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Office of Inspector General United States Department of State

ISP-I-24-24

Office of Inspections

July 2024

Inspection of Embassy Bucharest, Romania

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

UNCLASSIFIED



HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-24-24

What OIG Inspected

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

What OIG Recommends

OIG made 20 recommendations: 19 to Embassy Bucharest and 1 to the Bureau of European and Eurasian Affairs. The Department concurred with 17 recommendations and neither agreed nor disagreed with 3 recommendations. OIG considers all 20 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 responses are reprinted in their entirety in Appendix B.

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OFFICE OF INSPECTIONS

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What OIG Found

- The Ambassador and Deputy Chief of Mission led Embassy Bucharest in a professional and collaborative manner.
- Embassy Bucharest advanced important U.S. national security and foreign policy objectives, including those related to Russia's full-scale invasion of Ukraine.
- Embassy Bucharest's American Spaces program supported the embassy's key policy objectives to strengthen Romanian support for shared democratic values.
- The Consular Section and Defense Attaché Office collaborated to provide American Citizen Services to U.S. service members in Romania.
- The embassy suffered from attrition and difficulty in hiring new local employees due to non-competitive salaries. Vacancies in locally employed staff positions contributed to some internal control deficiencies.
- Embassy Bucharest did not have a process for coordinating foreign assistance programs managed by multiple Department of State bureaus and U.S. agencies.
- The embassy lacked updated policies and standard operating procedures across multiple sections.
- Some internal controls in general services, financial management, and human resources did not meet Department standards.
- The employee association did not have authorization to process official residence expenses for the Ambassador and Deputy Chief of Mission as a service under the association's charter.

CONTENTS

CONTEXT	1
OPERATING ENVIRONMENT.....	2
EXECUTIVE DIRECTION	4
Tone at the Top and Standards of Conduct	4
Execution of Foreign Policy Goals and Objectives	5
Adherence to Internal Controls	7
Security and Emergency Planning.....	7
Equal Employment Opportunity and Diversity, Equity, Inclusion, and Accessibility	8
Developing and Mentoring Foreign Service Professionals.....	8
POLICY AND PROGRAM IMPLEMENTATION	8
Political and Economic Sections	9
Public Diplomacy	10
Consular Operations.....	11
RESOURCE MANAGEMENT	13
General Management	14
General Services	15
Financial Management	18
Human Resources.....	20
Employee Association.....	20
INFORMATION MANAGEMENT	22
RECOMMENDATIONS.....	26
PRINCIPAL OFFICIALS	32
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY	33
APPENDIX B: MANAGEMENT RESPONSES	34
ABBREVIATIONS	40
OIG INSPECTION TEAM MEMBERS.....	41

CONTEXT

Romania occupies a strategic position between the Balkans and the Black Sea. Ranking sixth in Europe for population with 18.3 million people, Romania's 92,043 square miles contain the most easily traversable land route linking the Balkans, Moldova, and Ukraine. The Carpathian Mountains dominate the center of the country, and the Danube River forms much of the southern boundary. Romania borders Bulgaria, Hungary, Moldova, Serbia, Ukraine, and the Black Sea.

Romania, a member of the North Atlantic Treaty Organization since 2004 and the European Union since 2007, has a close and cooperative relationship with the United States. The country hosts seven joint-use military facilities where more than 3,000 U.S. service members are stationed to help strengthen security in the Black Sea region. In addition, the relative low cost to operate in Romania, combined with the country's well-educated, tech-savvy population, attracts U.S. investors interested in accessing European, Central Asian, and Near Eastern markets. In 2021, U.S. businesses invested \$2.6 billion in Romania.



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

The embassy's top three strategic objectives, as described in its Integrated Country Strategy (ICS) approved on April 14, 2022, were to:

- Cooperate with Romania to address global challenges and security threats to make Americans and Romanians safer.
- Promote economic prosperity by increasing Romania's security, competitiveness, and investment and trade opportunities for U.S. companies.
- Strengthen democracy, improve rule of law, and create a more equal and inclusive society by promoting Euro-Atlantic standards and people-to-people ties between the United States and Romania.

At the time of the inspection, Embassy Bucharest had 68 Department of State (Department) U.S. direct-hire employees, 236 locally employed (LE) staff, and 14 eligible family member employees. Additionally, the embassy had 33 U.S. direct hires and 26 LE staff employees representing the Departments of Agriculture, Commerce, Defense, Homeland Security, and Justice.

The Office of Inspector General (OIG) evaluated the embassy's operating environment, executive direction, policy and program implementation, resource management, and information management consistent with Section 209 of the Foreign Service Act of 1980.¹ This inspection related to Overseas Contingency Operation Atlantic Resolve and was completed in accordance with OIG's oversight responsibilities described in Section 8L of the Inspector General Act of 1978, as amended. A related classified inspection report discusses Embassy Bucharest's security program and issues affecting the safety of embassy personnel and facilities.

OPERATING ENVIRONMENT

OIG observed two issues that significantly affected Embassy Bucharest's operating environment. As described below, these were the effects of, and the embassy's response to, the crisis in Ukraine and the impact on embassy operations of LE staff compensation not keeping pace with the local labor market.

Effects of Russia's Invasion of Ukraine in 2022 on Embassy Bucharest

Russia's February 2022 full-scale invasion of Ukraine had significant effects on Romania, which shares a 601-kilometer land border with the country. More than 5.18 million refugees from Ukraine entered Romania from the start of the invasion through December 2023, and approximately 84,000 were still in Romania as of December 2023.² As of January 2024, the cost of natural gas was more than 70 percent higher than pre-war rates, basic foods nearly 50 percent higher, and electricity 40 percent higher, according to the embassy. In September through December 2023, Russian drones attacking Ukrainian ports on the Danube River fell in Romanian territory. Romania responded to the invasion by coordinating with the United States, the European Union, and other international partners to provide humanitarian and security assistance to Ukraine.

U.S. government assistance to Romania increased from \$6.7 million in FY 2021 to \$258 million in FY 2022.³ More than \$252 million helped support Romania's response to the invasion and its defense modernization goals. The remaining amount included funds to provide humanitarian assistance for Ukrainian refugees; combat corruption and human trafficking; and strengthen intellectual property rights and cybersecurity.

The invasion of Ukraine affected operations in Embassy Bucharest in several ways. The embassy:

¹ See Appendix A.

² United Nations High Commissioner on Refugees, *Ukraine Refugee Situation Update – ROMANIA Annual 2023 Overview* (December 31, 2023).

³ Reporting on FY 2023 foreign assistance expenditures from all U.S. government agencies was not available at the time of the inspection.

- Dispatched consular staff to the border with Ukraine immediately after the invasion to assist U.S. citizens.
- Supported an increased number of high-level visits by U.S. officials in 2022 and 2023 including the First Lady, the Vice President, the Secretary of State, and numerous congressional delegations.
- Hosted 11 Ukrainian employees from Embassy Kyiv for remote work from Bucharest during the first year of the conflict.
- Provided critical logistics and policy support for ongoing negotiations to facilitate the export of Ukrainian grain through Romanian ports, a key priority to prevent global food shortages.
- Hosted senior U.S. policy makers and U.S. European Command leaders for a conference on diplomatic efforts and security interests in the Black Sea region in January 2024.
- Supported the tripling of U.S. troops assigned to bases in Romania.
- Managed \$707,700 from Ukraine supplemental funding in FYs 2022 and 2023 to pay unfunded utility costs that increased due to inflation resulting from the invasion.
- Managed \$35,500 from Ukraine supplemental funding in FYs 2023 and 2024 to support increased travel by staff supporting Ukraine-related priorities, including attendance at grain export conferences.
- Managed an increase in visa applications over pre-war numbers from both Ukrainian and Russian nationals, with an estimated 10 to 15 percent of the nonimmigrant visa workload coming from Ukrainian nationals at the time of the inspection.

