

UNCLASSIFIED



Office of Inspector General
United States Department of State

ISP-I-22-09

Office of Inspections

February 2022

**Inspection of Embassy Luxembourg,
Luxembourg**

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

UNCLASSIFIED



HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-22-09

What OIG Inspected

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

What OIG Recommends

OIG made 14 recommendations: 12 to Embassy Luxembourg and 2 to the Bureau of Information Resource Management.

In its comments on the draft report, the Department concurred with all 14 recommendations. OIG considers all 14 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

February 2022

OFFICE OF INSPECTIONS

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Luxembourg, Luxembourg

What OIG Found

- Embassy Luxembourg's leadership was advancing U.S. foreign policy goals and objectives as outlined in the embassy's Integrated Country Strategy.
- Interpersonal conflicts negatively affected staff working relationships and team cohesion.
- The Political-Economic Section's work was aligned with Integrated Country Strategy goals, but the section did not consistently meet Department of State deadlines for mandatory reports and demarche responses.
- Public diplomacy grants lacked required Federal assistance documentation.
- The lease for the Chargé d'Affaires' residence exceeded Department standards both in square footage and cost, resulting in approximately \$207,000 in excessive costs over the life of the lease.
- The embassy did not perform required Information Systems Security Officer duties including regular reviews and analysis of information systems and mobile devices for indications of inappropriate or unusual activity.
- Spotlight on Success: The Public Diplomacy Section managed the embassy's virtual intern program that capitalized on the presence of a U.S. study abroad program in Luxembourg.

CONTENTS

CONTEXT	1
EXECUTIVE DIRECTION	2
Tone at the Top and Standards of Conduct	2
Execution of Foreign Policy Goals and Objectives	3
Adherence to Internal Controls	4
Security and Emergency Planning.....	4
Equal Employment Opportunity	4
Developing and Mentoring Foreign Service Professionals.....	5
POLICY AND PROGRAM IMPLEMENTATION	5
Political-Economic Section.....	5
Public Diplomacy	6
Consular Operations.....	8
RESOURCE MANAGEMENT	8
Human Resources.....	10
General Services	10
Facility Management.....	12
Financial Management.....	13
INFORMATION MANAGEMENT.....	15
RECOMMENDATIONS.....	19
PRINCIPAL OFFICIALS	23
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY.....	24
APPENDIX B: MANAGEMENT RESPONSES.....	26
ABBREVIATIONS	32
OIG INSPECTION TEAM MEMBERS.....	33

CONTEXT



Figure 1: Map of Luxembourg.
(Source: CIA World Factbook)

In 1867, Luxembourg, which had previously been an independent state under the Netherlands, gained its full independence and was guaranteed perpetual neutrality by European powers. The United States first established diplomatic relations with Luxembourg in 1903. The country was occupied by Germany in both world wars and was liberated by forces that included U.S. troops. Luxembourg ended its neutrality in 1948 when it entered the Benelux Customs Union. The following year, it joined the North Atlantic Treaty Organization (NATO). In 1957, Luxembourg became one of the six founding countries of the European Economic Community, which later became the European Union. Luxembourg, with a population of approximately 630,000, is landlocked between Belgium, France, and Germany, and is slightly smaller than the state of Rhode Island.

Luxembourg has a stable and high-income economy with historically solid growth, low inflation, and low unemployment. It is the fifth wealthiest country in the world when measured by gross domestic product per capita. U.S. exports to Luxembourg include commercial aircraft and information and communications technology equipment. Luxembourg also purchases U.S. services and intellectual property, such as medical research and entertainment. U.S. firms are among the most prominent foreign investors in Luxembourg. The country is a major financial center in Europe, and U.S. banks and asset management companies have a significant presence. The United States and Luxembourg collaborate closely on commercial space exploration, with Luxembourg having adopted a legal framework on the mining of space resources that mirrors the U.S. approach, leading to numerous U.S. space companies opening offices in Luxembourg.

Luxembourg is a longstanding ally of the United States. The friendship between the two countries is strengthened by a shared commitment to advancing freedom and prosperity. Luxembourg also has long been a prominent supporter of European political and economic integration.

Embassy Luxembourg's 2018 Integrated Country Strategy (ICS) focuses on four goals:

- Luxembourg actively deploying a “3D” approach: Democracy, Defense, and Development to strengthen the western alliance.
- Luxembourg contributing to economic growth and job creation in the United States and worldwide and remaining a key bilateral partner on economic, finance, and technology priorities.
- Advancing U.S. interests in law enforcement, international justice, and security and safety for U.S. citizens in Luxembourg.

- Broadening and deepening Luxembourg governmental and public support and understanding of U.S. values and foreign policy, leading to increased commitment to global engagement.

At the time of the inspection, Embassy Luxembourg's authorized staff included 32 U.S. direct-hire employees and 53 locally employed (LE) staff. Of the 32 direct-hire employees, 28 worked for the Department of State (Department), 2 worked for the Department of Defense, and 2 worked for the American Battle Monuments Commission.

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.¹

EXECUTIVE DIRECTION

OIG assessed Embassy Luxembourg's leadership based on interviews, staff questionnaires, a review of documents, and video observations of embassy meetings.

Tone at the Top and Standards of Conduct

The Chargé d'Affaires, ad interim (Chargé), a career member of the Foreign Service, arrived at Embassy Luxembourg as the Deputy Chief of Mission (DCM) in January 2019. He assumed charge of the embassy upon the departure of the former Ambassador in January 2021.² Prior to his posting in Luxembourg, the Chargé served as Deputy Director of the Office of Western European Affairs in the Bureau of European and Eurasian Affairs.

During the inspection, the Chargé rotated the position of acting DCM between two embassy section chiefs.³ However, the Chargé continued to perform most of the core DCM duties, such as serving as the embassy's management controls coordinator and Emergency Action Committee chair. The acting DCMs continued to perform their section chief duties while assisting the Chargé, as necessary. Due to their limited duties and time in their positions, OIG did not assess the performance of the acting DCMs.

Interpersonal Conflicts Negatively Impacted Staff Working Relationships and Team Cohesion

OIG found that the Chargé, who had been serving in that role for a little more than 3 months when the inspection began, was adjusting to leading the embassy after the departure of the former Ambassador. Many embassy staff members told OIG that the former Ambassador had created a difficult work environment during his tenure. For example, according to embassy staff, the former Ambassador berated and belittled staff members in public. Furthermore, OIG

¹ See Appendix A.

² The former Ambassador was a noncareer appointee who served from June 2018 to January 2021.

³ From January 20 to April 30, 2021, the Management Officer served as acting DCM. From May 1 to June 25, 2021, the Political-Economic chief served as acting DCM.

learned that 10 Foreign Service officers and specialists curtailed from June 2018 to January 2021 during the former Ambassador's tenure. A high level of turnover (42 percent over a 2 ½-year period in the case of Embassy Luxembourg) has both financial and operational costs to an embassy and to the Department. As such, Department guidance states that curtailments should be avoided when possible.⁴

Although staff believed the environment had improved since the former Ambassador's departure, they described to OIG unresolved interpersonal conflicts among and between U.S. direct-hire and LE staff regarding issues such as staff portfolios and lines of authority, that led to open disputes, strained working relationships, performance issues, and rumor mongering. According to OIG interviews and questionnaires, embassy and Department staff believed the Chargé had not confronted the interpersonal conflicts and issues quickly and decisively, consistent with the leadership principles in 3 Foreign Affairs Manual (FAM) 1214b(3), (4), and (9).

