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Office of Inspections

October 2021

(U) Inspection of Embassy Reykjavik, Iceland

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

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HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-22-02

(U) What OIG Inspected

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

(U) What OIG Recommends

(U) OIG made 14 recommendations to Embassy Reykjavik.

(U) In its comments on the draft report, Embassy Reykjavik 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 written response is reprinted in its entirety in Appendix B.

(U) October 2021

(U) OFFICE OF INSPECTIONS

(U) BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

(U) Inspection of Embassy Reykjavik, Iceland

(U) What OIG Found

- (U) The Chargé d'Affaires, ad interim and the Deputy Chief of Mission led Embassy Reykjavik in accordance with Department of State leadership and management principles. Both leaders established a positive, inclusive, and supportive tone for the embassy.
- (U) The embassy was rebuilding the bilateral relationship with the Government of Iceland through diplomatic engagement on the full range of Integrated Country Strategy goals.
- (U) The Public Diplomacy Section had limited opportunities to conduct programs and events because of the COVID-19 pandemic, a preference by Icelandic audiences and exchange grantees for in-person programs, and the former Ambassador's partiality for social media outreach over other types of engagement activities.
- (U) Although the Bureau of Overseas Buildings Operations listed Iceland as a very high seismic zone, the embassy had not conducted seismic safety assessments for 11 of its 15 leased residential units.
- (U) The embassy lacked a preventive maintenance program to protect the U.S. Government's investment in major building systems for its new chancery.

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(U) CONTEXT



(U) **Figure 1:** Map of Iceland. (Source: CIA World Factbook)

(U) Settled by Norwegian and Celtic immigrants during the late 9th and 10th centuries, Iceland boasts the world's oldest functioning legislative assembly, the Althingi, established in 930. Independent for more than 300 years, Iceland subsequently was ruled by Norway and Denmark. Denmark granted limited home rule in 1874 and complete independence in 1944. The United States was the first country to recognize Iceland's independence in 1944. Iceland, an island of approximately 350,000 people, is northwest of the United Kingdom and approximately the size of Kentucky.

(U) From 2010 until the COVID-19 global pandemic, tourism was Iceland's main industry. Tourism accounted for 8.6 percent of Iceland's gross domestic product in

2016, and 39 percent of total exports of merchandise and services. From 2010 to 2017, the number of tourists visiting Iceland increased by nearly 400 percent. However, COVID-19 took a significant toll on Iceland's tourism industry, with a decrease from 2,013,190 international tourists in 2019 to 486,308 in 2020. The United States is one of the largest foreign investors in Iceland, primarily in the aluminum sector. The United States and Iceland signed a Trade and Investment Framework Agreement in 2009.¹

(U) Iceland is a founding member of the North Atlantic Treaty Organization (NATO) but has no standing military of its own. The United States and Iceland signed a bilateral defense agreement in 1951, which remains in force, although there are no longer permanently stationed U.S. military forces in Iceland. U.S. policy aims to maintain close, cooperative relations with Iceland. The United States and Iceland work together on shared objectives of enhancing international cooperation on global issues; respect for human rights; economic development; arms control; and law enforcement cooperation, including the fight against terrorism, narcotics, and human trafficking; and peaceful cooperation in the Arctic. Iceland's geographic proximity to the Arctic Circle has made it an increasing focus of diplomatic engagement by Russia and China.

(U) Embassy Reykjavik's March 2019 Integrated Country Strategy (ICS) focuses on three goals:

- (U) Strengthening the broad-based security relationship with Iceland to counter traditional and emerging threats in the Arctic and elsewhere from strategic competitors.
- (U) Advancing goals of mutual prosperity and promoting fair and reciprocal trade and investment.

¹ (U) The agreement provides a forum for expanding and strengthening bilateral trade and investment relations between the United States and Iceland. See "Agreement Between the Government of the United States of America and the Government of Iceland on Trade and Investment Cooperation," January 15, 2009.

- (U) Completing the embassy's move to the long-awaited new chancery.²

(U) At the time of the inspection, Embassy Reykjavik's authorized staff included 16 U.S. direct-hire staff, 55 locally employed (LE) staff, and 1 eligible family member. Of the 16 direct-hire employees, 13 worked for the Department of State (Department) and 3 worked for the Department of Defense.

(U) OIG evaluated the embassy's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act of 1980. Because of the COVID-19 pandemic, OIG conducted the inspection remotely.³

(U) EXECUTIVE DIRECTION

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

(U) Tone at the Top and Standards of Conduct

(U) The Chargé d'Affaires, ad interim (Chargé), a career member of the Senior Foreign Service, arrived at Embassy Reykjavik for a temporary duty assignment on January 24, 2021, 4 days after the departure of the former Ambassador. Previously, the Chargé served as Deputy Chief of Mission (DCM) at the U.S. Mission to the Organization for Security and Cooperation in Europe from 2017 to 2020, serving as Chargé and acting Representative for the first 2 years. His career also included tours of duty as the Deputy Executive Secretary of the Department and Director of the Department's Operations Center.

(U) Embassy Reykjavik's DCM arrived in July 2020 after serving at Embassy Moscow as the Deputy Chief of the Economic Section and later as acting Minister-Counselor for Economic and Environment, Science, Technology, and Health Affairs. A first-time DCM, she took the Foreign Service Institute's course for new DCMs and principal officers prior to transferring directly from Moscow to Reykjavik. Previously, she had served overseas in Almaty, Kazakhstan; Panama City, Panama; Bishkek, Kyrgyzstan; and San Salvador, El Salvador. Domestically, she had served in the Bureau of Economic and Business Affairs; the Bureau of Arms Control, Verification, and Compliance; and the Bureau of Western Hemisphere Affairs.

(U) Embassy Leadership Focused on Rebuilding Staff Morale and Normalizing Embassy Operations

(U) OIG found that the Chargé and DCM were focused on rebuilding staff morale and normalizing embassy operations following the former Ambassador's tenure, a noncareer appointee who served from June 2019 to January 2021. Despite several months having elapsed

² (U) Embassy Reykjavik moved into a new chancery in November 2020, following a 5-year renovation project of a building purchased by the Department in August 2015.

³ (U) See Appendix A.

since his departure, OIG found at the time of the inspection that embassy staff were still recovering from what they described as a threatening and intimidating environment created by the former Ambassador. For example, staff reported to OIG multiple instances in which the former Ambassador had threatened to sue Department officials and embassy staff who expressed disagreement with him, questioned his wishes, or were perceived to be “disloyal” to him. In addition, many employees reported to OIG that the former Ambassador threatened reprisal against employees who communicated with Department officials in Washington while conducting their official duties.