Locally Employed Staff Wages Impacted Hiring and Retention

The embassy faced significant difficulty in hiring and retaining LE staff because of non-competitive wages. The Bureau of European and Eurasian Affairs told OIG salary increases since 2010, had not kept pace with inflation, resulting in the real value of salaries being 23 percent lower in 2023 than they were in 2010. As a result of low salaries, the embassy had high LE staff member attrition and vacancy rates and experienced difficulty in hiring new employees. For example:

- In FY 2023, 12.7 percent of LE staff voluntarily separated from the embassy, ascribing their decisions to low salaries.
- According to an internal embassy survey conducted in 2023, 29 percent of LE staff members were actively looking for new jobs, and another 35 percent planned to start looking soon.
- At the time of the inspection, the embassy had 41 LE staff vacancies, or 15 percent of authorized positions; 40 of these positions had been vacant for longer than 90 days. The Regional Security Office had the highest vacancy rate, with 16 percent of local guard positions unfilled.
- The embassy advertised 17 open positions multiple times in FY 2023, some as many as seven times. It was able to fill only eight of these positions.

The Office of Overseas Employment approved an average wage increase of 20 percent for Embassy Bucharest's LE staff in January 2024, ranging from 5 to 29 percent depending on grade level. LE staff members told OIG they appreciated the salary increases but it might not be enough to slow attrition.⁴ They noted that, for some employees, the increase still did not make the wages competitive for the local market, citing outside offers that surpassed even the increased salary. Others said they still planned to take early retirements with pensions at least as high, if not higher, than their embassy salaries.

EXECUTIVE DIRECTION

OIG assessed leadership based on interviews, staff questionnaires, OIG's review of documents, and observations of office meetings and activities during the on-site portion of the inspection.

Tone at the Top and Standards of Conduct

The Ambassador, a member of the Senior Foreign Service, arrived in Bucharest in February 2023. She previously served as Head of the Organization for Security and Co-operation in Europe's Mission to Bosnia and Herzegovina and as Deputy Assistant Secretary in the Bureau of European and Eurasian Affairs. The Deputy Chief of Mission (DCM), also a Senior Foreign Service Officer, arrived in July 2023. He previously served as the DCM at Embassy Baku, Azerbaijan.

OIG found the Ambassador and DCM generally led Embassy Bucharest consistent with the Department's leadership and management principles in 3 Foreign Affairs Manual (FAM) 1214b.⁵ Embassy staff described them as approachable, collaborative, and concerned for the welfare of the embassy community. They consistently cited the Ambassador's energy and persistence in advocating with senior Department officials for an increase in long stagnant LE staff wages. Staff also told OIG the Ambassador and DCM regularly stopped by their offices or ate lunch with them in the embassy cafeteria, which provided opportunities for informal exchanges.

Embassy staff told OIG the Ambassador clearly expressed her priorities and strategic vision in weekly Country Team meetings, daily morning huddles, and town hall meetings. The

⁴ In January 2024, the Deputy Secretary for Management and Resources (D/MR) announced, under the umbrella of the Department's Modernization Agenda, that the Department was committed to making LE staff compensation more predictable, equitable, and transparent because the "longstanding compensation structure [was] struggling to keep pace with high global inflation, fragile local economies, and strong market competition." The announcement listed several actions the Department intends to take. For example, the Department intends to "integrate into each budget formulation a request to Congress to fund at least a two percent increase for every LE staff member annually, as well as fund additional pay increases needed to maintain a baseline compensation target equal to or greater than 75 percent of our comparator organizations at each post." Finally, D/MR said he will provide quarterly updates on the Department's progress "in implementing these commitments and developing new reform initiatives."

⁵ The Department's leadership and management principles outlined in 3 FAM 1214b are (1) model integrity, (2) plan strategically, (3) be decisive and take responsibility, (4) communicate, (5) learn and innovate constantly, (6) be self-aware, (7) collaborate, (8) value and develop people, (9) manage conflict, and (10) foster resilience.

Ambassador told OIG that she opened one Country Team meeting each month to the entire embassy community to improve communication and access. Embassy staff members praised the Ambassador and DCM for soliciting different viewpoints and opinions, which OIG observed them doing during meetings. Staff also praised the DCM for bringing structure and order to many embassy operations, which they previously characterized as “chaotic” because of the 2-year gap between the previous Ambassador’s departure and the current Ambassador’s arrival and the absence of a permanent DCM during that time.

Despite these generally positive assessments, some staff told OIG of tensions arising over the allocation of travel funds among the Front Office and some embassy sections. As a result of limited funding in the FY 2023 budget, the majority of travel funds were reserved for the Ambassador. Additional allotments at the end of FY 2023 and increased funding for FY 2024 put these embassy sections in a better position to travel, but because the Front Office did not distribute a comprehensive plan for allotting those funds, staff told OIG they were unsure how much funding was available for them. When OIG brought this concern to the attention of the Ambassador and DCM, they noted they had solicited travel plans from embassy sections and intended to allocate travel funds in a more transparent manner to allow sections to better plan and prioritize travel over the course of the fiscal year.

Execution of Foreign Policy Goals and Objectives

OIG found the Ambassador fulfilled her responsibilities to oversee the embassy’s strategic activities as defined in 2 FAM 113.1c. The Department approved the embassy’s ICS in April 2022, and the DCM oversaw its comprehensive review and revision in November 2023, in accordance with 18 FAM 301.2-4(D)c. Washington interlocutors praised the Ambassador and embassy staff for advancing significant foreign policy objectives, in particular working with Ukrainian, Romanian, Moldovan, European Union, and U.S. officials to facilitate the export of Ukrainian grain through Romania. They also noted the embassy’s role in strengthening defense and security cooperation with Romania. For example, the embassy supported Romania’s November 2023 inauguration of a European F-16 Training Center in partnership with the Netherlands and a large American aerospace company. This facility will serve as a training hub for North Atlantic Treaty Organization allies and partners, including Ukraine. Additionally, in November 2023, the Department awarded the Ambassador the 2023 Charles E. Cobb Award for Initiative and Success in Trade Development and Commercial Diplomacy⁶ for her “outstanding contributions to commercial diplomacy and promotion of innovative U.S. technologies in Romania.” The award cited the Ambassador and her team for their success advocating for several hundreds of millions of dollars in investment opportunities for U.S. companies in Romania and their efforts to move Romania closer to becoming a regional energy supplier in place of Russia.

⁶ This award recognizes outstanding contributions toward innovative and successful trade development and export promotion for the United States by a career ambassador serving abroad or those who have served as Chargé d’Affaires for at least 6 months. Cable 23 STATE 123910, “2023 Department Annual Awards: Charles E. Cobb Award for Initiative and Success in Trade Development and Commercial Diplomacy,” November 17, 2023.

OIG's review of the Ambassador's calendar showed an active schedule of meetings with senior Romanian government officials and a wide range of Romanian political, business, and civil society leaders. She also traveled outside the capital to visit embassy-sponsored American Spaces, visit U.S.-funded projects, and meet with local and regional leaders. These activities were broadly consistent with the ICS goal to promote people-to-people ties between the United States and Romania.

Additionally, embassy staff praised the DCM for his efforts to energize the embassy's Law Enforcement Working Group, which improved cooperation and collaboration on activities conducted by U.S. law enforcement agencies in Romania.