The Chargé told OIG that he recognized the need to improve team collaboration, increase productivity, enhance employee engagement, and build morale, in keeping with Department leadership principles and 2 FAM 113.1b, which discusses chief of mission responsibility for ensuring the effective operation and overall performance of the post. He had attempted to foster a positive work environment by giving section chiefs time and space to attend to section priorities, organizing a 1-day team-building off-site activity in early May 2021, and hosting a series of luncheons with embassy staff and their families. During the inspection, the Chargé contacted the Foreign Service Institute for assistance and later reported that the Leadership and Management School was working with him and a small group of embassy employees to design and execute an embassy team-building offsite in fall 2021.

Execution of Foreign Policy Goals and Objectives

OIG found the Chargé fulfilled his responsibilities to oversee the embassy's strategic activities as defined in 2 FAM 113.1b. Under his leadership, the embassy continued to focus on implementation of the 2019 bilateral, multi-agency memorandum of agreement on commercial, civil, and defense cooperation in space. For example, at the time of the inspection and in support of a \$100 million satellite communications agreement between the Department of Defense, NATO, and Luxembourg that would provide NATO allies access to new state-of-the-art satellites for military communications, the embassy was working with the Commander of the newly established U.S. Space Force on his planned visit to Luxembourg in July 2021 to advance this priority project. In addition, to advance new climate change policy initiatives, the Chargé engaged with Luxembourg's Environment Minister and financial sector leaders to mobilize capital for climate change technologies.

⁴ Cable 17 STATE 57624, "Chief of Mission Guidance on Conduct and Discipline Abroad," June 6, 2017.

Adherence to Internal Controls

The former Ambassador and the then-DCM submitted the FY 2020 Annual Chief of Mission Management Control Statement of Assurance in accordance with 2 FAM 022.7(1), which requires chiefs of mission to develop and maintain appropriate systems of management control of their organizations. The Statement of Assurance identified one significant deficiency related to aged water piping infrastructure.

During the inspection, the embassy took steps to correct several internal control deficiencies that OIG identified. For example, the embassy issued administrative policies related to the motor vehicle safety management program, time and attendance, and staff training. The embassy also performed the annual emergency egress inspection; completed and documented all Post Occupational Safety and Health Officer (POSHO) residential inspections and certifications; and submitted the annual housing market survey. As a result of these actions, OIG did not make recommendations to address these deficiencies. Additional internal control issues are discussed later in this report.

Security and Emergency Planning

OIG determined the Chargé was attentive to the safety and security of embassy personnel, in accordance with Department guidelines in 2 FAM 113.1c(5). During the inspection, the Chargé reviewed and signed security directives in accordance with 12 FAM 422.2b and completed the annual review of the Memorandum of Agreement for Security and Force Protection of Department of Defense Elements and Personnel in Luxembourg, in accordance with 2 Foreign Affairs Handbook (FAH)-2 H-116.4b. During the inspection, the Regional Security Officer visited the NATO Supply and Procurement Agency in Capellen, Luxembourg, where two Department of Defense personnel under chief of mission authority work, to review their security procedures.

During the inspection, the embassy completed a required update of its emergency action plan. OIG observed one Emergency Action Committee meeting held to review the embassy's COVID-19 response. At that meeting, the committee decided to remain at Phase II operating status, consistent with the Department's Diplomacy Strong Framework.⁵ Following the meeting, the Chargé reinforced this decision in an email to all staff in which he reminded them of mask and social distancing requirements as well as the need for supervisors to encourage maximum telework.

Equal Employment Opportunity

OIG found that the embassy did not issue or display the most current Equal Employment Opportunity (EEO) guidance from the Secretary and the Department's Office of Civil Rights. The messages on the embassy's bulletin boards dated from 2017 and the name of the assigned EEO

⁵ Under Phase II, 40 to 80 percent of non-vulnerable employees can be onsite, telework is encouraged but not mandatory, social distancing takes place in common areas, and cloth face coverings will be worn when social distancing is not possible. See Under Secretary for Management, "Diplomacy Strong – Phased Approach to Adjusting to COVID Mitigation," July 7, 2020.

counselor was out of date. During the inspection, the embassy brought its EEO program into compliance with Department guidance in 21 STATE 60514.⁶ Specifically, the embassy used the template provided by the Office of Civil Rights to update and issue a management notice with EEO information and guidelines, including the name of the current EEO counselor, and displayed this, as well as the Secretary's messages regarding EEO and diversity and inclusion, on bulletin boards in embassy facilities.

Developing and Mentoring Foreign Service Professionals

The embassy's sole entry-level officer arrived during the inspection. Following the officer's arrival, the embassy issued a First- and Second-Tour Foreign Service Professionals Policy, which was consistent with Department guidance in 3 FAM 2242.4.

POLICY AND PROGRAM IMPLEMENTATION

OIG assessed Embassy Luxembourg'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 citizen 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.

Political-Economic Section

OIG reviewed the Political-Economic Section's leadership and management, policy implementation, and reporting. The section consisted of a Political-Economic chief, an Environment, Science, Technology, and Health Officer, and two LE staff members. OIG found the section generally operated in accordance with Department standards and aligned its work with ICS and Front Office goals. However, the section did not consistently meet Department deadlines for mandatory reports and demarche responses. Specifically, from August 15, 2020, to June 11, 2021, the embassy submitted three of its four mandatory reports late and cables on demarche responses, required in 5 FAH-1 H-613.3b, often were sent after Department deadlines.⁷

Washington and embassy staff told OIG the embassy was late with its mandatory reports and demarche responses due to work performed on the former Ambassador's other initiatives,⁸

⁶ Cable 21 STATE 60514, "Policy Statements on Diversity and Inclusion and Equal Opportunity and Harassment," June 11, 2021.

⁷ The mandatory reports were 8 to 17 days late. The cables on demarche responses, which are due 3 days after delivery of the demarche to the host government, were often submitted late. Repeated, overdue cables on demarche responses raised questions among Washington personnel, contributing to additional workload to determine the status of the demarches and the host government's response.

⁸ The Political-Economic Section's support for the former Ambassador's Holocaust and space initiatives contributed to policy successes such as a January 2021 agreement between Government of Luxembourg and the Luxembourg Jewish community on outstanding Holocaust issues and Luxembourg's participation in the Artemis Accords. The Artemis Accords outline principles for cooperation in the civil exploration and use of the Moon, Mars, comets, and

frequent staff turnover, and the volume of demarches the embassy received because of Luxembourg being a member of both the European Union and NATO. Specifically, due to curtailments, the Political-Economic Section had three chiefs between 2018 and 2021, and the current chief was on a 1-year assignment. During the inspection, the section completed outstanding demarche cables and developed standard operating procedures on demarches to address this issue. The section also completed standard operating procedures for Leahy vetting, as required by Department standards.⁹

Public Diplomacy

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 one full-time and two part-time LE staff members.¹⁰ Long-term absences,¹¹ performance issues, and turnover of LE staff hindered the section's daily operations as well as its ability to conduct strategic planning. As a result, only one of the LE staff was able to participate in key section activities, such as a strategic planning session to develop public diplomacy goals. At the time of the inspection, the embassy was in the process of hiring for its vacant LE staff positions. Despite the staffing challenges, OIG found the section aligned its public diplomacy operations with embassy goals and that it operated in accordance with Department standards, with the exceptions noted below.