(U) During the inspection, OIG found that the Chargé and DCM were modeling leadership and management principles in 3 Foreign Affairs Manual (FAM) 1214 to establish a positive, inclusive, and supportive tone for the embassy. In interviews and questionnaires, embassy staff consistently noted the positive and supportive work environment the Chargé and the DCM fostered, following the departure of the former Ambassador. Staff cited the leadership team’s care and support for both U.S. direct-hire and LE staff, their open and inclusive approach, and empowerment of and trust in staff members to do their jobs, consistent with 3 FAM 1214b. For example, the Chargé held a town hall on his first day emphasizing a return to normal operations. In addition, the DCM contacted the Regional Medical Officer/Psychologist, based in London, to help assess morale and develop actions to address employee concerns.⁴

(U) Execution of Foreign Policy Goals and Objectives

(U) At the time of the inspection, OIG found the embassy was focused on rebuilding its relationship with the Government of Iceland following a deterioration of that relationship under the former Ambassador, which became so strained at one point during his tenure that the then-Undersecretary for Political Affairs instructed the Bureau of European and Eurasian Affairs (EUR) to work directly with the Icelandic Ministry of Foreign Affairs to ensure proper management of the bilateral relationship. This action attempted to mitigate the negative impact of the former Ambassador’s frequent failure to respect diplomatic protocol or to coordinate with the Icelandic Government on policy initiatives and press statements touching on sensitive defense-related subjects. For example, the former Ambassador’s post on the embassy’s Facebook page indicated that the United States was investing more than \$170 million on various projects and programs in Iceland, as part of a long-term plan to strengthen U.S.-Icelandic cooperation. This and other uncoordinated statements by the former Ambassador generated public controversy in Iceland.

(U) Upon his arrival in January 2021, the Chargé met with senior government officials to improve the diplomatic engagement between the embassy and the Icelandic Government, consistent with his responsibilities under 3 FAM 1427 and 2 FAM 111.1-2 to promote cordial relations with the host country. OIG noted that the public statements issued by senior Icelandic Government officials, both when the Chargé arrived and following his introductory meetings with senior government officials, reflected the host government’s appreciation for the

⁴ (U) The Regional Medical Officer/Psychologist agreed to visit in July 2021.

restoration of respect for diplomatic protocol and procedure in the embassy's conduct of the bilateral relationship.

(U) In addition to rebuilding the bilateral relationship, OIG also found that the Chargé fulfilled his responsibilities to oversee the embassy's strategic activities as defined in 2 FAM 113.1b. For example, the Chargé focused the embassy's attention on achieving the mission goals set forth in the March 2019 ICS (as stated in the Context section of this report). The annual U.S.-Iceland Strategic Dialogue, held in March 2021, advanced the embassy's bilateral security cooperation goal. Separately, in support of the embassy's ICS goal to strengthen U.S.-Icelandic law enforcement cooperation, the Chargé convened the embassy's Law Enforcement Working Group⁵ for the first time.

(U) Adherence to Internal Controls

(U) The former Ambassador submitted the FY 2020 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 management control for their organizations. The statement contained no significant deficiencies or material weaknesses. OIG found, however, that the embassy did not review internal controls for all embassy sections when preparing the Statement of Assurance.⁶ During the inspection, the DCM, as the designated coordinator for the Statement of Assurance process, told OIG she was committed to ensuring that the FY 2021 Statement of Assurance reflects a thorough review of all sections through the use of the internal control checklists developed by the Bureau of the Comptroller and Global Financial Services.

(U) The embassy took steps to correct several internal controls deficiencies during the inspection. For example, the embassy revised and reissued a policy on use of representation funds that had not been updated since 2018. Additionally, as required by 3 FAM 3246.1, the Chargé consulted with section chiefs to develop an embassy-wide representation plan. The Chargé also received the Department briefings required by 3 FAM 1425 and 21 STATE 22356.⁷ Based on these actions, OIG did not make recommendations to address these deficiencies.

⁵ (U) The Law Enforcement Working Group serves as the forum for coordinating U.S. Government law enforcement activities in Iceland, as well as for discussing ways to support the ICS objective of using U.S. training and visit opportunities to build Icelandic law enforcement and security capacity. See 12 FAM 426, "Law Enforcement Working Group (LEWG)."

⁶ (U) Cable 20 STATE 16460, "Your Role in Assuring Strong Management Controls and Oversight Over Post Operations," February 14, 2020, instructed chiefs of mission, as part of the FY 2020 Statement of Assurance process, to direct all organizational units reporting to the chief of mission "to implement, maintain, and review management controls on a continuous basis" and that a mission's Statement of Assurance is to be supported by these internal reviews.

⁷ (U) Cable 21 STATE 22356, "Announcing New Policy Guidance on Charges d'Affaires, a.i.," March 12, 2021.

(U) Department of Defense Position Improperly Placed Under Chief of Mission Authority

(U) In October 2020, the Department's Office of Management Strategy and Solutions (M/SS) received a request from Naval Information Forces for a second position at the U.S. Naval Radio Transmitter Facility at Grindavik, Iceland.⁸ Upon reviewing this request, M/SS determined that the original position was incorrectly determined to be under chief of mission authority. During the inspection, M/SS advised the embassy to work with the European Command (EUCOM) to initiate the procedures outlined in National Security Decision Directive 38 and to remove the position from chief of mission authority.⁹ OIG found that the embassy was consulting with M/SS, EUR, and EUCOM, but the formal National Security Decision Directive 38 procedure had not been initiated by EUCOM as required. Once EUCOM submits the formal request to remove the position from chief of mission authority, the Chief of Mission then must approve or disapprove the request based on the priorities set forth in the President's Letter of Instruction to Chiefs of Mission and in consultation with the requesting agency. Until the position is removed from chief of mission authority, the embassy will continue to unnecessarily expend Department resources on a non-Department function.

Recommendation 1: (U) Embassy Reykjavik should request that the Department of Defense – European Command initiate National Security Decision Directive 38 procedures to remove the position at the U.S. Naval Radio Transmitter Facility at Grindavik, Iceland, from chief of mission authority. (Action: Embassy Reykjavik)

(U) Embassy Did Not Have a Records Management Program

(U) OIG found Embassy Reykjavik did not have a records management program as required in 5 FAM 414.5. Some of the embassy's shared folders contained files that had yet to be removed or retired. In particular, OIG found the embassy had not properly archived the former Ambassador's official papers and files as required in 5 FAM 433a-b and 21 STATE 1816,¹⁰ which states "[p]ermanent records of senior officials must be retired at the end of the incumbent's tenure." In addition, the embassy had not archived its Diplomatic Notes for the past 3 years in accordance with 5 Foreign Affairs Handbook (FAH)-1 H-621e and cable 18 STATE 50952.¹¹ OIG found these issues occurred due to a lack of management oversight, conflicting priorities, and lack of continuity in the staffing of the two Office Management Specialist positions in the Front Office. During the inspection, the embassy issued a records management policy but did not assign a responsible person in each section to manage files and disposition of records as outlined in 5 FAH-4 H-215.3-2b. The absence of an effective records management program

⁸ (U) According to 1 FAM 044.4-3(A)(8), M/SS Policy and Global Presence staff advise senior officials on chief of mission authority and support the implementation of the National Security Decision Directive (or NSDD) 38 process.