Embassy Lacked a Foreign Assistance Program Coordination Process

OIG found Embassy Bucharest did not have a process for coordinating foreign assistance programs. At least seven bureaus in the Department⁷ and four other U.S. agencies—the Department of Defense, the Department of Justice, the U.S. Agency for International Development, and the U.S. Trade and Development Agency—managed \$258 million of assistance programming in Romania. Some of these programs were managed through agency representatives assigned to the embassy, although most were overseen by personnel in Washington, DC or by regional representatives at other U.S. embassies. According to 1 FAM 013.2k(6) and the President's Letter of Instruction to Chiefs of Mission, the Ambassador has a significant role in directing and supervising foreign assistance. Furthermore, guidance for the development of an embassy's operational plan states that embassies must have internal procedures in place for chief of mission review and approval of foreign assistance and identify appropriate personnel to coordinate with the responsible government organizations.⁸ Although staff in both the Political and Economic Sections provided feedback upon request for Department-proposed assistance programs, the embassy did not have a process to review or approve final proposals before programs were implemented, nor did they require notice for tracking purposes when a program was implemented. Furthermore, OIG determined that the embassy did not have a process to coordinate or deconflict foreign assistance programs across agencies and implementers. Without a coordination process for foreign assistance that is inclusive of all programs and entities, the embassy cannot provide oversight of assistance programs in support of foreign policy objectives, risking duplication, waste, and unintended effects on the bilateral relationship.

Recommendation 1: Embassy Bucharest should implement a coordination process for the oversight of foreign assistance programming in Romania in accordance with Department guidelines. (Action: Embassy Bucharest)

⁷ These bureaus and offices included the Office of the Coordinator of U.S. Assistance to Europe and Eurasia; the Bureau of Democracy, Human Rights, and Labor; the Bureau of International Narcotics and Law Enforcement Affairs; the Bureau of International Security and Nonproliferation; the Office to Monitor and Combat Trafficking in Persons; the Bureau of Political-Military Affairs; and the Bureau of Population, Refugees, and Migration.

⁸ Department of State and U.S. Agency for International Development Office of Foreign Assistance, "FY 2022 Operational Plan Guidance v1.1."

Adherence to Internal Controls

OIG determined that the embassy prepared the FY 2023 Annual Chief of Mission Management Control Statement of Assurance in accordance with Department guidance in 2 FAM 022.7, 2 FAM 024d, and cable 23 STATE 560,⁹ which instructs overseas posts to develop and maintain appropriate systems of management controls and to submit an annual statement of assurance. The embassy used the Department's Management Controls Checklist,¹⁰ OIG functional questionnaires,¹¹ and several inventories and reviews to prepare the Statement of Assurance. The embassy did not list any deficiencies or weaknesses in the Statement of Assurance but identified low LE staff compensation as a future potential risk to embassy operations. However, during the inspection, OIG found internal control issues, which are addressed in the Public Diplomacy, Consular Operations, Foreign Assistance, Resource Management, and Information Management sections of this report.

OIG confirmed the DCM carried out reviews of the Consular Section chief's nonimmigrant visa adjudications, as required by 9 FAM 403.12-1 and 9 FAM 403.12-2a and b. In addition, OIG confirmed the Front Office maintained a gift registry that generally met the requirements of 2 FAM 964.

Security and Emergency Planning

The Front Office's oversight of the embassy security and emergency preparedness programs was consistent with 2 FAM 113.1c(5) and 12 Foreign Affairs Handbook (FAH)-1 H-721a. The Emergency Action Plan was complete and met Department requirements, security directives were up to date, and the Ambassador and DCM participated regularly in embassy drills. Additionally, the embassy conducted a crisis management exercise in December 2023 to test its emergency response plans. Embassy staff told OIG that the DCM worked closely with the Regional Security Officer to expand embassy community participation in the Department's enterprise system for emergency notification and accountability. During the inspection, OIG noted their efforts to increase community participation in monthly radio checks. The embassy also submitted its annual review of the security memorandum of agreement between the Ambassador and the geographic combatant commander as required by 2 FAH-2 H-116.4b.

⁹ Cable 23 STATE 560, "Your Role and Responsibilities for Management Controls and Oversight over Post Operations," January 4, 2023.

¹⁰ The Department's annual guidance for the submission of the Statement of Assurance includes the management controls checklist as an optional tool to help evaluate management controls and as a vulnerability assessment that facilitates identification of weaknesses and useful information on potential vulnerabilities. For example, see the Bureau of Comptroller and Global Financial Services, Management Controls Checklist Fiscal Year 2023, March 2023.

¹¹ OIG functional questionnaires are an inspection resource used to assess an inspected entity's operations.

Equal Employment Opportunity and Diversity, Equity, Inclusion, and Accessibility

OIG found the embassy's Equal Employment Opportunity (EEO) program and commitment to diversity, equity, inclusion, and accessibility (DEIA) principles generally complied with Department standards in 2 FAM 1511.1a and the Secretary's guidance in cable 21 STATE 60514.¹² The embassy EEO team included two EEO counselors and four LE staff EEO liaisons. Although Embassy Bucharest displayed general EEO program information on an embassy bulletin board, it agreed to update the bulletin board and its internal website with the names and contact information of the counselors and liaisons. However, the embassy had not updated its anti-harassment policy since 2011, which is discussed in the Resource Management section of this report.

Embassy staff told OIG the Ambassador and DCM supported DEIA programs and values. The embassy DEIA Council, co-chaired by U.S. direct-hire and LE staff members, supported or led DEIA-related activities. The council also obtained funding from the Department's Office of Diversity and Inclusion to conduct a workshop for embassy staff on emotional intelligence and microaggressions and to hire two interns from Romania's Roma minority community. During the inspection, the interns organized a widely attended presentation to the embassy community on Romani culture. DEIA Council members told OIG the Ambassador and DCM regularly attended DEIA events and council meetings.

Developing and Mentoring Foreign Service Professionals

OIG determined Embassy Bucharest maintained an active, structured professional development program for first- and second-tour (FAST) employees, as required by 3 FAM 2713b. Embassy FAST employees told OIG there were minimal FAST-related activities before the arrival of the DCM. But soon after his arrival, the DCM worked with them to establish a FAST committee that included Foreign Service generalists, specialists, and eligible family members. Together, they drew up a list of career-enhancing skills and activities for committee members to acquire and complete. They also engaged embassy officers, including the Ambassador, to discuss specific topics, including public speaking and trip planning. Committee members told OIG they met monthly with the DCM, whom they described as accessible and helpful in promoting opportunities for them. Additionally, an embassy mid-level officer facilitated a mentoring program, matching FAST employees to more experienced colleagues. FAST personnel told OIG they appreciated the relationships they formed with mentors.

POLICY AND PROGRAM IMPLEMENTATION

OIG assessed Embassy Bucharest's policy and program implementation work performed by the Political, Economic, Public Diplomacy, and Consular Sections, as well as the embassy's foreign assistance coordination and management of federal assistance awards. OIG found the embassy

¹² Cable 21 STATE 60514, "Policy Statements on Diversity and Inclusion and Equal Employment Opportunity and Harassment," June 11, 2021.

generally met Department requirements for policy and program implementation, with the exceptions discussed below.

Political and Economic Sections

OIG reviewed Embassy Bucharest's Political and Economic Sections' leadership and management, policy implementation, reporting and advocacy, Leahy vetting,¹³ Blue Lantern checks,¹⁴ and commercial promotion. Through interviews with Department officials and interagency partners, OIG determined the sections were appropriately focused on implementing key policy priorities. Department and interagency colleagues praised both sections for their implementation of U.S. priorities such as supporting the transshipment of Ukrainian grain through Romania; enhancing Romanian security assistance, especially in aid of Ukraine; bolstering Romania's energy sector and production, including nuclear energy; and assisting Ukrainian refugees in Romania. They commended both sections for their responsiveness to information requests and taskings. Overall, OIG found both sections generally met Department standards and complied with Department guidance, with one exception on Blue Lantern checks noted below. OIG also assessed the Political and Economic Sections' reporting, as described below.

