply With Department Standards

(U) The embassy's records retirement practices did not comply with Department records management standards. According to the Department's 2021 Global Information Services Annual Post Retirement Report, the embassy had not retired political and economic program files since 2012 and PD program records since 1976. Department standards in 5 FAM 433a and b require posts to maintain an active, continuing records retirement program to retire records in accordance with records disposition schedules. OIG determined this internal control issue occurred due to employee unfamiliarity with records retirement requirements. The lack of an effective records retirement program increases the risk of loss of important data and historical records that could affect the Department's and the embassy's ability to perform policy analysis, support decision-making, and conduct archival research.

Recommendation 14: (U) Embassy Santiago should retire records in accordance with Department records management standards. (Action: Embassy Santiago)

²⁸ (U) OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017); OIG, *Management Assistance Report: Continued Deficiencies in Performance of Information Systems Security Officer Responsibilities at Overseas Posts* (ISP-21-07, December 2020).

(U) RECOMMENDATIONS

(U) 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 Santiago. The embassy's complete response can be found in Appendix B.¹ The embassy also provided technical comments that were incorporated into the report, as appropriate.

Recommendation 1: (U) Embassy Santiago, in coordination with the Bureau of Educational and Cultural Affairs, should develop and implement a plan to provide full financial oversight over the binational Fulbright Commission. (Action: Embassy Santiago, in coordination with ECA)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago developed and implemented a plan to provide full financial oversight over the binational Fulbright Commission.

Recommendation 2: (U) Embassy Santiago, in coordination with the Bureaus of Overseas Buildings Operations and Consular Affairs, should provide a wheelchair accessible interview window for consular applicants, in accordance with Department standards. (Action: Embassy Santiago, in coordination with OBO and CA)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago provided a wheelchair accessible interview window for consular applicants, in accordance with Department standards.

Recommendation 3: (U) Embassy Santiago should develop and implement a fraud prevention strategy in accordance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

¹ (U) OIG faced delays in completing this work because of the COVID-19 pandemic and resulting operational challenges. These challenges included the inability to conduct most in-person meetings, limitations on our presence at the workplace, difficulty accessing certain information, prohibitions on travel, and related difficulties within the agencies we oversee, which also affected their ability to respond to our requests.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago developed and implemented a fraud prevention strategy in accordance with Department standards.

Recommendation 4: (U) Embassy Santiago should complete and document safety certifications for all embassy residences in the Post Occupational Safety and Health Officer Certification Application, in accordance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago completed and documented safety certifications for all embassy residences in the Post Occupational Safety and Health Officer Certification Application, in accordance with Department standards.

Recommendation 5: (U) Embassy Santiago, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Santiago, in coordination with OBO)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago performed seismic evaluations of its residential properties in accordance with Department standards.

Recommendation 6: (U) Embassy Santiago should dismantle and remove its shipping containers and portable structures in accordance with Department requirements or obtain authorization from the Bureau of Overseas Buildings Operations to use the shipping containers as permanent storage. (Action Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago dismantled and removed its shipping containers and portable structures in accordance with Department requirements or obtained authorization from the Bureau of Overseas Buildings Operations to use the shipping containers as permanent storage.

Recommendation 7: (U) Embassy Santiago should comply with all Department Overseas Motor Vehicle Safety standards for chauffeurs and incidental drivers under chief of mission authority. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago complied with all Department Overseas Motor Vehicle Safety standards for chauffeurs and incidental drivers under chief of mission authority.

Recommendation 8: (U) Embassy Santiago should bring its contracting officer's representative program into compliance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago brought its contracting officer's representative program into compliance with Department standards.

Recommendation 9: (U) Embassy Santiago should close out procurement files in accordance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago closed out procurement files in accordance with Department standards.

Recommendation 10: (U) Embassy Santiago should manage its bulk fuel operation in accordance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago managed its bulk fuel operation in accordance with Department standards.

Recommendation 11: (U) Embassy Santiago should conduct and submit an annual housing market survey in accordance with Department requirements. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago conducted and submitted an annual housing market survey in accordance with Department requirements.

Recommendation 12: (U) Embassy Santiago should submit its hotel and restaurant reports to the Bureau of Administration's Office of Allowances, in accordance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago submitted its hotel and restaurant reports to the Bureau of Administration's Office of Allowances, in accordance with Department standards.

Recommendation 13: (U) Embassy Santiago should complete all information systems security officer responsibilities in accordance with Department standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago completed all information systems security officer responsibilities in accordance with Department standards.

Recommendation 14: (U) Embassy Santiago should retire records in accordance with Department records management standards. (Action: Embassy Santiago)

Management Response: (U) In its February 9, 2022, response, Embassy Santiago concurred with this recommendation.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Santiago retired records in accordance with Department records management standards.