⁹ (U) National Security Decision Directive (or NSDD) 38, dated June 2, 1982, gives chiefs of mission control of the size, composition, and mandate of overseas full-time staffing for all U.S. Government agencies present in their mission. See 1 FAM 013.2k(7), "Responsibilities of Chiefs of U.S. Missions."

¹⁰ (U) Cable 21 STATE 1816, "Message from Under Secretary for Management Brian Bulatao Regarding Records Management Responsibilities Related to Departing Officials and Separating Employees," January 8, 2021.

¹¹ (U) Cable 18 STATE 50952, "Updated Archival Procedures for Diplomatic Notes," May 23, 2018.

(U) POLICY AND PROGRAM IMPLEMENTATION

(U) OIG assessed Embassy Reykjavik's policy and program implementation through a review of the advocacy and analysis work of the Political-Economic Section, the public diplomacy efforts of the Public Diplomacy Section, and the provision of American citizens and visa services by the Consular Section. OIG found the embassy generally met Department requirements for policy and program implementation, with the exceptions discussed below.

(U) Political-Economic Section

(U) OIG reviewed the Political-Economic Section's leadership and management, policy implementation, and reporting and found that the section operated in accordance with Department standards. The section consisted of a Political-Economic section chief, a Political Officer, and three LE staff members.

(U) Political-Economic Section Reengaging With Icelandic Government

(U) OIG found the Political-Economic Section was fulfilling its mission to advance the full range of ICS goals. The section also was reengaging with the Icelandic Government after a period of limited engagement because the former Ambassador insisted on personally reviewing all contact with Icelandic Government officials and discouraged or restricted embassy officers from engaging with most Icelandic contacts. Prior to January 2021, the Political-Economic Section primarily responded to demarches, completed required reports, and produced reporting in line with the former Ambassador's priorities. Washington officials interviewed by OIG said that the embassy's reporting under the former Ambassador did not sufficiently cover the major issues of interest to Washington, however. Since January 2021, the Chargé and DCM have encouraged the section to reengage with governmental and non-governmental contacts and to produce reporting cables that address Washington's interests. Washington officials interviewed by OIG praised the quality of the section's more recent reporting, singling out its reporting on security issues and the Arctic as especially useful.

(U) Public Diplomacy

(U) OIG reviewed the Public Diplomacy Section's leadership, strategic planning, reporting, resource and knowledge management, Federal assistance awards, educational and cultural programs, and media engagement. The section consisted of one Public Affairs Officer and three LE staff members. OIG determined the section was involved in formulating and implementing the embassy's ICS objectives. Overall, OIG found public diplomacy operations were aligned with embassy goals and that the section operated in accordance with Department standards.

(U) However, OIG also found that the Public Diplomacy Section faced some challenges in its engagement with the Icelandic public. For instance, during the inspection, increased COVID-19 restrictions forced the embassy to postpone three public diplomacy events. Staff also told OIG that some exchange grantees opted to postpone their travel to the United States rather than participate in the virtual alternatives offered by the Department. Additionally, according to

Department officials, the former Ambassador's partiality for social media outreach over other types of engagement activities caused a substantial increase in the section's social media workload with a commensurate decrease in opportunities to plan and conduct public diplomacy programs. For example, the Public Diplomacy Section typically spent several hours working with the former Ambassador to produce a single social media post.

(U) Despite these challenges, the section successfully conducted key programs that advanced the embassy's goals. For example, the section partnered with the University of Iceland to participate in the Department's Academy for Women Entrepreneurs¹² initiative, which included a March 2021 in-person graduation event in Reykjavik that involved the Chargé and senior Government of Iceland officials.

(U) Consular Operations

(U) OIG reviewed Embassy Reykjavik's consular operations, including section leadership, American citizens services, crisis preparedness, management controls, visa services and processing, outreach, and fraud prevention programs. The Consular Section, with one Consular Officer and three LE staff members, delivered services to an estimated 2,600 U.S. residents and more than 500,000 American visitors annually prior to the pandemic. Following the suspension of most non-U.S. citizen travel to the United States during the COVID-19 pandemic, the section closed for all but emergency operations from March through June 2020. At the time of inspection, the section continued to operate at limited capacity. Although the reduction in operations reduced the number of visas processed, it led to increased email and telephone inquiries from applicants seeking to apply for one of the limited exceptions to the U.S. Government's travel restrictions. The labor-intensive processing of travel exception applications, in addition to an increased volume of U.S. citizen travel inquiries, made it difficult for the Consular Section to carry out core planning and training activities. Overall, OIG found that the embassy's consular operations generally complied with Department standards, with the exceptions discussed below.

(U) Embassy Lacked Required Signage to Provide Directions and Information About Consular Services

(U) The new chancery, first occupied in November 2020, lacked signage outside the entrance to the compound to give consular customers directions and information about consular services. Instead, local guards handed out flyers to those seeking services that included information similar to what would ordinarily be included on the consular signage. Standards in 7 FAH-1 H-263.8b require that, at a minimum, consular signage directs customers to the consular entrance and includes operating hours and telephone numbers for consular information and after-hours American citizens services emergencies. The Consular Officer told OIG that she was unaware of this requirement. The lack of consular signage raises the risk that

¹² (U) The Department's Bureau of Educational and Cultural Affairs established the Academy for Women Entrepreneurs in 2019 to provide women entrepreneurs with the skills, resources, and networks needed to start and scale successful businesses.

American citizens seeking emergency services could be unable to obtain services after normal operating hours.

Recommendation 3: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should post consular signage in accordance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

(U) Embassy Lacked Required Standard Operating Procedures for Consular Fraud Prevention

(U) Although the Consular Section had developed a fraud prevention strategy, OIG found staff lacked adequate standard operating procedures for referring cases to the Fraud Prevention Unit or the Regional Security Officer and for conducting fraud interviews and site visits. Standards in 7 FAH-1 H-943.7b, c state that a written fraud prevention strategy must lead to the development of standard procedures to organize, communicate, and implement best practices. The Consular Officer told OIG that she did not realize the requirement applied to single officer consular sections. Once notified of the issue, the Consular Officer began drafting the necessary procedures. Failure to develop and maintain standard operating procedures for consular fraud prevention increases the risk that the consular staff will not be sufficiently aware of fraud indicators or how to deal with suspected fraud.