Embassy Did Not Complete Blue Lantern Checks in a Timely Manner

OIG found the embassy did not meet deadlines for completing Blue Lantern checks involving the export of certain U.S. defense articles and services. The Blue Lantern Guidebook requires pre-license and post-shipment Blue Lantern checks be completed within 30 and 45 days, respectively, of a request from the Bureau of Political-Military Affairs.¹⁵ OIG found four of the five Blue Lantern checks the embassy conducted from 2019 to 2023 were delayed, with two cases taking an average of 51 days to complete and two other cases taking well over a year. For example, the embassy did not provide a final response for one post-shipment Blue Lantern check requested by the Bureau of Political-Military Affairs in April 2022 until October 2023. The embassy documented its efforts to close this case, and the bureau informed OIG that the embassy had been responsive in providing status updates. Embassy and bureau employees told OIG the check was not completed in a timely manner due to delayed responses from the Romanian government. OIG was not able to determine the reason for the delays in the other three cases. Delays in completing Blue Lantern checks reduce the Department's ability to properly monitor end use of defense articles and services in accordance with the provisions of

¹³ The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 United States Code (U.S.C.) 2378d.

¹⁴ Blue Lantern is a Department-managed end-use monitoring program established to implement the Arms Export Control Act and International Traffic in Arms Regulations and verify the legitimacy of the export of items on the United States Munitions List. In order to detect and deter illegal and unauthorized arms transfers, the Department may request embassy officers to conduct inquiries with foreign government and business representatives and make site visits. See 22 U.S.C. § 2785(a)(2)(A).

¹⁵ Department of State, *Blue Lantern Guidebook: End Use Monitoring of Defense Articles, Technical Data, and Services Exported via Commercial Services*, pages 18–19, February 2024.

the license. Because the embassy developed standard operating procedures to facilitate timely processing of future Blue Lantern checks, OIG did not make a recommendation to address this issue.

Daily Activity Reports and Demarche Responses Dominated Political and Economic Section Reporting

OIG found reporting by both U.S. direct hires and LE staff in the Political and Economic Sections to generally be timely, relevant, well sourced, and of good quality. In addition, Washington consumers praised the two sections for the quality and attention to policy priorities in their reporting. However, OIG observed that reporting by both sections was dominated by daily activity report cables¹⁶ and demarche responses, with a low ratio of analytical reports. OIG reviewed 403 cables from January 1, 2023, to January 31, 2024, and found 182 (45 percent) were daily activity reports and 96 (24 percent) were demarche responses. Political and Economic Section leadership told OIG they wanted to do more analytical reporting but said their offices' support for numerous official visits and ambassadorial trips made it challenging to do more substantive reporting. Both sections created reporting plans and were making progress towards fulfilling them. The Political Section also developed an election monitoring and reporting plan to include the participation of other sections for the 2024 Romanian elections.

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. OIG determined the section's efforts supported the embassy's ICS goals, and public diplomacy efforts were integrated embassy wide. OIG reviewed 20 federal assistance awards (out of 112 issued) with a value of \$673,134 (total amount was \$1,381,626) for the period from October 1, 2021, to September 30, 2023, and found they generally complied with Department standards. Despite the section's programmatic success, staff told OIG persistent staffing gaps and vacancies limited public engagement, section oversight, and front-channel reporting. However, despite these issues, OIG found the section generally met Department standards and guidance, with the exception noted below. OIG also assessed that Embassy Bucharest's American Spaces¹⁷ program supported key policy objectives, as described below.

Public Diplomacy Funds Were Used for Non-Public Diplomacy Purposes

OIG found the Public Diplomacy Section used public diplomacy funds for non-public diplomacy purposes, contrary to Department guidance. Specifically, section staff provided audio visual and photography support to the embassy for internal events like town halls with no public

¹⁶ Embassies transmit daily activity report cables to provide Washington consumers with timely summaries of information of interest.

¹⁷ American Spaces are Department-operated or -supported public diplomacy facilities that host programs and use digital tools to engage foreign audiences in support of U.S. foreign policy objectives.

diplomacy component. According to 10 FAH-1 H-020, public diplomacy-funded equipment and other resources may only be used for authorized public diplomacy purposes. By providing support to the embassy for non-public diplomacy purposes, the Public Diplomacy Section risked not having public diplomacy funds and resources available for activities with a legitimate public diplomacy component.

Recommendation 2: Embassy Bucharest should comply with Department standards for the use of public diplomacy-funded resources. (Action: Embassy Bucharest)

American Spaces Programming Supported Key Policy Objectives

OIG found Embassy Bucharest's American Spaces program supported the embassy's key policy objectives to strengthen Romanian support for shared democratic values. The embassy supported a network of 35 American Spaces, enabling in-person and virtual outreach to a variety of audiences to encourage interest in the United States. Examples of recent programs included countering disinformation, a robotics club, diversity presentations, virtual English-language training for young professionals, and a media literacy campaign. In 2023, the American Spaces program conducted more than 1,600 public programs, registered nearly 29,000 attendees, and hosted at least 57,000 visitors. In late 2023, the embassy established a regular coordination call among the spaces in the network to improve oversight and planning. In addition to monthly virtual meetings, the 35 spaces themselves developed a strategy to advance program objectives across the network.

Consular Operations

OIG reviewed Embassy Bucharest's consular operations, including section leadership, U.S. citizen services, crisis preparedness, management controls, visa services and processing, outreach, and fraud prevention programs. After assisting U.S. citizens at the border with Ukraine following Russia's invasion in February 2022, consular staff evaluated lessons learned and engaged in planning and training to improve future crisis response. Additionally, in response to the government of Romania's aspirations to join the Visa Waiver Program,¹⁸ the Consular Section monitored issuance and refusal rates for Romanian visa applicants, analyzed adjudication data, and carried out public outreach to encourage qualified applicants to apply for visas.

During the inspection, Embassy Bucharest corrected five deficiencies identified by OIG. Specifically, the embassy:

¹⁸ The Visa Waiver Program is a program of the United States federal government that allows nationals of specific countries to travel to the United States for tourism, business, or while in transit for up to 90 days without having to obtain a visa.

- Included required case notes on the William Wilberforce Trafficking Victims Protection Reauthorization Act¹⁹ for exchange visitor visas as required by 9 FAM 402.5-6(E)(12)d(2).
- Included required case notes on the International Marriage Broker Regulation Act²⁰ for certain immigrant visas, in accordance with 9 FAM 504.7-5(A).
- Performed overdue immigrant visa adjudication reviews to comply with 9 FAM 504.11-3(A)(2)a(2) and b.
- Approved an updated post policy on the Special Immigrant Visa program²¹ to include the qualification standards in 9 FAM 502.5-3(C).
- Updated the posted schedule of fees to comply with 7 FAH-1 H-713b.

Except for the two issues discussed below, OIG found Embassy Bucharest's consular programs generally complied with guidance in 7 FAM, 9 FAM, 7 FAH, applicable statutes, and other Department policies. OIG also assessed Embassy Bucharest's passport services for U.S. service members, as described below.

Consular Section Lacked Required Fraud Prevention Strategy

Embassy Bucharest had not updated its fraud prevention strategy since 2016. Department standards in 7 FAH-1 H-941a(1) and 7 FAH-1 H-941.1a and b require each consular section to annually define its fraud prevention program in a written strategy, which includes specific responsibilities, goals, and priorities for the year. Fraud Prevention Unit staff told OIG that they had prioritized updating other fraud prevention documentation but that they considered a formal strategy to be a lower priority. The absence of a fraud prevention strategy means that Fraud Prevention Unit staff lack unified goals and direction in their work to safeguard consular processes.