Public Diplomacy Grant Files Did Not Meet Department Standards for Documentation

The Public Diplomacy Section's grant files did not consistently meet the Department's Federal Assistance Directive standards for documentation.¹² OIG's review of all 15 public diplomacy grants from FY 2019 through the first eight months of FY 2021, totaling \$104,304, found that

asteroids for peaceful purposes. The founding signatory countries in October 2020 were Australia, Canada, Italy, Japan, Luxembourg, United Arab Emirates, United Kingdom, and the United States.

⁹ Leahy Vetting is undertaken for security forces units and members of such units as a requirement for receiving training, material, or other forms of assistance. The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the United States from furnishing assistance to foreign security forces under certain provisions of law if the Department receives credible information that such forces have committed a gross violation of human rights. See 22 U.S.C. § 2378d and the Bureau of Democracy, Human Rights, and Labor's 2017 Leahy Vetting Guide.

¹⁰ The Public Diplomacy Section also included a staff member hired through the Expanded Professional Associate Program from October 2019 to May 2021. The Expanded Professional Associate Program provides U.S. citizen eligible family members serving overseas with professional-level Foreign Service full-time positions in the areas of economics, financial management, general services, human resources, information management, management, office management, political, public diplomacy, and medical areas.

¹¹ Two of the section's three LE staff were on long-term leave for more than 9 months between March 2020 and June 2021.

¹² 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. FAD, October 2019, Chapter 1G (Grants Management Forms), Chapters 2 (Pre-Federal Award Requirements), Chapter 3 (Federal Award Requirements), Chapter 4D (Post Federal Award Requirements: Monitoring and Reporting) and Chapter 5 (Closeout) address the errors found.

while all files contained a notice of award and award provisions, and most contained payment documentation, none contained an application for Federal assistance, risk assessment and monitoring plan, evidence of monitoring, a written assessment of the program or, if the grant activity was completed, close-out documentation. Only one grant file contained a grantee report. Embassy staff told OIG that staffing gaps and competing priorities—including the former Ambassador’s focus on media activities—prevented them from completing grants documentation, uploading required forms into the State Assistance Management System¹³ and, despite recent training, keeping current on grants standards. However, despite these issues, the embassy provided sufficient information for OIG to determine that the work called for in the grants was underway or completed. Effective grants management reduces the chances of loss or misuse of U.S. Government funds and helps ensure that grants meet program objectives.

Recommendation 1: Embassy Luxembourg should document its public diplomacy grants in accordance with Department standards. (Action: Embassy Luxembourg)

Public-Private Partnership With the University of Luxembourg Was Outdated

The embassy’s public-private partnership¹⁴ with the University of Luxembourg was out of date. The Public Diplomacy Section created the partnership by signing a memorandum of understanding (MOU) in 2007 with the University of Luxembourg to support scholarships for the university’s students to study at U.S. universities. As outlined in the MOU, the embassy had regularly solicited donations from U.S. businesses in Luxembourg to fund the scholarships. However, embassy staff told OIG that since 2015, instead of soliciting donations, the embassy had directly supported the scholarship program through grants to the university. In addition, OIG could find no evidence that the embassy had revised the original MOU with the university to reflect the changes in the embassy’s support mechanism for the program. Because the embassy was no longer soliciting donations, the outdated MOU risked providing inaccurate information to the embassy’s business and university partners.

Recommendation 2: Embassy Luxembourg should update its public-private partnership with the University of Luxembourg. (Action: Embassy Luxembourg)

Spotlight on Success: Virtual Intern Program Supported Embassy Programs While Providing Unique Experience for U.S. Students in Luxembourg

The Public Diplomacy Section managed the embassy’s virtual intern program that capitalized on the presence of a U.S. study abroad program in Luxembourg. With support from the Department’s Virtual Student Federal Service Office, the section annually enrolled between one and five U.S. students from Miami University’s Luxembourg study-abroad program in Embassy Luxembourg’s virtual intern program. Rather than physically working in the embassy, the interns worked remotely to assist with such tasks as planning programs and drafting cables and

¹³ The State Assistance Management System is the Department’s online Federal financial assistance management system.

¹⁴ A public-private partnership is a collaborative working relationship with nongovernmental partners in which the goals, structure, and governance, as well as roles and responsibilities, are mutually determined. See 2 FAM 971.1a.

speeches. The interns, who earned course credits through the program, typically physically attended, and supported embassy activities and events held in public venues. The program required no physical embassy space and minimal support services. This innovative and cost-effective use of the virtual intern program increased the number of interns available to the embassy while giving the students a valuable experience with the Department.

Consular Operations

OIG reviewed Embassy Luxembourg's consular operations, including section leadership, U.S. citizens services, crisis preparedness, management controls, visa services and processing, outreach, and fraud prevention programs. The Consular Section, with one Consular Officer and two LE staff members, delivered services to an estimated 3,100 U.S. residents and approximately 30,000 U.S. visitors annually prior to the pandemic. Embassy Brussels, Belgium, processed Immigrant visas for Embassy Luxembourg. The Consular Officer managed a robust training schedule and continued to conduct outreach to U.S. citizens despite the restrictive COVID-19 operating environment. The section also made effective use of regional training resources such as participating in fraud prevention training conducted by a larger U.S. mission in the region.

Following the suspension of most non-U.S. citizen travel to the United States during the COVID-19 pandemic, the section restricted operations for the safety of embassy staff and applicants. The embassy offered appointments for citizenship and passport services one day per week, prioritizing emergency passport cases as necessary, and scheduled appointments at intervals to allow applicants to maintain appropriate social distance from one another. The Consular Officer also interviewed applicants who qualified for one of the limited exceptions to the U.S. Government's travel restrictions. During the inspection, in consultation with the Emergency Action Committee, the Consular Section began to add additional appointments for services. OIG found that the embassy's consular operations generally complied with Department standards with one exception. The section lacked required standard operating procedures for conducting fraud interviews and site visits. Standards in 7 FAH-1 H-943.7b state that a written fraud prevention strategy must lead to the development of standard procedures to organize, communicate, and implement best practices. During the inspection, the section drafted the required standard operating procedures.

RESOURCE MANAGEMENT

OIG reviewed Embassy Luxembourg's internal control systems in human resources, financial management, general services, and facilities management operations. During the inspection, the embassy corrected four internal control issues identified by OIG. Specifically, the embassy:

- 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 staff training (21 STATE 28146).
- Performed the annual emergency egress inspection (15 FAM 846.4).

- Completed and documented all POSHO¹⁵ residential inspections and certifications in the POSHO certification application (15 FAM 252.5c).
- Submitted the annual housing market survey (15 FAM 212.6b).

Overall, OIG found deficiencies in the Management Section as noted below.