Recommendation 4: (U) Embassy Reykjavik should establish standard operating procedures for fraud prevention that implement its fraud prevention strategy. (Action: Embassy Reykjavik)

(U) Embassy Completed Some Crisis Management Training, but Needed to Do More

(U) OIG found the Consular Section conducted some crisis management planning and participated in a crisis management exercise held in April 2021, but additional steps were needed to strengthen preparedness. These include additional training for all staff, as required by the standards in 7 FAM 1812.3-2b, and continuing assessment of risks to U.S. citizens and how to mitigate those risks, as required by 12 FAH-1 H-242.3a, j. Department standards in 7 FAM 1812.1-10 require the Consular Section to consult with other embassy sections and brief them on their role in supporting the Consular Section in its crisis response. Additionally, the section should seek detailed information from emergency management authorities in the host government, as required by 7 FAM 1813.3-1, as well as with non-governmental organizations to become more familiar with their plans and resources they could provide in an emergency. Finally, the section should hold its own periodic crisis management exercises, as required by the Bureau of Consular Affairs Crisis Management SharePoint site. The Consular Section had not conducted crisis management planning beyond occasional training due to competing priorities. A lack of crisis preparedness could put U.S. citizens at additional risk if a crisis occurs. The Consular Officer committed to increase the scope of crisis management training along these lines.

Recommendation 5: (U) Embassy Reykjavik should bring its consular crisis management program into compliance with Department standards. (Action: Embassy Reykjavik)

(U) RESOURCE MANAGEMENT

(U) OIG reviewed Embassy Reykjavik’s internal control systems and processes in human resources, financial management, general services, and facility management. During the inspection, the embassy corrected four internal control issues identified by OIG. Specifically, the embassy:

- (U) Updated and created administrative policies related to the motor vehicle safety management program (14 FAM 435.1), time and attendance (4 FAH-3 H-519.3-5), and LE staff training (21 STATE 28146).¹³
- (U) Began to conduct the monthly unannounced cash verifications randomly, as required by the Cashier User Guide, section 13.2.¹⁴
- (U) Worked with the Bureau of Administration’s Office of the Procurement Executive to ratify a prospective unauthorized commitment related to a contract for janitorial services that exceeded the contracting officer’s warrant (14 FAM 215a, d).
- (U) Entered embassy motor vehicle operational costs into the Fleet Management Information System¹⁵ in accordance with 14 FAM 431.6-2b(7).

(U) Overall, OIG found that the Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, with the exceptions and issues noted below. In addition, OIG identified two issues—one relating to the local compensation plan and one to the local guard program—which warrant mention but have no formal recommendations, as both issues were moving toward resolution. These issues also are discussed below.

(U) Human Resources

(U) OIG found the embassy’s Human Resources (HR) Assistant was unable to perform all human resources responsibilities because of an excessive workload. This problem was exacerbated by the discontinuation of in-person human resources support by the Regional Support Center in Frankfurt¹⁶ and the administrative burden of managing the embassy’s local guard force. Specifically, the embassy estimated that the HR Assistant spent approximately 60 percent of her time performing individual personnel actions for the 30-person local guard force because

¹³ (U) Cable 21 STATE 28146, “Supervisor Obligations for Supporting Locally Employed Staff Training and Professional Development,” March 25, 2021.

¹⁴ (U) Bureau of the Comptroller and Global Financial Services, “The Cashier User Guide,” version 2.0, June 26, 2017.

¹⁵ (U) The Fleet Management Information System, a module within the Integrated Logistics Management System, is the Department’s enterprise system for managing all fleet operations. It is designed to capture key operational data on vehicle dispatch, maintenance, and fuel. See 14 FAM 431.4, “Definitions.”

¹⁶ (U) The Regional Support Center Frankfurt is the forward deployed training and innovation center for EUR and provides regional support through training, consultations, and embassy visits. In 2019, the embassy, along with several other Nordic embassies, asked for a dedicated human resources support position at the regional center. However, EUR denied the request, indicating they were unable to fund such a position.

the employees were hired under personal services agreements instead of another employment mechanism, such as a commercial contract.^{17, 18} As a result, the HR Assistant was responsible for processing their individual actions instead of the vendor and therefore had limited time to perform other duties, such as LE staff development and training plans, communication of human resources initiatives, and updating and creating policies and procedures. The issue of the employment mechanism for the local guard force is discussed in more detail below.

(U) Updated Cost-Benefit Analysis Needed to Determine Optimal Local Guard Program Employment Mechanism

(U) In mid-2020, in preparation for the move to a new chancery, Embassy Reykjavik asked the Bureau of Diplomatic Security (DS) to conduct a cost-benefit analysis to determine the best mechanism for delivering local guard services. Previously, in 2004, DS approved the embassy's request to move from a contract guard force to one consisting of employees hired through personal services agreements. However, with the move to a new chancery, Embassy Reykjavik planned to double the size of its guard force and embassy officials wanted to be sure that personal services agreements were still the best employment mechanism for its local guard force. Guidance in 12 FAH-7 H-411a states that a commercial contract is DS' preferred option for the delivery of local guard services because it is generally more effective, efficient, and less expensive. However, 12 FAH-7 H-441b states that personal services agreements can be approved when a series of requirements are met, including concluding the program would be more effective being staffed by personal service agreement employees and conducting a cost-benefit analysis of a personal service agreement versus a contract.¹⁹ Because of COVID-19 restrictions, the DS Facilities Protection Division, which is responsible for periodic management reviews of the local guard program, advised that it could not travel to the embassy to conduct the review. However, during the inspection, DS added the cost-benefit analysis to the agenda of a virtual program management review that began in April 2021.

(U) Embassy Did Not Manage or Monitor Training Program for Locally Employed Staff

(U) OIG found the embassy did not have an LE staff training program. Guidance in 3 FAM 7635.1 and 7635.2 states that embassies should establish and administer training programs for its local staff, while 3 FAH-2 H-135.2 states that supervisors are responsible for training and developing employees to help them improve their job performance and reach their full potential. In addition, cable 21 STATE 28146²⁰ emphasizes the responsibility that supervisors have in

¹⁷ (U) The Personal Services Agreement is the most common employment mechanism for locally employed staff at overseas posts. Employees hired under Personal Services Agreements are considered part of the locally employed staff. See 6 FAH-5 H-352.2-2, "Personal Services Agreements (PSAs)."

¹⁸ (U) A commercial contract for a local guard force is executed and administered by the Bureau of Administration's Office of Acquisition Management, with embassy regional security officers acting as contracting officer's representatives on the contract. This mechanism reduces the burden for both human resources and the regional security office in terms of personnel actions, as the embassy deals with one vendor directly rather than individual employees.