Recommendation 3: Embassy Bucharest should create a fraud prevention strategy in accordance with Department standards. (Action: Embassy Bucharest)

Consular Section Did Not Maintain or Destroy Immigrant Visa Files as Required

Embassy Bucharest's Immigrant Visa Unit did not properly manage refused and inactive immigrant visa case files. Specifically, the unit did not appropriately destroy or retire cases refused under a permanent ineligibility and improperly retained paper records associated with

¹⁹ The William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 requires consular officers to ensure that applicants for certain categories of exchange and temporary work travel are made aware of their legal rights under federal immigration, labor, and employment laws.

²⁰ The International Marriage Broker Regulation Act requires that the United States government provide, to an immigrating fiancé(e) or spouse of a citizen or resident of the United States, an information pamphlet on legal rights and resources for immigrant victims of domestic violence.

²¹ The Special Immigrant Visa program allows U.S. government employees (including LE staff) serving abroad to apply for immigrant visas for themselves and their spouses and children if the employees meet certain criteria specified in 9 FAM 502.5-3. The criteria include, among other things, that the applicant has been employed by the U.S. government a certain number of years and that their work performance meets certain "exceptional circumstances" that are further defined in the criteria.

inactive adoption cases. Guidance in 9 FAM 601.6-3(A), (C), and (E) contains instructions for storing and tracking refused immigrant visa files, managing adoption files, and destroying files considered terminated or no longer active. Embassy staff told OIG they thought these refused and inactive case files should be retained at the embassy. Failure to maintain and destroy immigrant visa records according to the published guidance resulted in the Consular Section storing unnecessary amounts of personally identifiable information.

Recommendation 4: Embassy Bucharest should maintain and destroy immigrant visa files in accordance with Department standards. (Action: Embassy Bucharest)

Consular Section and Defense Attaché Office Collaborated to Facilitate Issuance of Passports for U.S. Service Members in Romania

Russia's war against Ukraine brought increased numbers of U.S. service members on 6-month deployments to several Romanian military bases. Personnel at one of the bases contacted the Consular Section to request passport appointments at the embassy so that service members could travel during their leave periods. In cooperation with the Defense Attaché Office, consular staff instead traveled to each of the bases and facilitated applications onsite. The bases are each several hours' drive from Bucharest, so the consular visits saved each applicant at least a day of travel, and their passports were delivered within 2 weeks of application. The Consular Section made a total of five base visits, collecting between 50 and 100 passport applications per visit.



Figure 2: A consular officer accepts a U.S. service member's passport application (Source: Embassy Bucharest).

RESOURCE MANAGEMENT

OIG reviewed Embassy Bucharest's internal control systems in general services, financial management, human resources, facility management, the employee association, and health unit operations. During the inspection, Embassy Bucharest corrected four issues identified by OIG. Specifically, the embassy:

- Completed a mandatory annual review of its blanket purchase agreements,²² in accordance with Department of State Acquisition Regulation, Section 613.303-6.
- Limited access to the embassy's application tool to process LE staff medical expense reimbursements in line with Department personally identifiable information requirements in 5 FAM 467.2a(5).

²² A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply.

- Completed an annual review of the embassy cashier services policy as required in the Cashier User Guide,²³ Chapter 4.4.1.1, and 4 FAM 399.4-2a to ensure the policy accurately reflects current cashing operations and procedures.
- Updated the embassy's accommodation exchange services procedures to include the requirement in the Cashier User Guide 8.4(1)(a) that any requests for personal accommodation exchange exceeding the embassy's limit²⁴ be approved in advance and in writing by the authorizing official.

Overall, OIG found the Management Section generally implemented required processes and procedures in accordance with applicable laws and Department standards. However, OIG found internal control issues in general management, general services, financial management, human resources, and the employee association, as described below. OIG noted that embassy staff attributed most deficiencies to difficulties in retaining and hiring LE staff, as described previously in the report.

General Management

Outdated Management Policies Hindered Operations

OIG found the embassy lacked updated management policies covering key areas. OIG reviewed management policies on the embassy SharePoint site and found that more than half of the 59 policies had not been updated in more than 2 years, a quarter had not been updated in more than 5 years, and some embassy policies were more than a decade old. For example:

- The embassy's motor vehicle policy was dated 2020; however, guidance in 14 FAM 435.1a requires the embassy to review and, if necessary, update its written motor vehicle policy annually to incorporate any updates to the FAM or changes in the embassy vehicle operations policy.
- The embassy's furniture and appliance pool policy had not been updated since 2017 contrary to guidance in 6 FAH-5 H-512.2-2b requiring management to review the policy every 2 years.
- The embassy last updated its anti-harassment policy in 2011.
- The embassy had a policy from 2011 allowing the use of the motor pool garage for privately owned vehicle maintenance contrary to federal regulations, as described later in this report.

The Government Accountability Office's *Standards for Internal Control in the Federal Government*,²⁵ Principle 3.11 states that effective documentation assists in promoting internal controls by establishing and communicating responsibilities to personnel. Furthermore,

²³ Bureau of the Comptroller and Global Financial Services, The Cashier User Guide, version 2.0, June 26, 2017.

²⁴ The embassy's cashier services policy allows for no more than \$1,500 per employee per week to be exchanged for local currency.

²⁵ Government Accountability Office, *Standards for Internal Control in the Federal Government*, paragraph 3.11, page 29 (GAO-14-704G, September 2014).

guidance in 18 FAM 301.1-4 states that managing involves thoughtful planning and implementation of programs, projects, and processes in a manner that achieves their intended goals and objectives. OIG determined the lack of management policies was caused by insufficient staffing, competing priorities, and a lack of oversight. The absence of up-to-date policies for key business processes reduced efficiency and created risks that critical management responsibilities would not be carried out effectively and accurately.

Recommendation 5: Embassy Bucharest should implement a process to regularly review and update its management policies. (Action: Embassy Bucharest)

General Services

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

OIG found the embassy did not fully comply with the Department's Motor Vehicle Safety Management Program standards. Specifically, OIG found:

- Forty-eight professional and incidental drivers held expired medical clearances contrary to guidance in 14 FAM 433.4b and c.
- The embassy did not fully monitor and track driver safety training and medical certification requirements for all non-Department agencies' professional and incidental drivers as required by 14 FAM 431.6-1a and c, 14 FAM 433.4a, and 14 FAM 433.5a.
- The embassy did not track all professional and incidental drivers' compliance with driver safety training and medical clearance requirements using the Department's Fleet Management Information System²⁶ as required in 14 FAM 433.4e and 14 FAM 433.5e.
- Some chauffeurs regularly exceeded the 10-hour per day limit on duty shifts contrary to 14 FAM 433.8a. In addition, the Marine Security Guard driver regularly exceeded the 12-hour shift limit, contrary to 14 FAM 433.8e. OIG reviewed time and attendance records for five pay periods from November 2023 to January 2024 for the embassy's motor pool and Marine Security Guard drivers.²⁷ OIG found the motor pool drivers exceeded the 10-hour limit on 30 occasions, and the Marine Security Guard driver exceeded the 12-hour shift limit on 13 occasions.

Embassy staff told OIG the requirement to provide motor pool support for visits by senior U.S. government officials, as well as staffing vacancies in the Motor Pool Unit, led to these deficiencies. Additionally, OIG found the staff's lack of familiarity with Department standards resulted in incomplete records for non-Department agencies and missing data in the Fleet Management Information System. Failure to enforce Department motor vehicle safety standards increases the risk of injury to drivers and the public as well as damage to U.S. government property.

²⁶ The Fleet Management Information System is the Department's enterprise system for the management of all fleet operations.

²⁷ OIG reviewed overtime records for embassy drivers for pay periods 23 to 27, including adjustments recorded in other pay periods.