Embassy Lacked Oversight of the Management Support Services Received From Department Regional Offices and Missions

OIG found that the Management Section's insufficient oversight of the wide range of support services it receives from Department regional offices and missions, as well as COVID-19 pandemic travel restrictions, complicated embassy operations. Regional support is especially important to Embassy Luxembourg because such support assisted with the following key services:

- The Regional Support Center in Frankfurt provides financial and facility management support. A Regional Financial Management Officer manages the embassy's Financial Management Office, and a Regional Facility Manager provides support to the LE staff Facility Manager.
- The Joint Administrative Services at the Tri-Mission in Brussels provides human resources operations services.¹⁶
- Embassy Brussels provides property management, warehousing, and furniture and appliance services.

These services are provided to Embassy Luxembourg through memoranda of understanding with the regional support providers. However, OIG found that the embassy's lack of oversight over the requirements set forth in the memoranda of understanding resulted in issues such as documentation gaps and delayed auctions in property management; a lack of organizational assessments in financial management; and delays in the payment of LE staff income tax withholdings to the Luxembourg Government. In addition, the COVID-19 pandemic, which resulted in regional travel restrictions, delayed monthly and quarterly support visits to the embassy which, in turn, delayed the annual inventory process and affected the residential inventory process. OIG determined that the Management Section's staffing gaps resulting from curtailments and the Management Officer's rotation as the acting DCM also contributed to the section's lack of oversight. The new General Services Officer and Regional Financial Management Officer told OIG that the section would review the memoranda of understanding and reassess the section's oversight of the regional support services. As a result, OIG did not make a recommendation to address this issue.

¹⁵ The POSHO manages the embassy's safety, health, and environmental management program, which must meet 15 FAM 960 and other related Department requirements. The POSHO develops the administrative procedures and budget necessary to meet program requirements, goals, and objectives.

¹⁶ One LE staff member in the Management Section dedicated 45 percent of their time to human resources operations.

Human Resources

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

OIG found the embassy did not have an LE staff training program. Guidance in 3 FAM 7635.1-2 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 28146¹⁷ emphasizes the responsibility that supervisors have in supporting LE staff training and professional development. OIG examined the annual work plans of nine LE staff members and found that seven did not have any specific training listed under the section on development plans. The section had sent out a request to supervisors to prioritize training for their staffs, but at the time of the inspection, it had yet to be completed.

OIG noted that the embassy had only one LE staff member assigned part-time to human resources operations. The Management Officer told OIG that because of this, the HR assistant did not have sufficient time to monitor or administer a LE staff 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 3: Embassy Luxembourg should establish and administer a training program for its locally employed staff in accordance with Department guidelines. (Action: Embassy Luxembourg)

General Services

Embassy Lacked Adequate Internal Controls Over Expendable Property

OIG found the embassy did not account for, or have adequate internal controls over, expendable property, as required by Department guidelines. Specifically, Embassy Luxembourg:

- Did not account for and track personal protective equipment and clothing, uniforms, and facility maintenance expendable supplies (maintenance stock, materials, and spare parts), in the Integrated Logistics Management System (ILMS) expendable management system, as required.¹⁸ Department guidance in 14 FAM 446.1 requires that personal protective equipment and clothing and uniforms be tracked in either the ILMS expendables management system or the ILMS loanable property module.
- Did not have internal controls for its facility maintenance expendable supplies. Department standards in 14 FAM 414.4(1) and (2) require the embassy to maintain control of stock inventory and establish adequate safeguards and controls to ensure that supplies are issued for official use. The embassy had never inventoried its facility

¹⁷ Cable 21 STATE 28146, "Supervisor Obligations for Supporting Locally Employed Staff Training and Professional Development," March 25, 2021.

¹⁸ According to 14 FAM 414.2-1a(2), the ILMS expendable management system is the Department's approved system for recording all operating materials and supplies in storage.

maintenance supplies and stored them in different areas of the embassy annex and chancery, rather than in one central location. In addition, staff did not control access to these storage rooms or record what was taken and used.

Embassy staff told OIG they did not request access to the ILMS expendable management module and did not use the ILMS loanable property module due to poor past property management practices. Failure to account for expendable property in the Department's approved property record system and maintain adequate internal controls increases the risk of mismanagement and theft of embassy property.

Recommendation 4: Embassy Luxembourg should establish internal controls to administer and oversee its expendable property in accordance with Department guidelines. (Action: Embassy Luxembourg)

Wasteful Real Property Management Practices Led to the Acquisition of a Costly Residence for the Deputy Chief of Mission

OIG identified wasteful real property management practices that led to approximately \$207,000¹⁹ in excessive costs over the life of the lease for the DCM's residence.²⁰ In February 2019, the embassy entered an initial 3-year lease for the DCM's residence. The residence was 2,088 square feet above the maximum residential space standard and at least \$37,000 per year above the rental benchmark standards set by the Department in 15 FAM 237 and 15 FAM 222.²¹ The overall cost and size of the residence were each approximately twice the maximum allowable space and cost standards.

OIG found the embassy's Interagency Housing Board (IAHB) initially assigned the DCM to a residence in December 2018 that met Department housing standards. However, in January 2019, the board changed its decision and assigned the DCM to a prospective property that exceeded both Department space and rental benchmark standards. Guidance in 15 FAM 212.2-2(C) states that "post's IAHB should exercise its best collective judgment to reconcile employees' housing requirements with the intent of U.S. Government regulations and to make decisions that are in the best interests of the U.S. Government." The Bureau of Overseas Buildings Operations (OBO) did not initially approve the embassy's residential lease waiver request, citing the size and cost. OBO informed the embassy that it did not find any compelling justification for recommending approval for such a large and expensive unit and suggested the

¹⁹ Based on international currency exchange rates published by the Bureau of the Comptroller and Global Financial Services. In June 2021, one Euro was worth \$1.19.

²⁰ OIG's estimate is based on the additional costs expended over the life of the 3-year lease plus an additional 6 months to the end of the DCM's tour. OIG's estimate includes the additional base rent above the maximum rental benchmark standard (\$166,702); the additional building operation expenses (BOE), which are 6,000 Euros above the next highest BOE charges at the embassy (\$24,990); and the additional cost for parking (\$14,994).

²¹ The leased property is 4,521 square feet, which is 106 percent over the maximum residential space authorized (2,088 square feet) based on rank and family size. In addition, the maximum annual base rent allowable in Luxembourg is 64,000 Euros, whereas the annual base rent of the leased property was 95,400 Euros for the first year of the lease, with increases each year, up to 110,634 Euros in the third year.

embassy find a more appropriate unit to lease. However, OBO eventually approved the residential lease waiver for the property at the request of the embassy. OIG did not locate any evidence that the IAHB documented and appropriately justified the exceptions to the Department housing policy, as required by 15 FAM 212.3(1) and (2),²² nor did it find any documentation as to why the housing board changed its initial decision and instead chose to lease a new residence for the DCM.

OIG concluded that the estimated \$207,000 in excessive costs associated with the lease constituted wasteful spending that was inconsistent with 15 FAM 211.1a housing program objectives to provide safe and secure housing that meets the personal and professional requirements of employees at a cost most advantageous to the U.S. Government. Additionally, OIG questioned whether the residential lease waiver was properly approved and justified. The failure of the embassy to provide adequate justification for the lease and for OBO to approve the waiver in accordance with Department standards increases the risk of misuse of U.S. Government funds. The embassy told OIG the property lease would be terminated at the end of the DCM's assignment in June 2022 as required in OBO's waiver approval instructions.