¹⁹ (U) 12 FAH-7 H-441b(5), (6), "General."

²⁰ (U) Cable 21 STATE 28146, "Supervisor Obligations for Supporting Locally Employed Staff Training and Professional Development," March 25, 2021.

supporting LE staff training and professional development. OIG examined the annual work plans of five LE staff members and found none had any training listed under the section on development plans. The Management Officer told OIG that the Human Resources Section, with only one LE staff member, did not have sufficient staff to monitor or create an LE staff training program. During the inspection, the embassy issued a training policy but did not establish a training program. Insufficient training increases the risk that employees are not equipped with the most current guidance to fulfill their duties and with the skills needed to improve their overall performance.

Recommendation 6: (U) Embassy Reykjavik should establish and administer a training program for its locally employed staff in accordance with Department guidelines. (Action: Embassy Reykjavik)

(U) Local Compensation Plan Did Not Comply With Icelandic Labor Law

(U) The embassy's local compensation plan²¹ did not fully reflect Icelandic prevailing wage rates and compensation practices, as required by 3 FAM 7512.3. Specifically, the local compensation plan did not follow the collective bargaining agreement²² applicable to Icelandic employees regarding the standard work week, annual leave, the transfer of leave rights between employers, and standby shift rates. In addition, OIG found that the embassy had not provided annual increases in the summer and winter and salary supplements since 2009 despite these benefits being required by the collective bargaining agreement. Standards in 3 FAH-2 H-131.3a(1) require embassies to implement a local compensation plan and review it at least annually. OIG found the embassy told the Bureau of Global Talent Management's Office of Overseas Employment (GTM/OE) of its concerns with the local compensation plan in its 2019 Local Compensation Questionnaire submission.²³

(U) GTM/OE delayed its planned visit to Iceland to conduct a survey of salary and benefits in 2020 because of the COVID-19 pandemic. During the inspection, GTM/OE confirmed to OIG that it was working with the embassy to address staff concerns about wages and benefits, including reviewing the 2021 Icelandic collective bargaining agreement.

²¹ (U) A local compensation plan forms the legal basis for all salary, bonus, and other payments to LE staff members. See 3 FAM 7521, "General Purpose."

²² (U) Icelandic salaries and benefits are determined through collective bargaining, an agreement between the Icelandic Government, the Icelandic Federation of Trade, and employee associations. This prevailing practice is followed by all sectors of the Icelandic employment market. Approximately 92 percent of the Icelandic workforce belong to an employee association and are part of a collective bargaining agreement.

²³ (U) The annual Local Compensation Questionnaire gathers information on recruitment and retention, exception rate ranges, multi-grade promotions, and other important elements.

(U) General Services

(U) Embassy Did Not Adhere to Department Motor Vehicle Safety Requirements

(U) OIG found that the embassy's chauffeurs and incidental (self-drive) drivers lacked medical certifications required to drive official U.S. Government vehicles. Standards in 14 FAM 433.4 state that the embassy's mission vehicle accountable officer must ensure that all chauffeurs and incidental drivers are medically certified for driving official government vehicles. The Management Officer told OIG he was aware of the requirement but that the embassy depended on the Regional Medical Officer, based in London, to perform the medical certifications. The Regional Medical Officer was unable to travel to Iceland in 2020 to perform medical certifications due to COVID-19 restrictions. However, the embassy did not consider alternative solutions, such as employing a local medical provider to perform medical certifications. Motor vehicle accidents are a leading cause of preventable deaths and mishaps overseas, and failure to adhere to safety standards raises the risk of accidents and damage to government property.

Recommendation 7: (U) Embassy Reykjavik should comply with Department standards to complete medical certifications for drivers of official U.S. Government vehicles. (Action: Embassy Reykjavik)

(U) Facility Management

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

(U) Embassy Reykjavik did not conduct seismic safety assessments for 11 of its 15 leased residential units, as required by Department standards. The Bureau of Overseas Buildings Operations (OBO) lists Iceland in zone 4, which is considered a very high seismic zone. In 2018, OBO performed a seismic assessment of the embassy's residences. This report was delivered to Embassy Reykjavik in November 2020. The embassy has since replaced 11 residences, none of which have been assessed by an OBO-approved structural engineer, as required in 15 FAM 252.6f. According to embassy staff, the embassy did not take immediate action in November 2020 due to other priorities assigned by the former Ambassador. The embassy liaised with OBO on establishing a local contract for seismic assessments but had not completed the work by the end of the inspection. Leasing properties without performing seismic safety assessments poses significant risk to the life and safety of occupants.

Recommendation 8: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

(U) Embassy Facility Maintenance Program Needed Strengthening

(U) OIG found that the embassy's routine maintenance program for the preservation of its

facilities and its preventive maintenance program for its major building systems needed strengthening. Developing effective routine and preventive maintenance programs lengthens equipment life and reduces the probability of equipment breakdown and the high downtime costs that can result when equipment is not operational. OIG found that before moving into the new chancery, 1,551 of 1,591 preventive maintenance tasks had not been assigned for action in the Department's work order system and therefore had not been completed. Furthermore, according to embassy staff, although OBO and the embassy agreed in April 2020 that OBO's International Maintenance Assistance Program (IMAP) would be used to conduct regular preventive maintenance visits, the embassy did not have a preventive maintenance contract for its heating, ventilating, and air conditioning system or the capacity to maintain the system without such a contract in the absence of IMAP team visits. The embassy reported that COVID-19 related travel restrictions disrupted IMAP teams' ability to travel, however, more routine visits are planned for the embassy in the second half of 2021.

(U) Standards in 15 FAM 613b require that each mission establish and implement a comprehensive preventive and routine maintenance program covering all facilities and major support systems using the 15 FAH-1, Facilities Maintenance Handbook as a guide. A combination of limited staffing, competing priorities, and COVID-19 related travel disruptions contributed to the lack of emphasis on routine and preventive maintenance. Without improvements to the preventive and routine maintenance program, the embassy was at risk of costly repairs, premature failures of buildings systems, and operational disruptions associated with inadequately maintained major support systems.