(U) PRINCIPAL OFFICIALS

| Title | Name | Arrival Date |
|--|------------------------------|--------------|
| Chiefs of Mission: | | |
| Ambassador | Vacant | |
| Chargé d’Affaires | Richard Glenn ^a | 8/2020 |
| Deputy Chief of Mission (acting) | Andrew McClearn ^b | 8/2020 |
| Chiefs of Sections: | | |
| Management (acting) | Jason Beck ^c | 9/2019 |
| Consular | Amy Reardon | 9/2021 |
| Political - Economic | Mariju Bofill | 7/2021 |
| Public Affairs | Lisa Swenarski | 8/2021 |
| Regional Security | Noriko Horiuchi | 7/2019 |
| Other Agencies: | | |
| Department of Agriculture: | | |
| Animal Plant and Health Inspection Service | Kelsey Branch | 3/2021 |
| Foreign Agricultural Service | Bret Tate | 7/2021 |
| Department of Commerce | Dinah McDougall | 8/2020 |
| Department of Defense: | | |
| Defense Attaché Office | Steven Morgenfeld | 8/2020 |
| Office of Defense Cooperation | Gregory Green | 7/2019 |
| Department of Health and Human Services | Jason Cornell | 9/2020 |
| Department of Homeland Security | Monica Ditzel | 6/2021 |
| Department of Justice: | | |
| Drug Enforcement Administration | Levi Faber | 1/2018 |
| Federal Bureau of Investigation | Miguel Miranda | 7/2019 |

^a (U) Richard Glenn became Chargé d’Affaires on August 16, 2020.

^b (U) At the time of the inspection, Andrew McClearn was serving as the acting Deputy Chief of Mission.

^c (U) At the time of the inspection, Jason Beck was serving as the acting Management Counselor.

Source: (U) Generated by OIG from data provided by Embassy Santiago.

(U) APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

(U) This inspection was conducted from August 30 to November 23, 2021, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM).

(U) Objectives and Scope

(U) 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 of Department entities cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **(U) 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.
- **(U) 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.
- **(U) 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.

(U) In addition to these three broad areas, OIG also determined whether:

- (U) COVID-19 affected Embassy Santiago's operations and internal controls, and if so, to what extent.
- (U) COVID-19-related telework affected mission accomplishments, customer service to the public, and employee performance.

(U) Methodology

(U) OIG used a risk-based approach to prepare for this inspection. Due to the COVID-19 pandemic and taking into consideration relevant guidance, OIG conducted the inspection remotely and relied on audio- and video-conferencing tools in lieu of in-person interviews with Department and other personnel. OIG also reviewed pertinent records; circulated surveys and compiled the results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

(U) Because the inspection was conducted remotely, OIG could not complete some elements of a standard, on-site inspection. Specifically, OIG did not review Embassy Santiago's classified computer and communications security operations or its security program. Additionally, OIG was unable to fully assess motor pool operations and fleet management, consular cashiering functions, and controls over consular accountable items. It also did not conduct spot checks of expendable and non-expendable property, verify that residential housing complied with safety requirements, or conduct a full review of records management, all of which could not be done remotely.

(U) APPENDIX B: MANAGEMENT RESPONSE



*Embassy of the United States of America
Santiago, Chile*

February 09, 2022

UNCLASSIFIED

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

THROUGH: WHA/BSC – Robin Meyer, Office Director

FROM: Embassy Santiago, Chile. Richard Glenn, Chargé d’Affaires

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Santiago, Chile

Embassy Santiago has reviewed the draft OIG inspection report. We provide the following suggested edit to the section on page four, Execution of Foreign Policy Goals:

Edit on page 4 - (U) Execution of Foreign Policy Goals:

~~(SBU)~~ (b) (5) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Embassy Santiago provides the following comments in response to the recommendations provided by the OIG:

OIG Recommendation 1: (U) Embassy Santiago, in coordination with the Bureau of Educational and Cultural Affairs, should develop and implement a plan to provide full financial oversight over the binational Fulbright Commission. (Action: Embassy Santiago, in coordination with ECA)

Management Response: Embassy Santiago concurs with the recommendation. Together with ECA, the Public Affairs section is implementing a solution that will provide full financial oversight as required. Estimated time for completion is the first 180 days of 2022.

OIG Recommendation 2: (U) Embassy Santiago, in coordination with the Bureaus of Overseas Buildings Operations and Consular Affairs, should provide a wheelchair accessible interview window for consular applicants, in accordance with Department standards. (Action: Embassy Santiago, in coordination with OBO and CA)

Management Response: Embassy Santiago concurs with the recommendation. The Consular office and Facilities section are implementing a solution with OBO funding during the month of February 2022. Additional related requirements will be addressed in the OBO-driven Major Rehabilitation project that is scheduled for the 2022-2025 period.