Recommendation 5: Embassy Luxembourg, in coordination with the Bureau of Overseas Buildings Operations, should provide documentation that the lease for the Deputy Chief of Mission's residence will not be renewed past June 2022. (Action: Embassy Luxembourg, in coordination with OBO)

Facility Management

Embassy's Fire Protection Program Did Not Comply With Department Standards

OIG identified four outstanding fire deficiencies that had yet to be resolved. The deficiencies pertained to the embassy not meeting National Fire Protection Association (NFPA), National Fire Codes and Standards, contained in life safety code 101,²³ which OBO uses to evaluate facilities and make recommendations to improve fire and life safety conditions. Specifically:

- The chancery's southwest stairway was not fully protected with a complete, fire-rated enclosure (NFPA 101 39.3.1.1—Existing business occupancies).
- There was no secondary means of escape from the converted office space to the ground in the chancery mezzanine (NFPA 101 7.4.1.1—Means of egress).
- The existing sprinkler system in the annex high-rise building did not protect the floor on which the management office is located (NFPA 101 11.8.3.1—Special structures and high-rise buildings).

²² According to 15 FAM 212.3, documentation for housing board decisions must be kept at the embassy for 3 years.

²³ The National Fire Protection Association develops, publishes, and disseminates more than 300 consensus codes and standards intended to minimize the possibility and effects of fire and other risks. These codes and standards are used throughout the world.

- The Marine Security Guard residence stairway was not enclosed with fire-rated materials (NFPA 101 26.2.2.1—Lodging or rooming houses).

The embassy did not resolve these fire protection issues because of competing priorities, such as work on the Chief of Mission residence and the high level of housing commissioning and decommissioning directly related to numerous curtailments at the embassy. By not resolving or mitigating these fire and life safety deficiencies, the embassy faces increased risk of fire hazards that could lead to injury or loss of life.

Recommendation 6: Embassy Luxembourg, in coordination with the Bureau of Overseas Buildings Operations, should bring its fire protection program into compliance with Department standards. (Action: Embassy Luxembourg, in coordination with OBO)

Embassy Did Not Conduct Required Safety, Health, and Environmental Management Training

OIG found the embassy did not conduct required safety, health, and environmental management training. OIG found that the Management Officer, who was the designated embassy POSHO, did not take the required POSHO training. 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. Finally, the embassy did not provide facilities maintenance staff with specialized safety, health, and environmental management training, as required by 15 FAM 965d, nor had it received fire prevention training from OBO since 2017, as required in 15 FAM 813.4a. Guidance in 15 FAM 931b requires that the POSHO attend the POSHO seminar or equivalent training sponsored by the OBO's Office of Safety, Health, and Environmental Management within 1 year of being assigned to the position. Embassy staff told OIG that several factors, including restrictions on operations caused by the COVID-19 pandemic, contributed to this issue. Failure to comply with the Department's safety, health, and environmental management standards increases the risk of injury and loss of life.

Recommendation 7: Embassy Luxembourg, 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 Luxembourg, in coordination with OBO)

Financial Management

Cashier Operations Lacked Internal Controls and Management Oversight

OIG found that internal controls over Embassy Luxembourg's cashier operations did not meet Department standards. Specifically:

- The principal (Class B) cashier was not named as a designated drawer on the embassy bank account (Cashier User Guide 3.3.5.2.4-3).

- The main cashier's duties also included working as the embassy's accountant, a potential conflict of interest, without departmental approval,²⁴ which increased risks of malfeasance (4 FAM 042d).
- The LE Financial Specialist was designated as the cash verification officer despite being the cashier supervisor, an arrangement prohibited by Department guidance (4 FAM 061.16(1)(d)).
- A U.S. citizen direct-hire employee did not supervise the cashier (4 FAM 392).

These internal control issues occurred because of insufficient management oversight and the delegation of cashier responsibility to the LE staff financial supervisor by the Management Officer. The Management Officer and the Regional Financial Management Officer jointly are responsible for providing guidance and overall supervision of cashiering activities. Failure to address these internal control issues in cashiering increases the risk of errors, fraud, and loss of funds.

Recommendation 8: Embassy Luxembourg should bring its cashier operations' internal controls, including management oversight of those operations, into compliance with Department standards. (Action: Embassy Luxembourg)

Accommodation Exchange Operations Did Not Comply With Department Standards

Embassy Luxembourg did not have a maximum limitation for accommodation exchange²⁵ in its cashiering policy. Between January and May 2021, OIG found 53 accommodation exchange transactions totaling \$153,525, of which 37 were for more than \$1,000. Staff members told OIG the embassy had an informal \$5,000 maximum per day, per eligible individual,²⁶ limit on accommodation exchanges, but this policy was not documented and was over the Department's \$1,000 recommended limit. The embassy resolved a 2016 Cashier Operations Action Plan deficiency identified by the Bureau of the Comptroller and Global Financial Services, Office of Global Disbursing Operations²⁷ to have an accommodation exchange limit. However, the limit was removed from the 2020 update to the embassy's cashiering policy for unknown reasons. Cashier User Guide 8.1(1) states restrictions and limitations for accommodation exchange services must be established in cashiering policies and distributed to all employees. Additionally, Cashier User Guide 8.4(1) requires a per-check or per-day limit on the amount of foreign currency that can be purchased, while 4 FAM 361.5-3a suggests the maximum limit not be more than \$1,000. Failure to place limitations on accommodation exchange increases risk of

²⁴ As stated in 2 FAM 042a, management controls must incorporate separation of duties between authorizing, processing, recording, and reviewing transactions and disposal functions. For overseas missions where separation of duties cannot be maintained, 2 FAM 042d requires departmental approval for an individual to perform functions that normally would be separated.

²⁵ 4 FAM 361.4 defines accommodation exchange as an authorized exchange of U.S. dollars to foreign currency.

²⁶ According to 4 FAM 362.1-1, eligible individuals authorized to make accommodation exchange include U.S. Government personnel assigned to the embassy and eligible family members.

²⁷ The Bureau of the Comptroller and Global Financial Services, Office of Global Disbursing Operations is responsible for monitoring cashiering activities worldwide.

abuse of cashiering services by embassy personnel and increases costs and risks to the U.S. Government associated with cash handling.

Recommendation 9: Embassy Luxembourg should update its accommodation exchange policy to comply with Department standards. (Action: Embassy Luxembourg)

INFORMATION MANAGEMENT

OIG reviewed Embassy Luxembourg's Information Management operations, including unclassified and dedicated internet network (DIN)²⁸ 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 Information Management Office consisted of an Information Management Officer, two full-time LE staff system administrators, and a part-time LE staff mail and pouch clerk. The office also had an Information Management Specialist position, vacant since the specialist curtailed in January 2021.

OIG determined that staff met the needs of embassy users and implemented most required information management and security controls in accordance with Department polices and applicable laws, with the exceptions noted below. In addition, OIG found issues involving identification and authentication controls, Active Directory²⁹ security groups, and mobile device controls. The Information Management Officer took corrective action to resolve these issues during the inspection.