Recommendation 9: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should implement routine and preventive maintenance programs that comply with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

(U) Embassy Did Not Perform Required Safety, Health, and Environmental Management Training

(U) The embassy did not conduct the required safety, health, and environmental management training. For example, OIG found that the Management Officer, who is the designated embassy Post Occupational Safety and Health Officer (POSHO),²⁴ had not taken the required POSHO training. Standards in 15 FAM 931b require that the POSHO attend the POSHO seminar or equivalent training sponsored by OBO's Office of Safety, Health, and Environmental Management within 1 year of being assigned to the position. In addition, the embassy did not provide specialized safety, health, and environmental management training, such as contractor safety oversight training or first aid and cardiopulmonary resuscitation training, to its facility management staff, as required by 15 FAM 965d. Furthermore, OIG found that the embassy did not provide occupational safety and health training to supervisors or safety and occupational health orientation to new employees, as required in 15 FAM 965b and d. Embassy staff told OIG

²⁴ (U) The POSHO manages the post safety, health, and environmental management program, which must meet 15 FAM 960 and other related Department requirements. The POSHO develops the post administrative procedures and budget necessary to meet program requirements, goals, and objectives.

that a number of factors, including restrictions on operations caused by the COVID-19 pandemic, understaffing, and the diversion of staff time to other priorities by the former Ambassador, contributed to this issue. Failure to comply with the Department's safety, health, and environmental management training increases the risk of injury and loss of life.

Recommendation 10: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should bring its safety, health, and environmental management training into compliance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

(U) INFORMATION MANAGEMENT

(U) OIG reviewed Embassy Reykjavik's information management (IM) operations, including unclassified and dedicated internet network (DIN)²⁵ computer operations, emergency communications preparedness, telephone and radio programs, and mail and pouch service. OIG also conducted a limited review of physical and environmental controls protecting IT assets through remote video walkthroughs. The section consisted of two Information Management Specialists, one of whom was also serving as the acting Information Management Officer, and one LE system administrator. OIG found the section prioritized customer support, as demonstrated by 6 years of increasing International Cooperative Administrative Support Services customer service survey scores for IM cost centers.²⁶

(U) OIG determined that section staff implemented most required information management and security controls in accordance with Department policies and applicable laws, with the exceptions noted below. In addition to the exceptions below, OIG found deficiencies involving the local IT configuration control board, IT contingency plan, internal asset control, Active Directory²⁷ security groups, internal knowledge management controls, and emergency communications. However, the acting Information Management Officer took corrective action to resolve these issues during the inspection.

(U) Locally Employed System Administrator Lacked Physical Access Needed to Fulfill Duties

(U) OIG found the LE system administrator did not have unescorted physical access to the unclassified server room, as required by 12 FAH-10 H-272.1-2(3). This problem occurred because OBO placed the alarm panel for the unclassified server room in a separate, limited-access room that LE staff could not access without an escort. As a result, the LE system

²⁵ (U) A dedicated internet network is dedicated Internet access from an internet service provider on a Department owned and operated discrete non-sensitive unclassified local area network that is not connected to any other Department system.

²⁶ (U) The International Cooperative Administrative Support Services, or ICASS, 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.

²⁷ (U) Active Directory is a Microsoft technology used by the Department to manage users, computers, and other devices on its networks, and assign permissions to access Department resources.

administrator was unable to turn off the alarm for the unclassified server room and thus did not have unescorted physical access required by Department standards. OIG determined this problem was caused by an oversight during construction of the new chancery. Without unrestricted access to the unclassified server room, the LE system administrator could not adequately perform his duties to monitor and maintain the embassy's servers.

Recommendation 11: (U) Embassy Reykjavik, in coordination with the Bureau of Diplomatic Security and Overseas Buildings Operations, should comply with Department standards for unescorted server room access. (Action: Embassy Reykjavik, in coordination with DS and OBO)

(U) Unclassified Server Room Lacked Emergency Power-Off Switch

(U) The unclassified server room did not have the emergency power-off switch required by 12 FAH-10 H-272.8-1(2). OIG found that OBO did not install the switch during the construction of the new chancery. The emergency power-off switch is an essential part of the server room's electrical safety controls, and the lack of a switch could prolong emergency power-off time during electrical accidents.

Recommendation 12: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should comply with Department standards for server room safety controls. (Action: Embassy Reykjavik, in coordination with OBO)

(U) Excessive Use of Individual Desktop Printers

(U) OIG found that the embassy had an excessive number of individual desktop printers. According to its records, the embassy had 42 printers in its inventory, 40 of which were in service and 2 were in the process of being shipped to the post, for 43 desks, a ratio of almost one printer per desk. Nineteen of these printers were beyond their replacement date and another 10 printers would reach their replacement date in October 2021. Standards in 5 FAM 314.c(3) require embassies to limit individual desktop printers to users who have a compelling need, with all others using shared network printers. The IM staff attributed the excess printers, in part, to prior procurement practices, now rectified, when IM staff were not consulted on IT-related purchases. Staff also told OIG the old chancery floorplan limited the ability to share printers, contributing to the large number of individual printers. The use of individual personal printers increases expendable supplies costs, maintenance costs, and power consumption.

Recommendation 13: (U) Embassy Reykjavik should reduce the use of individual desktop printers in accordance with Department standards. (Action: Embassy Reykjavik)

(U) Dedicated Internet Networks Lacked Configuration Management Controls

(U) OIG found that Embassy Reykjavik's DINs lacked proper registration and approval and used unapproved hardware. The Department's IT assets database, iMatrix,²⁸ lists three embassy DINs. However, there are no corresponding approved registrations with the Department's IT Configuration Control Board, as required in 5 FAM 872.1b. In addition, embassy staff lacked baseline configuration documentation for the DINs, which should be included in the control board registration.²⁹ Furthermore, 5 FAM 872.3c requires that DIN hardware and software be approved either through the Department or embassy configuration control board. OIG found several unapproved laptops in the embassy's inventory that had been connected to a DIN. The absence of proper DIN configuration management oversight could introduce security vulnerabilities to Department systems.

Recommendation 14: (U) Embassy Reykjavik should register all dedicated internet networks and approve dedicated internet network software and hardware in accordance with Department standards. (Action: Embassy Reykjavik)

²⁸ (U) iMatrix stands for integrated Management Analytics and Technology Resource for Information eXchange. It is the Department's tool for organizing and tracking its IT investments, projects, and assets, including services, systems, and products.

²⁹ (U) 5 FAM 872.1e, "DIN Authorization and Registration."

(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 Reykjavik. The embassy's complete responses can be found in Appendix B.¹ The embassy also provided technical comments that were incorporated into this report, as appropriate.

Recommendation 1: (U) Embassy Reykjavik should request that the Department of Defense – European Command initiate National Security Decision Directive 38 procedures to remove the position at the U.S. Naval Radio Transmitter Facility at Grindavik, Iceland, from chief of mission authority. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of March 31, 2022.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik requested that the Department of Defense – European Command initiate National Security Decision Directive 38 procedures to remove the position at the U.S. Naval Radio Transmitter Facility at Grindavik, Iceland, from chief of mission authority.

Recommendation 2: (U) Embassy Reykjavik should comply with Department standards for records management. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of December 31, 2021.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik complied with Department standards for records management.