Recommendation 6: Embassy Bucharest should comply with all Department Motor Vehicle Safety Management Program standards for all chauffeurs and incidental drivers under chief of mission authority. (Action: Embassy Bucharest)

Embassy Mechanics Used U.S. Government Premises and Equipment to Service Privately Owned Vehicles

OIG found the embassy's LE staff mechanics performed after-hours automotive maintenance and repairs on personal vehicles owned by U.S. direct hires on U.S. government premises and using U.S. government equipment. According to 28 Code of Federal Regulations Section 45.4(a), employees may use government property only for official business or as authorized by the U.S. government. Embassy staff told OIG they believed this practice was allowable because the repairs were made after hours, and mechanics used parts purchased by the U.S. direct hires. Servicing privately owned vehicles on U.S. government premises is an inappropriate use of government resources and premises and could create liability concerns for the U.S. government.

Recommendation 7: Embassy Bucharest should prohibit locally employed staff mechanics from servicing privately owned vehicles on U.S. government property and with U.S. government equipment, in accordance with federal regulations. (Action: Embassy Bucharest)

Embassy Did Not Close Out Procurement Files in Required Timeframes

The embassy did not close out procurement files in the Department's Integrated Logistics Management System (ILMS)²⁸ in the required timeframes. OIG found that, at the time of the inspection, the embassy had a backlog of 1,005 procurement files, of which 882 were from previous fiscal years (2015 to 2023) that should have been closed out in ILMS. According to 14 FAH-2 H-573.2b,²⁹ contracts under simplified acquisitions procedures are required to be closed out immediately after the contracting officer receives evidence of receipt of property and final payment.³⁰ Embassy staff told OIG this deficiency occurred because contract closeout processes were a low priority for the section, given other workload constraints. Failure to close out procurement files in the required timeframe increases the risk of inaccuracies in procurement records and of internal control issues in procurement operations.

²⁸ ILMS is an integrated web-based system that encompasses all Department supply chain functions in one system. ILMS is designed to upgrade Department supply chain management by improving operations in areas such as purchasing, procurement, warehousing, transportation, property management, personal effects, and diplomatic pouch and mail.

²⁹ Guidance in 14 FAH-2 H-573.2b also cites 48 Code of Federal Regulations § 4.804-1.

³⁰ The regulations state that the contracting officer should close the file immediately upon receiving proof of receipt of goods or services and final payment. Once the receiving clerk performs the receiving action in ILMS and the Financial Management Office pays the invoice, the files are automatically moved to the closeout stage in ILMS. At that point, the contracting officer receives a notification and should go in, review the file, and close it immediately.

Recommendation 8: Embassy Bucharest should close out procurement files in accordance with Department standards. (Action: Embassy Bucharest)

Embassy's Contracting Officer's Representative Program Did Not Comply With Department Standards

OIG found the embassy's contracting officer's representative (COR) program did not comply with Department standards. At the time of the inspection, the embassy had four CORs who oversaw 11 contracts and purchase orders valued at approximately \$506,000. Specifically, OIG found:

- None of the CORs had filed an annual OGE-450 financial disclosure report as required by 14 FAH-2 H-151c. In addition, none of the CORs had up-to-date annual ethics training for employees who are required to file annual financial disclosure reports as required by 13 FAM 301.2-3a.
- Three CORs did not have current certifications issued by the Department's Office of the Procurement Executive as required by 14 FAH-2 H-143a.
- Two of the CORs had not taken the required refresher training since October 2021. Guidance in 14-FAH-2 H-143.1a(3) requires CORs to take training every 2 years to maintain their certification.
- One of the CORs did not have any COR training as required by 14-FAH-2 H-143.1a(1), and c.

The embassy's CORs told OIG they were not aware of some of the COR training requirements and let some training lapse because it was not a priority. Additionally, OIG found there was a lack of oversight of the COR program by U.S. direct hires for several years. A non-compliant COR program increases the risk of contract mismanagement.

Recommendation 9: Embassy Bucharest should bring its contracting officer's representative program into compliance with Department standards. (Action: Embassy Bucharest)

Property Management Program Did Not Comply With Department Standards

OIG found the embassy's property management practices did not comply with Department standards. Specifically, OIG identified two issues:

- The embassy did not conduct or record inventory spot checks. According to 14 FAM 411.2-2b(8), the accountable property officer must conduct quarterly, unannounced spot check inventories of personal property to verify the accuracy of property records in ILMS and reconcile any discrepancies. The embassy told OIG that staff conducted the last inventory spot check in 2021.
- The embassy maintained excess expendable property contrary to Department property management guidelines. Guidance in 14 FAH-1 H-112.2h requires the accountable property officer to identify unneeded items and discard unserviceable and obsolete

items. In addition, 14 FAH-1 H-418.1(4) recommends that inactive or slow-moving items be removed from the stock program. At the time of the inspection, Embassy Bucharest had \$217,502 in expendable supplies, of which 28 percent of the total items (valued at approximately \$66,000) had never been issued.

Embassy staff told OIG that staff vacancies in property management and the warehouse prevented them from focusing on all required property management controls. In addition, competing priorities, such as furnishing residences for newly arrived employees, contributed to property control weaknesses. The failure to identify and correct deficiencies weakens internal controls and places the U.S. government at greater risk of waste, fraud, or mismanagement of property resources.

Recommendation 10: Embassy Bucharest should bring its property management program into compliance with Department standards. (Action: Embassy Bucharest)

Financial Management

Embassy Cashier Operations Did Not Adhere to Department Standards

OIG found internal controls in Embassy Bucharest's cashier operations did not meet Department standards. Specifically, OIG found the monthly unannounced verifications of the embassy's Class B cashier, which ensure cashier accountability and compliance with Department policies and procedures, were often conducted at predictable intervals at the end of every month. The Cashier User Guide, Chapter 3.6(6) and 13.3.1, and 4 FAM 397.1-2 require a cash verification officer, usually the cashier's U.S. direct-hire supervisor or the financial management officer, to conduct unannounced cashier verifications, with the day and time varying from month to month. Additionally, unannounced subcashier verifications did not always occur at the required intervals. The Cashier User Guide, Chapter 13.5.2.2(1-2), and 4 FAM 397.2-3a require cash verification officers, usually the subcashier's U.S. direct-hire supervisor, to conduct unannounced subcashier verifications monthly or quarterly, determined by the dollar value of the subcashier's cash advance. In 2023, supervisors did not conduct the required subcashier verifications six times. OIG determined these issues occurred because of insufficient oversight by the cashiers' U.S. direct-hire supervisors. Failure to ensure adequate management oversight of cashiering operations increases the risk of errors, loss of funds, fraud, and misuse of embassy cashier services.

Recommendation 11: Embassy Bucharest should bring its cashier operations into compliance with Department standards. (Action: Embassy Bucharest)

Embassy Did Not Sufficiently Track or Process Its Employee Accounts Receivables

OIG found the Financial Management Office did not have standard procedures to record, track, or process its employee accounts receivables and did not provide sufficient oversight of the process. According to 4 FAM 033.2-5 and 6, and 4 FAM 232.1-1, embassies are responsible for developing procedures to accurately track and record known accounts receivable, record them

in a timely manner, and ensure the accuracy of such records. Financial management staff did not consistently use its employee accounts receivables system to track employee receivables, did not send initial or follow-up notices to employees informing them of their debt, and did not close the accounts receivable once an employee paid their debt. OIG found that, of the 104 entries in the embassy's accounts receivable system, 102 were listed as pending, with 42 dating to 2022. According to 4 FAM 493.1-3a, the post Management Officer or the Financial Management Officer must forward a debt to the Department's Accounts Receivable office³¹ for collection if delinquent more than 90 days.³² OIG found several factors contributed to this problem. First, the Financial Management Office did not consistently send employees either initial or follow-up notices of indebtedness as required in 4 FAM 493.1-1 and 2. Additionally, financial management staff told OIG there were no standard procedures to track or process employee receivables, and as a result, financial management staff failed to follow up on the status of receivables already maintained in their system. Failure to keep an accurate accounting of employee receivables increases the risk of funds being lost that should be reimbursed to the U.S. government.