Information Systems Security Officer Did Not Perform Required Duties

The Information System Security Officer (ISSO) did not perform regular reviews and analyses of information systems and mobile devices for indications of inappropriate or unusual activity, as required by 12 FAH-10 H-122.5-2(1) and 12 FAH-10 H-163.3(8). In addition, the ISSO did not use the Department's ISSO resources, such as standard operating procedures and checklists, to prioritize and plan duties. Finally, the embassy did not designate an alternate ISSO and therefore did not include ISSO duties in the designated ISSO's work requirements statement, as required by 12 FAH-10 H-352. OIG issued a management assistance report in December 2020 that highlighted continued widespread Department failures to perform ISSO duties.³⁰ According to the ISSO, competing priorities and the Information Management Specialist's curtailment resulted in the duties not being performed. Continued failure to perform these duties, however, places the security of the Department's systems at risk.

²⁸ 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.

²⁹ 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.

³⁰ OIG, *Management Assistance Report: Continued Deficiencies in Performance of Information Systems Security Officer Responsibilities at Overseas Post* (ISP-21-07, December 2020).

Recommendation 10: Embassy Luxembourg should perform all Information Systems Security Officer duties in accordance with Department standards. (Action: Embassy Luxembourg)

Embassy Did Not Have an Operable High-Frequency Radio

OIG found that the embassy's high-frequency (HF) radio was inoperable. Department standards in 5 FAM 541b state that embassies must have operational HF radio system for use in an emergency. In July 2020, the embassy returned its sole HF base station to the Bureau of Information Resource Management for repairs, where it was fixed and returned to the embassy in February 2021. However, because the bureau shipped the base station through the unclassified pouch, contrary to 5 FAH-2 H-842.1a, it could no longer be installed in the post communications center because it potentially could have been comprised.³¹ Non-functioning equipment could limit communications in the event of a crisis or emergency.

Recommendation 11: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should install a functioning high-frequency radio system at the embassy. (Action: IRM, in coordination with Embassy Luxembourg)

Network Cabling Infrastructure Did Not Comply With Department Standards

The network and telephone cabling infrastructure in the embassy's telephone frame room and server rooms did not comply with Department standards referred to in 5 FAH-9 H-111.1. For example, OIG observed disorganized cabling in the telephone rooms and in the annex server room, as shown in Figure 2, which hindered the staff's ability to troubleshoot network outages. In addition, telephone cables were run outside of the conduit in the frame room and network and power cables were run together without proper spacing in office areas. The information management staff told OIG this happened over time and occurred because employees had limited budgetary resources for communication cabling system components and did not devote time to cable maintenance. In addition, the Regional Information Management Officer for the Bureau of European and Eurasian Affairs explained that IT infrastructure remediation is funded by International Cooperative Administrative Support Services³² funds, which are centrally managed, and no longer paid for by the



Figure 2: Cabling in Luxembourg annex server room. (Source: Embassy Luxembourg)

³¹ The post communications center is a controlled access area within the chancery or consulate requiring the highest levels of protection.

³² The International Cooperative Administrative Support Services (ICASS) is the principal means by which U.S. Government agencies share the cost of common administrative support services at most 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.

embassy or the bureau. Non-standard cabling infrastructure makes it difficult for the staff to address connectivity problems expeditiously and could create a risk to employee safety.

Recommendation 12: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should remediate the telephone and network cabling at the embassy, in accordance with Department standards. (Action: IRM, in coordination with Embassy Luxembourg)

Embassy Did Not Properly Register Its Dedicated Internet Networks

OIG found the embassy had not properly registered its DINs. The Department’s IT assets database, iMatrix,³³ listed three embassy DINs. However, OIG identified only two embassy DINs—one in the chancery and one in the annex—both of which had registrations that expired in February 2021. The third DIN was part of the chancery DIN and should not have been added as a separate asset. Guidance in 5 FAM 872.1b and c requires that all DINs be registered with the Department’s Enterprise IT Configuration Control Board³⁴ and updated annually with complete technical information. Information Management Office employees overlooked the annual requirement to update DIN registrations and provide current information on these networks to the Department. Office staff attempted to update the expired registrations during the inspection but had technical difficulties. Failure to register DINs and update the technical information increases the risk of outages, loss of data, and wasted resources as duplicate networks perform similar tasks.

Recommendation 13: Embassy Luxembourg should update all dedicated internet network registrations in accordance with Department standards. (Action: Embassy Luxembourg)

Records Management Program Did Not Comply With Department Standards

The embassy’s records management program did not comply with Department standards in 5 FAH-4 H-215.3 and 5 FAM 433 for records oversight and retirement. In particular, OIG found the embassy did not properly archive the official papers and files of not only the former Ambassador but also his predecessor and two former DCMs, dating back to 2015. Guidance in 5 FAM 433a, b and cable 21 STATE 1816³⁵ states “permanent records of senior officials must be retired at the end of the incumbent’s tenure.” In addition, OIG found Political-Economic, Public Diplomacy, and Consular Sections’ shared folders contained files beyond the Department’s retention period. 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

³³ iMatrix, or the integrated Management Analytics and Technology Resource for Information eXchange, is the Department’s tool for organizing and tracking its IT investments, projects, and assets, including services, systems, and products.

³⁴ The IT Change Control Board, led by the Bureau of Information Resource Management’s Enterprise Network Management Office, manages changes to the Department’s IT infrastructure. See 5 FAH-5 H-512.

³⁵ 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.

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 increases the risk of loss of important data and historical records that could affect the Department's and the embassy's ability to conduct policy analysis, decision-making, and archival research.

Recommendation 14: Embassy Luxembourg should implement a records management program in accordance with Department standards. (Action: Embassy Luxembourg)

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to Embassy Luxembourg and the Bureau of Information Resource Management. The Department's complete responses can be found in Appendix B.¹ The Department also provided technical comments that were incorporated into the report, as appropriate.

Recommendation 1: Embassy Luxembourg should document its public diplomacy grants in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg documented its public diplomacy grants in accordance with Department standards.

Recommendation 2: Embassy Luxembourg should update its public-private partnership with the University of Luxembourg. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg updated its public-private partnership with the University of Luxembourg.

Recommendation 3: Embassy Luxembourg should establish and administer a training program for its locally employed staff in accordance with Department guidelines. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation. The embassy noted an expected completion date of July 2022.

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

¹ 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.

Recommendation 4: Embassy Luxembourg should establish internal controls to administer and oversee its expendable property in accordance with Department guidelines. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg established internal controls to administer and oversee its expendable property in accordance with Department guidelines.

Recommendation 5: Embassy Luxembourg, in coordination with the Bureau of Overseas Buildings Operations, should provide documentation that the lease for the Deputy Chief of Mission's residence will not be renewed past June 2022. (Action: Embassy Luxembourg, in coordination with OBO)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg provided documentation that the lease for the Deputy Chief of Mission's residence will not be renewed past June 2022.

Recommendation 6: Embassy Luxembourg, in coordination with the Bureau of Overseas Buildings Operations, should bring its fire protection program into compliance with Department standards. (Action: Embassy Luxembourg, in coordination with OBO)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation. The embassy noted an expected completion date of June 2022.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg brought its fire protection program into compliance with Department standards.