Recommendation 3: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should post consular signage in accordance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik 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 Reykjavik posted consular signage in accordance with Department standards.

Recommendation 4: (U) Embassy Reykjavik should establish standard operating procedures for fraud prevention that implement its fraud prevention strategy. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of December 31, 2021.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik established standard operating procedures for fraud prevention that implement its fraud prevention strategy.

Recommendation 5: (U) Embassy Reykjavik should bring its consular crisis management program into compliance with Department standards. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of December 31, 2021.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik brought its consular crisis management program into compliance with Department standards.

Recommendation 6: (U) Embassy Reykjavik should establish and administer a training program for its locally employed staff in accordance with Department guidelines. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of March 31, 2022.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik established and administered a training program for its locally employed staff in accordance with Department guidelines.

Recommendation 7: (U) Embassy Reykjavik should comply with Department standards to complete medical certifications for drivers of official U.S. Government vehicles. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of December 31, 2021.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik complied with Department standards to complete medical certifications for drivers of official U.S. Government vehicles.

Recommendation 8: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of March 31, 2022.

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

Recommendation 9: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should implement routine and preventive maintenance programs that comply with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik 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 Reykjavik implemented routine and preventive maintenance programs that comply with Department standards.

Recommendation 10: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should bring its safety, health, and environmental management training into compliance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of December 31, 2021.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik brought its safety, health, and environmental management training into compliance with Department standards.

Recommendation 11: (U) Embassy Reykjavik, in coordination with the Bureaus of Diplomatic Security and Overseas Buildings Operations, should comply with Department standards for unescorted server room access. (Action: Embassy Reykjavik, in coordination with DS and OBO)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik 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 Reykjavik complied with Department standards for unescorted server room access.

Recommendation 12: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should comply with Department standards for server room safety controls. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of March 31, 2022.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik complied with Department standards for server room safety controls.

Recommendation 13: (U) Embassy Reykjavik should reduce the use of individual desktop printers in accordance with Department standards. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of March 31, 2022.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik reduced the use of individual desktop printers in accordance with Department standards.

Recommendation 14: (U) Embassy Reykjavik should register all dedicated internet networks and approve dedicated internet network software and hardware in accordance with Department standards. (Action: Embassy Reykjavik)

Management Response: (U) In its September 23, 2021, response, Embassy Reykjavik concurred with this recommendation. The embassy noted an estimated completion date of December 31, 2021.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Reykjavik registered all

dedicated internet networks and approved dedicated internet network software and hardware in accordance with Department standards.

(U) PRINCIPAL OFFICIALS

(U) Title	Name	Arrival Date
Chiefs of Mission:		
Chargé d’Affaires, ad interim	Harry R. Kamian	1/2021
Deputy Chief of Mission	Michelle M. Yerkin	7/2020
Chiefs of Sections:		
Management	Scott B. Dargus	8/2019
Consular	Donna R. Molinari	3/2019
Political/Economic	Sean S. Greenley	8/2020
Public Affairs	Patrick C. Geraghty	8/2020
Regional Security	Phillip P. Davidson	1/2020
Other Agencies:		
Department of Defense	Commander Jason A. Neal	9/2019
Department of Navy	Michael J. Kelley	1/2021

(U) Source: OIG generated based on information provided by Embassy Reykjavik.

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

(U) This inspection was conducted from March 15 to June 28, 2021, 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 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 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) 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, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop its findings, conclusions, and actionable recommendations.

(U) OIG initiated an inspection of Embassy Reykjavik on March 16, 2020. At that time, OIG reviewed materials submitted by the embassy and the Department and conducted interviews with Department officials and some embassy staff. However, OIG postponed the on-site portion of the inspection as a result of the COVID-19 pandemic. The inspection was rescheduled and completed remotely in spring 2021. The embassy and Department submitted updated materials to OIG for the rescheduled inspection.

(U) Because the inspection was conducted remotely, some elements of a standard, on-site OIG inspection could not be completed. Specifically, OIG did not review Embassy Reykjavik's classified reporting, classified computer and communications security operations, or security program. Additionally, during the course of the inspection, OIG found it could not assess certain areas due to lack of access to local applications, limitations in audio- and video-conferencing tools, or the need to confirm information on-site. These areas included records maintained in paper files, consular inventory items and cashiering functions, embassy cash counts, motor vehicles, housing safety, adequacy of contract and contractor officer representative files, telephone and emergency preparedness, and the environmental and physical security of IT operating spaces.

(U) APPENDIX B: MANAGEMENT RESPONSE

September 23, 2021

UNCLASSIFIED

THRU: EUR – Michael J. Murphy, Deputy Assistant Secretary

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

FROM: Embassy Reykjavik - Michelle Yerkin, Chargé d’Affaires

SUBJECT: Response to Draft OIG Report – Reykjavik

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

OIG Recommendation 1: (U) Embassy Reykjavik should request that the Department of Defense – European Command initiate National Security Decision Directive 38 procedures to remove the position at the U.S. Naval Radio Transmitter Facility at Grindavik, Iceland, from chief of mission authority. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. Post will liaise with EUR on the way forward to request the removal of the position from chief of mission authority. A request will be made by March 31, 2022.

OIG Recommendation 2: (U) Embassy Reykjavik should comply with Department standards for records management. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. Post will reissue the Management Notice on records management and identify accountable officers for each section. The Management Section will conduct information sessions with accountable officers. The work will be completed by December 31, 2021.

OIG Recommendation 3: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should post consular signage in accordance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: Embassy Reykjavik and OBO concur with the recommendation. The Embassy and OBO have engaged in discussions on the exact requirements necessary and

identified the correct vendor. The Embassy plans to complete the procurement process by November 30, 2021.

OBO Response: The Regional Facility Manager and OBO points of contact are working with post to purchase the proper signage. OBO will fund the signage, though this may be delayed until after the end of the fiscal year.

OIG Recommendation 4: (U) Embassy Reykjavik should establish standard operating procedures for fraud prevention that implement its fraud prevention strategy. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. While the sole consular officer/fraud prevention manager maintains all fraud prevention documents as required by the Consular Management Package including a fraud prevention strategy, validation studies, a country fraud summary, and various fraud-related standard operating procedures, there are a few SOPs that are missing. The consular section is in the process of working with similar embassies in the region to identify and draft appropriate SOPs. The Embassy plans to complete this process by December 31, 2021.