Recommendation 12: Embassy Bucharest should implement standard procedures to accurately record, track, and process employee accounts receivables in accordance with Department requirements. (Action: Embassy Bucharest)

Bureau of European and Eurasian Affairs Did Not Monitor Ukraine Supplemental Funds

OIG found the Bureau of European and Eurasian Affairs did not monitor Embassy Bucharest's use of Ukraine supplemental funds. The embassy received \$743,200 in Ukraine supplemental funding in fiscal years 2022 to 2024 to pay for increased utility bills and travel related to Russia's invasion of Ukraine and to support embassy-hosted conferences regarding the export of Ukrainian grain through Romania. OIG reviewed the related expenditures and determined the embassy appropriately spent the funds for the approved purposes. However, the embassy did not mark all Ukraine-related expenses according to the instructions in the notifications for the funding allotments. Furthermore, the embassy did not monitor the balance of the funds or send reports to the bureau on the expenditures of these funds.

According to 4 FAM 251.2, financial management officers are responsible for knowing the amount of available funds in each allotment or operating allowance and ensuring that deficiencies do not occur from untimely or inadequate recordkeeping. Additionally, the budget officer of the domestic bureau is responsible for overall funds control, verification of funds availability, recording of obligations, and maintaining financial records, according to 4 FAM 022.6. Finally, 4 FAM 044d requires accounting controls through audit trails for all transactions including the retention of supporting documentation and calculations.

³¹ Accounts Receivable is an office within the Bureau of the Comptroller and Global Financial Services that manages and collects debts owed to the Department. See 4 FAM 491.3, "Definitions."

³² According to 4 FAM 033.2-2(3), the Department has several types of accounts receivable that must be tracked, one of which being employee receivables. Receivables are established for employees for various debts such as the overpayment of a salary or a travel advance that has not been repaid. These become employee receivables when they exceed the Department criteria for timely repayment.

OIG determined that the Bureau of European and Eurasian Affairs was not able to monitor Embassy Bucharest's use of Ukraine supplemental funds because it did not provide instructions to the embassy on documenting and reporting the status of funds or transaction details to the bureau's executive office. By not creating a transparent audit trail for the expenditure of funds, the Department risks the misuse, mismanagement, and waste of appropriated funds.

Recommendation 13: The Bureau of European and Eurasian Affairs should provide instructions to Embassy Bucharest on the submittal of financial reports documenting its use of Ukraine supplemental funding. (Action: EUR)

Human Resources

Embassy Time and Attendance Procedures Did Not Meet Department Standards

OIG found the embassy's time and attendance procedures did not meet Department standards. In FY 2023, the embassy incurred more than \$450,000 in overtime expenses; however, embassy supervisors did not approve overtime in advance as required. OIG reviewed 50 overtime submissions from several embassy sections for two pay periods from November to December 2023³³ and found only one authorization form had been submitted and approved in advance. OIG noted embassy employees submitted overtime requests to their supervisors days after overtime was accrued, and an average of 15 days elapsed between overtime worked and supervisor approval. According to 3 FAM 2332.5(2) and the embassy's time and attendance policy, employees may only work overtime when approved in writing, in advance, by their supervisors. Some embassy supervisors told OIG that it was difficult to seek advance approval for overtime because they did not always have advance notification that overtime would be required. Additionally, some supervisors told OIG that, because of persistent staffing gaps, their staff understood that if overtime was necessary to accomplish the embassy's mission, they would later approve it. Failure to approve overtime in advance is an internal management control weakness that can lead to fraud, waste, and abuse of embassy resources.

Recommendation 14: Embassy Bucharest should adhere to Department standards on time and attendance reporting, including overtime. (Action: Embassy Bucharest)

Employee Association

Employee Association Did Not Obtain Department Approval to Process Official Residence Staff Payroll and Expenses

OIG found that the Bucharest Employees Recreation Association (BERA) processed payroll and expenses for official residence household staff³⁴ on behalf of the Ambassador and DCM as part

³³ OIG reviewed overtime requests for embassy employees for pay periods 24 and 27, including adjustments recorded in other pay periods.

³⁴ Household staff are employed by a principal representative to perform household duties at an official residence but are not employees of the U.S. government.

of their official residence expenses (ORE)³⁵ without obtaining authorization from the Bureau of Administration's Office of Commissary and Recreation Affairs. BERA processed and paid ORE salaries directly to the household staff, calculated and paid their withholding taxes to the local government, paid their medical reimbursements and mileage claims, and provided an invoice for those payments to both the Ambassador and DCM. The Ambassador and DCM then paid the invoices directly to BERA. In turn, the embassy's Financial Management Office then reimbursed the Ambassador and DCM for their payments to BERA from the embassy's Diplomatic and Consular Programs allotment.

Although the BERA charter allowed for the provision of personal services to members, the charter did not specify the processing of ORE payroll and expenses as a personal service. Because OIG did not find the ORE payroll service included in the Office of Commissary and Recreation Affairs' master list of approved services, OIG could not determine whether this service was permitted. The charter provides the association's authority to operate and outlines the services that the association is authorized to provide. According to 6 FAM 551, the Office of Commissary and Recreation Affairs reviews and recommends charter approval to the Assistant Secretary of State for Administration prior to the association commencing new services and activities. BERA began the ORE processing service at Embassy Bucharest in 2018 but did not submit an amended charter for approval.

In addition, BERA told OIG that the Office of Commissary and Recreation Affairs performed a site visit to review BERA's operations in October 2022 but had not questioned the ORE process during that review or in its final report.³⁶ Without obtaining Department authorization, BERA risks providing a service that has not been authorized.

Recommendation 15: Embassy Bucharest, in coordination with the Bureau of Administration, should require the Bucharest Employees Recreation Association to request authorization to update the association charter to include processing for official residence expenses payroll and expenses as an approved service. (Action: Embassy Bucharest, in coordination with A)

Embassy Reimbursed Employee Association Concierge Fees as Allowable Official Residence Expenses

The embassy reimbursed the Ambassador and DCM for the employee association concierge fees³⁷ as allowable ORE. BERA charged these fees as part of its service, described above, to process the monthly ORE payroll and expenses. OIG found that in 2023, BERA charged fees of approximately \$569 a month or \$6,800 annually for this service, including invoices to both the Ambassador and the DCM. However, OIG could not determine whether the concierge fees BERA charged were allowable for reimbursement as official residence expenses. Department of

³⁵ Official residence expenses are authorized expenses incidental to the operation and maintenance of official residences for representing the United States abroad that may be reimbursed to the principal representatives.

³⁶ Cable 22 STATE 133788, "Employee Association Internal Review of BERA," December 12, 2022.

³⁷ The concierge fees included a service fee, a payment processing fee, and an archiving fee.

State Standardized Regulations 450-454 identify allowable ORE expenditures for household staff, operations and maintenance, and expendable supplies, as well as prohibited expenses. However, concierge fees are not identified as either allowable or prohibited for reimbursement. Embassy staff told OIG that they assumed the service fees were allowable ORE expenses for reimbursement. Without obtaining Department consent, the embassy risks the misappropriation of funds by reimbursing unallowable expenses.