OIG Recommendation 3: (U) Embassy Santiago should develop and implement a fraud prevention strategy in accordance with Department standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The Consular office is implementing a solution during the month of February 2022.

OIG Recommendation 4: (U) Embassy Santiago should complete and document safety certifications for all embassy residences in the Post Occupational Safety and Health Officer Certification Application, in accordance with Department standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The Facilities and Housing teams will finalize all residential certifications within the first 90 days of 2022.

OIG Recommendation 5: (U) Embassy Santiago, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Santiago, in coordination with OBO)

Management Response: Embassy Santiago concurs with the recommendation. The Facilities section is re-engaging with OBO to address the remaining units in the residential pool that require evaluations. Estimated time for completion is the first 180 days of 2022.

OIG Recommendation 6: (U) Embassy Santiago should dismantle and remove its shipping containers and portable structures in accordance with Department requirements or obtain authorization from the Bureau of Overseas Buildings Operations to use the shipping containers as permanent storage. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The Facilities section has begun the process with OBO to pursue renewed authorization for use of these containers as permanent storage, until more adequate storage facilities can be arranged during the Major Rehabilitation project scheduled for the 2022-2025 timeframe. Estimated time for completion is the first 120 days of 2022.

OIG Recommendation 7: (U) Embassy Santiago should comply with all Department Overseas Motor Vehicle Safety standards for chauffeurs and incidental drivers under chief of mission authority. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The GSO and MSG sections are addressing issues with full-time drivers, and the Front Office will assist the Management section to address the remaining issues with incidental drivers. Estimated time for completion is the first 180 days of 2022.

OIG Recommendation 8: (U) Embassy Santiago should bring its contracting officer's representative program into compliance with Department standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. GSO and other sections with COR officials are undergoing tasks required to come into compliance with the program. Estimated time for completion is the first 180 days of 2022.

OIG Recommendation 9: (U) Embassy Santiago should close out procurement files in accordance with Department standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. GSO notes that the proper language for *older open files should cover the FY2015 – FY2019 period*. The GSO section has addressed 80% of these already, and will close the remaining contract files shortly. Estimated time for completion is the first 90 days of 2022.

OIG Recommendation 10: (U) Embassy Santiago should manage its bulk fuel operation in accordance with Department standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The GSO section has already modified receiving workflow and has addressed this recommendation.

OIG Recommendation 11: (U) Embassy Santiago should conduct and submit an annual housing market survey in accordance with Department requirements. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The GSO Housing office has already conducted a survey and received updated benchmarks from the OBO/PRE office.

OIG Recommendation 12: (U) Embassy Santiago should submit its hotel and restaurant reports to the Bureau of Administration's Office of Allowances, in accordance with Department standards.

(Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. The GSO section is implementing operations accordingly, and estimated time for compliance is the first 90 days of 2022.

OIG Recommendation 13: (U) Embassy Santiago should complete all information systems security officer responsibilities in accordance with Department standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the recommendation. After the assignment of a full-time ISO late in 2021, the IMO is implementing ISSO operations accordingly, and estimated time for compliance is the first 90 days of 2022.

OIG Recommendation 14: (U) Embassy Santiago should retire records in accordance with Department records management standards. (Action: Embassy Santiago)

Management Response: Embassy Santiago concurs with the overall recommendation. The Embassy does not concur with the language "OIG determined this internal control issue occurred *due to insufficient information management staff oversight* and employee unfamiliarity with records retirement requirements," as the IMO duly provided records management guidance via management notices, and conducted extensive outreach to the offices mentioned to assist with archiving. The IMO assesses that the other section heads' unfamiliarity with requirements has been the primary problem. The IMO section is implementing renewed records retirement operations with other sections, and estimated time for compliance is the first 180 days of 2022.

The point of contact for this memorandum is A/DCM Andrew McClearn (mcclearnad@state.gov)

(U) ABBREVIATIONS

| | |
|-------|---|
| COR | Contracting Officer's Representative |
| DCM | Deputy Chief of Mission |
| FAH | Foreign Affairs Handbook |
| FAM | Foreign Affairs Manual |
| FAST | First and Second Tour |
| ICS | Integrated Country Strategy |
| ISSO | Information Systems Security Officer |
| LE | Locally Employed |
| OBO | Bureau of Overseas Buildings Operations |
| PD | Public Diplomacy |
| POSHO | Post Occupational Safety and Health Officer |

(U) OIG INSPECTION TEAM MEMBERS

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WPEAOmbuds@stateoig.gov