OIG Recommendation 5: (U) Embassy Reykjavik should bring its consular crisis management program into compliance with Department standards. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs and has been actively working to bring the crisis management program up to standards since Spring 2021. The mission participated in a Crisis Management Exercise in April 2021 including all members of staff as well as members of the government of Iceland. Post is in compliance with sending Security Messages via MASCOT to U.S. citizens regarding the pandemic, natural disasters, weather conditions, etc. In addition, the consular section will undertake a crisis management training exercise as provided by the Bureau of Consular Affairs. The consular officer will also complete the Crisis Management Score Card for post on the Consular Consolidated Database (CCD). The Embassy plans to complete this process by December 31, 2021.

OIG Recommendation 6: (U) Embassy Reykjavik should establish and administer a training program for its locally employed staff in accordance with Department guidelines. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. To address the human resources bandwidth issue, post has hired a human resources clerk. Once the candidate is onboarded, post will design and implement the locally employed staff training program. Post anticipates implementation by March 31, 2022.

OIG Recommendation 7: (U) Embassy Reykjavik should comply with Department standards to complete medical certifications for drivers of official U.S. Government vehicles. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. The embassy has coordinated with a local medical provider to perform medical certifications for all drivers and will be reviewed by the Regional Medical Officer, based in London. Medical evaluations for 43 individuals are currently being scheduled with the local provider and will be completed by December 31, 2021, local provider schedule allowing.

OIG Recommendation 8: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: Embassy Reykjavik and OBO concur with the recommendation. The embassy consulted with OBO shortly after receiving the seismic report in November 2020. The Embassy has conducted market research with local seismic assessment teams in order to establish an IDIQ contract for all housing seismic assessment reports. The embassy plans to have the seismic review of residential housing complete by March 31, 2021.

OBO Response: OBO/PDCS/DE/CSE stands ready to support post in drafting statements of work, evaluating proposals, and developing a plan to fund seismic surveys by local engineers.

OIG Recommendation 9: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should implement routine and preventive maintenance programs that comply with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: Embassy Reykjavik and OBO concur with the recommendation. The embassy requested that OBO review outstanding preventative maintenance work orders currently in GMMS and verify they are all relevant and accurate. The IMAP team visited post in July 2021 and will be on-site again in October 2021 to further address the preventative maintenance work order status. Post will contract with local technicians for preventative maintenance issues when IMAP is not available by December 31, 2021.

OBO Response: The ORSC director, the Regional Facility Manager, and OBO/CFSM/FAC are assisting post with contract language and support services for a preventative maintenance program.

OIG Recommendation 10: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should bring its safety, health, and environmental management training into compliance with Department standards. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: Embassy Reykjavik and OBO concur with the recommendation. The Embassy conducted first aid, CPR, and AED training in July 2021. The POSHO-A will attend the contractor safety course in September 2021. The POSHO will attend POSHO training in October 2021. Safety inspections will be conducted no later than December 31, 2021.

OBO Response: Post is without a Facility Manager at this time, so the Management Officer is the Acting POSHO and is scheduled to take the training in October 2021.

OIG Recommendation 11: (U) Embassy Reykjavik, in coordination with the Bureaus of Diplomatic Security and Overseas Buildings Operations, should comply with Department standards for unescorted server room access (Action: Embassy Reykjavik, in coordination with DS and OBO)

Management Response: Embassy Reykjavik along with the Bureaus of Diplomatic Security and Overseas Buildings Operations concur with the recommendation. Embassy Reykjavik, in coordination with the Bureaus of Diplomatic Security and Overseas Buildings Operations, have scheduled a visit by a Security Engineer Officer in October 2021 to resolve the alarm issue by returning the server room to an administratively controlled General Work Area (GWA): the area within the building, behind the hardline, in which both American and authorized Locally Employed Staff (LE Staff) employees, as well as official dependents of U.S. citizen employees are permitted without escort.

OBO Response: OBO/CFSM/FAC stands ready to assist post and is aware that the Engineering Services Office (ESO) plans to arrive at post in early October to update the access to its normal administratively controlled General Work Area (GWA) designation.

OIG Recommendation 12: (U) Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should comply with Department standards for server room safety controls. (Action: Embassy Reykjavik, in coordination with OBO)

Management Response: Embassy Reykjavik and the Bureau of Overseas Buildings Operations concurs with the recommendation. Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, is confirming existing site conditions and developing a procurement bill of material. Installation plan to follow once existing conditions are verified and the bill of material is released for purchase. Also, a construction security plan was initiated with OBO/CFSM/SM. Post anticipates the work will be completed by March 31, 2022, allowing time for electrical building assessments and material shipments to arrive at Post.

OBO Response: OBO/CFSM/SM and OBO's Facility Management Program Support (electrical) team are working towards a solution, including confirming existing site conditions, developing a procurement bill of material, and coordinating any construction security requirements. Post and OBO will proceed with an installation plan to follow once existing conditions are verified and the bill of material is released for purchase. Given the time needed to conduct the electrical building assessments and receive material shipments, Post and OBO anticipate that this recommendation will be completed by the end of second quarter FY 2022.

OIG Recommendation 13: (U) Embassy Reykjavik should reduce the use of individual desktop printers in accordance with Department standards. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. Mission Reykjavik's recounting of printer assets reveals 35 printers on inventory, none of which have scan or copy functionality; however, all are IT Change Control Board (ITCCB) approved for OpenNet. The four Multi-functional Printers (MFP), currently in shipping channels, will be deployed to three floors where there is a concentration of users in cubicles. Following the deployment of the new MFPs, Post plans to reduce desktop dedicated printers by 30 percent by March 31, 2022.

OIG Recommendation 14: (U) Embassy Reykjavik should register all dedicated internet networks and approve dedicated internet network software and hardware in accordance with Department standards. (Action: Embassy Reykjavik)

Management Response: Embassy Reykjavik concurs with the recommendation. The newly arrived IMO has requested access to the Department's IT assets database to correct the number of active DINS from 3 to 2 (1 LAN and 1 WiFi). The LAN DIN will be replaced with new hardware over the next week to improve performance. This will also enable Post to remove all unapproved software. The IMO along with the LE staff will establish the corresponding registrations with the IT Change Control Board (ITCCB) and document all locally approved software and hardware as required in accordance with 5 FAM 872.1b by December 31, 2021.

(U) ABBREVIATIONS

DCM	Deputy Chief of Mission
DIN	Dedicated Internet Network
DS	Bureau of Diplomatic Security
EEO	Equal Employment Opportunity
EUCOM	European Command
EUR	Bureau of European and Eurasian Affairs
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
GTM/OE	Bureau of Global Talent Management's Office of Overseas Employment
HR	Human Resources
ICS	Integrated Country Strategy
IM	Information Management
IMAP	International Maintenance Assistance Program
LE	Locally Employed
M/SS	Office of Management Strategy and Solutions
NATO	North Atlantic Treaty Organization
OBO	Bureau of Overseas Buildings Operations
POSHO	Post Occupational Safety and Health Officer

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