Recommendation 7: Embassy Luxembourg, 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 Luxembourg, in coordination with OBO)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

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

Recommendation 8: Embassy Luxembourg should bring its cashier operations' internal controls, including management oversight of those operations, into compliance with Department standards. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg brought its cashier operations' internal controls, including management oversight of those operations, into compliance with Department standards.

Recommendation 9: Embassy Luxembourg should update its accommodation exchange policy to comply with Department standards. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg updated its accommodation exchange policy to comply with Department standards.

Recommendation 10: Embassy Luxembourg should perform all Information Systems Security Officer duties in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg performed all Information Systems Security Officer duties in accordance with Department standards.

Recommendation 11: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should install a functioning high-frequency radio system at the embassy. (Action: IRM, in coordination with Embassy Luxembourg)

Management Response: In its January 26, 2022, response,² the Bureau of Information Resource Management concurred with this recommendation.

² In an email to OIG dated February 2, 2022, the Bureau of Information Resource Management agreed with Embassy Luxembourg's response to recommendation 11.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Information Resource Management installed a functioning high-frequency radio system at the embassy.

Recommendation 12: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should remediate the telephone and network cabling at the embassy, in accordance with Department standards. (Action: IRM, in coordination with Embassy Luxembourg)

Management Response: In its February 4, 2022, response,³ the Bureau of Information Resource Management concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Information Resource Management remediated the telephone and network cabling at the embassy, in accordance with Department standards.

Recommendation 13: Embassy Luxembourg should update all dedicated internet network registrations in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg updated all dedicated internet network registrations in accordance with Department standards.

Recommendation 14: Embassy Luxembourg should implement a records management program in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: In its January 26, 2022, response, Embassy Luxembourg concurred with this recommendation. The embassy noted an expected completion date of June 2022.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Luxembourg implemented a records management program in accordance with Department standards.

³ In an email to OIG dated February 2, 2022, the Bureau of Information Resource Management agreed with Embassy Luxembourg's response to recommendation 12 with revisions. On February 4, 2022, Embassy Luxembourg submitted an updated response to recommendation 12 that incorporated the Bureau of Information Resource Management's revisions.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	Vacant	
Deputy Chief of Mission	Casey Mace ^a	1/2019
Chiefs of Sections:		
Management	Paul Rey ^b	9/2018
Consular	Jackie Meeker	6/2019
Political	David Drinkard ^c	8/2020
Public Affairs	Craig Ferguson	8/2019
Regional Security	Martin Juenge	7/2020
Other Agencies:		
American Battlefield Monuments Commission	Christopher Arseneault	12/2020
North Atlantic Treaty Organization Support and Procurement Agency	Edward Heinrich	7/2007

^a Casey Mace became Chargé d’Affaires on January 21, 2021.

^b Paul Rey served as acting Deputy Chief of Mission from January 21 to May 1, 2021.

^c David Drinkard served as acting Deputy Chief of Mission from May 1 to June 25, 2021.

Source: Generated by OIG from data provided by Embassy Luxembourg.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from May 3 to September 3, 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).

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

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

Methodology

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.

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 Luxembourg's classified reporting, classified computer and communications security operations, or security program. Additionally, during 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.

APPENDIX B: MANAGEMENT RESPONSES



*Embassy of the United States of America
Luxembourg*

January 26, 2022

UNCLASSIFIED

THRU: Bureau of European and Eurasian Affairs – Karen Donfried, Assistant Secretary

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

FROM: Embassy Luxembourg – Casey Mace, Chargé d’Affaires

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

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

OIG Recommendation 1: Embassy Luxembourg should document its public diplomacy grants in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The Embassy has entered all Fiscal Year 2021 grants and subsequent into the State Assistance Management System, including applications for federal assistance, award provisions, risk assessment and monitoring plans, and monitoring of grant progress. The Embassy in October 2021 hired a full time LE Staff responsible for grants, who has completed all grants training, attained a Grants Officer Representative Warrant, and assisted the PAO in keeping all grants files up to date. A notice for FY22 grants will go out on January 28, and all grants operations and documentation are currently in accordance with federal assistance best practices as advised by the OIG.

OIG Recommendation 2: Embassy Luxembourg should update its public-private partnership with the University of Luxembourg in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The Embassy has confirmed the most recent MoU has expired and updated the partnership with the University of Luxembourg on September 16, 2021, changing the name of the scholarship from the ‘U.S. Embassy – U.S. Private Sector Scholarship Program’ to the ‘U.S. Embassy – University of Luxembourg Exchange Scholarship,’ to accurately reflect the Embassy’s level of support for the program in accordance with Department standards. Further, the Embassy sent a letter to the University of Luxembourg on January 21, 2022, outlining how future scholarships will be administered in accordance with Department standards.

OIG Recommendation 3: Embassy Luxembourg should establish and administer a training program for its locally employed staff in accordance with Department guidelines. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The Embassy has implemented the recommendation by publishing a Mission Luxembourg Training Program policy, introducing a new hire LE Staff orientation training program, creating a comprehensive post Training History record that tracks all employees' training course completions, and creating a Training Matrix document that will be used as a planning and implementation tool for each employee's annual training plan. Post is in the process of reviewing all LE Staff Annual Work Plans (AWP) and USDH Work Requirement Statements (WRS) to ensure that supervisors have established training goals for each employee's professional development. Expected completion date for AWP review/updates is July 2022, as AWP for the new rating period (which begins on April 16 for USDH and June 1 for LE Staff) must be completed within 45 days of the start of the rating period.

OIG Recommendation 4: Embassy Luxembourg should establish internal controls to administer and oversee its expendable property in accordance with Department guidelines. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. Embassy Luxembourg will begin to use the loanable module for all Facilities Management PPE and other equipment as of March 2022. The Embassy's facilities team has prepared the physical store to place all expendable assets. The Receiving Clerk completed training on the Expendable module in December 2021.

OIG Recommendation 5: Embassy Luxembourg, in coordination with the Bureau of Overseas Buildings Operations, should provide documentation that the lease for the Deputy Chief of Mission's residence will not be renewed past June 2022. (Action: Embassy Luxembourg, in coordination with OBO)

Management Response: Embassy Luxembourg concurs with this recommendation. Post sent a Lease Termination Notification by post and email to the landlord on January 21, 2022, terminating the lease for the DCMR as of July 31, 2022. The CDA/DCM will conclude his tour on June 30 and depart post on July 1, 2022. Post will need to complete contractually required de-leasing due diligence post departure and will therefore hand over possession of the property to the landlord on July 31, 2022.

Post has also implemented training for IAHB Board members on proper meeting practice and FAM Housing regulations. Meeting minutes now document agenda items, discussion on housing assignments and decisions made.

OIG Recommendation 6: Embassy Luxembourg, in coordination with the Bureau of Overseas Buildings Operations, should bring its fire protection program into compliance with Department standards. (Action: Embassy Luxembourg, in coordination with OBO)

Management Response: Embassy Luxembourg concurs with this recommendation. Post is working with OBO Fire to resolve all fire safety items identified by OIG. Post has actively coordinated resolution of the fire and life safety deficiencies with OBO/OPS/FIRE. At the MSG residence, Post coordinated the installation of door closures on all bedroom doors. The doors were determined to have a fire rating of 20 minutes by OPS/FIRE, and now meet fire code requirements. Post has also initiated a fire door project for the Mezzanine level of the Chancery. Estimated completion for the fire door project is June 2022. Secondary egress in the chancery and fire sprinkler system concerns in the Annex are currently being evaluated by OPS/FIRE. All pending items are expected to be resolved and the recommendation fully implemented by June 2022.

OIG Recommendation 7: Embassy Luxembourg, 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 Luxembourg, in coordination with OBO)

Management Response: Embassy Luxembourg concurs with this recommendation. The Embassy has implemented this recommendation by naming post's USDH General Services Officer as POSHO, and she completed the required POSHO training in October 2021. The POSHO and A/POSHO have taken several actions to enhance the SHEM program at post. Online and in person training as required in 15 FAM 965(b and d) has been provided to all Embassy staff. The Embassy has provided facilities maintenance staff with specialized safety, health, and environmental management training, as required by 15 FAM 965d, and fire prevention training from OBO as required in 15 FAM 813.4a.

OIG Recommendation 8: Embassy Luxembourg should bring its cashier operations' internal controls, including management oversight of those operations, into compliance with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The recommendation had four subparts, three of which post has implemented. Implementation of the fourth is in process. Post will request dual authority for the main cashier to complete the final subpart.

- The principal (Class B) cashier was named as a designated drawer on the embassy bank account in September 2021.
- The LE Financial Specialist was reassigned from cash verification duties and has not performed a cash count since July 2021.
- In September 2021, the cashier's position description was revised so that the Management Officer is the cashier's supervisor.
- The main cashier's duties also included working as the embassy's accountant, a potential conflict of interest, without departmental approval, which increased risks of malfeasance (4 FAM 042d). Post is in process of requesting dual authority for the cashier. In the interim, post has adjusted access roles to avoid conflicts of interest.

OIG Recommendation 9: Embassy Luxembourg should update its accommodation exchange policy to comply with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The embassy has implemented the recommendation by updating the post management policy on cashiering (MP 21-16) on June 30th, 2021. The accommodation exchange section of the updated policy complies with Department standards.

OIG Recommendation 10: Embassy Luxembourg should perform all Information Systems Security Officer duties in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. Post has implemented this recommendation. IRM personnel at Post are currently performing all Information Systems Security Officer duties in accordance with Department standards. The Information Management Officer (IMO), as post's ISSO, is performing regular reviews and analyses of information systems and mobile devices for indications of inappropriate or unusual activity, as required by 12 FAH-10 H-122.5-2(1) and 12 FAH-10 H-163.3(8). The IMO/ISSO has implemented standard operating procedures and checklists to prioritize and plan duties. The embassy has designated an alternate ISSO ([22 LUXEMBOURG 34](#)) and has incorporated ISSO duties in the designated ISSO's work requirements statement, as required by 12 FAH-10 H-352.

OIG Recommendation 11: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should install a functioning high-frequency radio system at the embassy. (Action: IRM, in coordination with Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. Post plans to implement this recommendation by April 2022. The high-frequency radio has already been received at Post. COVID travel restrictions have not allowed RIMC radio technicians to travel to Post to install the radio. The installation will take place once travel restrictions are lifted.

OIG Recommendation 12: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should remediate the telephone and network cabling at the embassy, in accordance with Department standards. (Action: IRM, in coordination with Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The embassy has undertaken a complete rewiring of the embassy's telephone, cable television, and network cabling. Remediation of wiring issues with Cable TV, and ClassNet have already been completed. Remediation of OpenNet and Dedicated Internet Network (DIN) wiring is currently ongoing and should be completed by April 2022. Telephone wiring issues will be remediated as part of a telephone system replacement planned for FY 2023, pending availability of funding. Embassy Luxembourg is also working to obtain funding from the Department to replace its telephone system, which is one of the older systems in Europe.

OIG Recommendation 13: Embassy Luxembourg should update all dedicated internet network registrations in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The embassy has implemented this recommendation by updating all dedicated internet network registrations in accordance with Department standards.

OIG Recommendation 14: Embassy Luxembourg should implement a records management program in accordance with Department standards. (Action: Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The Embassy has implemented a records management program and is in the process of retiring records pursuant to 5 FAH-4 H-215.3 and 5 FAM 433. Post has completed the retirement of all the Front Office records identified in the report. Post has assigned a responsible person in each section to manage files and disposition of records, as outlined in 5 FAH-4 H215.3-2b. Post anticipates completion of the current effort to retire records in June 2022.

The point of contact for this memorandum is Casey Mace, Chargé d'Affaires, Embassy Luxembourg.



*Embassy of the United States of America
Luxembourg*

February 4, 2022

UNCLASSIFIED

THRU: Bureau of European and Eurasian Affairs – Karen Donfried, Assistant Secretary

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

FROM: Embassy Luxembourg – Casey Mace, Deputy Chief of Mission

SUBJECT: Revised Response to Recommendation #12, Draft OIG Report – Inspection of Embassy Luxembourg, Luxembourg

Embassy Luxembourg provides the below revised response to recommendation #12 per the IRM bureau's request. Embassy Luxembourg's responses to all the other OIG draft recommendations were provided in a January 26 memo (attached) and remain unchanged.

OIG Recommendation 12: The Bureau of Information Resource Management, in coordination with Embassy Luxembourg, should remediate the telephone and network cabling at the embassy, in accordance with Department standards. (Action: IRM, in coordination with Embassy Luxembourg)

Management Response: Embassy Luxembourg concurs with this recommendation. The embassy has undertaken a complete rewiring of the embassy's telephone and network cabling. Remediation of wiring to address ClassNet have already been completed. Remediation of OpenNet and Dedicated Internet Network (DIN) wiring is currently ongoing and should be completed by April 2022. Telephone wiring issues will be remediated by post once funding is secured to execute the project.

The point of contact for this memorandum is Casey Mace, Deputy Chief of Mission, Embassy Luxembourg.

ABBREVIATIONS

DCM	Deputy Chief of Mission
DIN	Dedicated Internet Network
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
HF	High-Frequency
ICS	Integrated Country Strategy
ILMS	Integrated Logistics Management System
IAHB	Interagency Housing Board
ISSO	Information System Security Officer
LE	Locally Employed
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NFPA	National Fire Protection Association
OBO	Bureau of Overseas Buildings Operations
POSHO	Post Occupational Safety and Health Officer

OIG INSPECTION TEAM MEMBERS

Pamela J. H. Slutz, Team Leader

Daniel Chen, Team Manager

Jay Biddulph

Amy Bliss

Mark Jeleniewicz

Christopher Rowan

Lian von Wantoch

Michael Wajda

Other Contributors

Cindy Cobham

Ellen Engels

Caroline Mangelsdorf

UNCLASSIFIED



HELP FIGHT FRAUD, WASTE, AND ABUSE

1-800-409-9926

www.stateoig.gov/HOTLINE

If you fear reprisal, contact the
OIG Whistleblower Coordinator to learn more about your rights.

WPEAOmbuds@stateoig.gov

UNCLASSIFIED