Recommendation 16: Embassy Bucharest, in coordination with the Office of the Legal Adviser, should determine whether the reimbursement of the employee association's concierge fees as official residence expenses is allowable according to Department guidelines and regulations. (Action: Embassy Bucharest, in coordination with L)

INFORMATION MANAGEMENT

OIG reviewed Embassy Bucharest's information management (IM) operations and services, including classified, unclassified, and non-enterprise network (NEN)³⁸ computer operations; physical and environmental protection of IT resources; classified communications security; emergency communications preparedness; telephone programs; and pouch and mail services. In addition to providing these services, IM staff proactively used Department technologies, including artificial intelligence to automate business processes for various offices in the embassy. The staff also created an Artificial Intelligence Working Group to promote the embassy's responsible and effective use of the technology. During the inspection, embassy IM staff took the following steps to remedy issues identified by OIG:

- Required systems administrators to use Smart Card authentication when administering the classified network in accordance with 12 FAM 632.1-4a and c.
- Implemented procedures to manage classified and unclassified printer passwords, as required in 12 FAH-6 H-541.5-11k and 12 FAH-6 H-542.5-11n.
- Reinstated the local information technology configuration control board to comply with 5 FAM 862.1.
- Established a log to track classified file transfer, as required in 12 FAH-10 H-712.2(10).
- Developed incident handling procedures for IM staff, in accordance with 12 FAH-10 H-242.5-2.
- Established a process to review user access annually to verify it was still needed or had been updated, to comply with 12 FAH-10 H-112.1-3b and c.
- Registered staff with systems administrator responsibilities for the mandatory information assurance training, to comply with 12 FAH-10 H-212.2-1.

OIG determined the embassy's IM operations generally complied with Department standards. However, OIG identified four issues requiring attention, as discussed below.

³⁸ A non-enterprise network is a Department-procured and locally managed computing environment. NENs are used by a specific entity to meet their mission requirements that cannot be achieved using an enterprise managed solution.

Embassy Lacked a Knowledge Management Process for Managing Information Management Operations

Embassy Bucharest lacked up to date and consistent documentation and historical information for managing OpenNet³⁹ and NEN operations as required in 5 FAM 867. OIG found minimal documentation to explain operational and systems maintenance activities, including documents related to OpenNet and NEN configurations. Instead, IM staff relied on verbal communication, Teams chats, and emails to capture and share knowledge, but they did not consistently maintain information in IM shared folders to capture, store, and transfer knowledge. According to 5 FAM 867, IM managers are required to maintain documentation for all aspects of computer support and operations to ensure continuity and consistency. IM staff told OIG they focused on customer support and did not plan time for maintaining documentation. Without a structured and formalized knowledge management process, valuable information and knowledge could be lost when staff members change positions or leave their positions with the embassy. At the time of the inspection, three of the four systems administrators were anticipating retirement in the next 12 months.

Recommendation 17: Embassy Bucharest should implement a knowledge management process for capturing, sharing, transferring, and retaining information for managing OpenNet and non-enterprise network operations. (Action: Embassy Bucharest)

Embassy Developed Applications Without a Lifecycle Management Plan

Embassy Bucharest developed applications without implementing an application lifecycle management plan as required in 12 FAH-10 H-342.2-1. IM staff used Microsoft's O365 Power Platform⁴⁰ to develop 16 applications without consistently documenting user and access control requirements, application architecture, data types and sources, licensing requirements, and support plans. Moreover, the staff did not follow the Department's O365 Power Platform Developer Guide, which requires developers to create supporting documentation to ensure compliance with applicable security requirements and sustainability. For example, the staff developed an LE staff medical voucher reimbursement application that stored personally identifiable information without conducting a privacy impact assessment as required in 5 FAM 463.⁴¹ OIG determined that the IM staff did not create a lifecycle management plan for the applications because they were primarily focused on the development work and meeting the embassy's business needs. Not having an application lifecycle plan increases risk to the security, compliance, and sustainability of Department information.

³⁹ OpenNet is the Department's Sensitive But Unclassified network.

⁴⁰ The Microsoft Power Platform provides a set of services that can be used to quickly create business solutions. Bureau of Information Resource Management's Systems and Integration Office, DOS-O365 Power Platform Developer Guide, Version 1.0, March 23, 2023.

⁴¹ According to 5 FAM 463, a privacy impact assessment is "[a]n analysis of how information is handled: (1) [t]o ensure compliance with applicable legal, regulatory, and policy requirements regarding privacy; (2) [t]o determine the risks and effects of collecting, maintaining and disseminating information in identifiable form; and (3) [t]o examine and evaluate protections and alternative processes for handling information to mitigate potential privacy risks."

Recommendation 18: Embassy Bucharest should implement an application lifecycle management plan. (Action: Embassy Bucharest)

Embassy's OpenNet Extensions Did Not Have Department Approval

Embassy Bucharest did not have approval from the Bureau of Information Resource Management⁴² and Diplomatic Security to maintain OpenNet network extensions⁴³ at the Chief of Mission Residence and the Deputy Chief of Mission Residence. According to 21 STATE 74118,⁴⁴ embassies are required to obtain approval for OpenNet extensions to ensure the network's integrity and the confidentiality of the information processed. IM staff told OIG they were unaware of this requirement. Failure to conduct risk assessments and obtain approvals creates unnecessary risk to the Department's network. OIG discussed with the Ambassador and DCM an alternative: they could use Department enterprise laptops to access OpenNet from the official residences without special approvals instead of using the network extensions. Use of enterprise laptops is both a viable and more flexible option for remote work and can also reduce the vulnerabilities and risks associated with extensions.

Recommendation 19: Embassy Bucharest should obtain approval for its OpenNet extensions or implement the use of Department enterprise laptops to access OpenNet from the official residences. (Action: Embassy Bucharest)

Embassy Issuance Procedures for Non-Enterprise Mobile Devices Did Not Meet Department Standards

Embassy Bucharest's procedures for issuing non-enterprise mobile devices, specifically laptops, did not meet Department standards. IM staff did not require users to sign the DS-584 Property Transaction form as required in 14 FAM 412.4-2b and the DS-7642 Mobile Computing and Data Storage Request form as required in 14 FAM 414.3b(1)(a) and b(3). OIG determined IM managers did not provide guidance to IM staff to ensure customers signed and returned a DS-584 to acknowledge receipt of Department property. Additionally, IM managers told inspectors they were not aware of the requirement to use the DS-7642 form for users to acknowledge a laptop security briefing. Inadequate controls over mobile device creates the potential for mismanagement or misuse of government property and increases the likelihood of security vulnerabilities.

⁴² The Department changed the name of the bureau to the Bureau of Diplomatic Technology in May 2024, after OIG concluded the fieldwork for this inspection.

⁴³ According to 5 FAH-11 H-815, a network extension is an expansion of a network's boundaries including deployment of Department-approved hardware to a non-Department entity location.

⁴⁴ Cable 21 STATE 74118, "Transition of Network Extension Coordination Responsibility Domestically and Abroad from DS Cyber and Technology Security (DS/CTS) to IRM External Affairs (IRM/EA)," July 16, 2021.

Recommendation 20: Embassy Bucharest should implement procedures for issuing non-enterprise mobile devices that comply with Department standards. (Action: Embassy Bucharest)

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 Bucharest and the Bureau of European and Eurasian Affairs. The Department's complete responses can be found in Appendix B. The Department also provided technical comments that were incorporated into the report, as appropriate.

Recommendation 1: Embassy Bucharest should implement a coordination process for the oversight of foreign assistance programming in Romania in accordance with Department guidelines. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest implemented a coordination process for the oversight of foreign assistance programming in Romania in accordance with Department guidelines.

Recommendation 2: Embassy Bucharest should comply with Department standards for the use of public diplomacy-funded resources. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest complied with Department standards for the use of public diplomacy-funded resources.

Recommendation 3: Embassy Bucharest should create a fraud prevention strategy in accordance with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation. The embassy noted an expected completion date of September 1, 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest created a fraud prevention strategy in accordance with Department standards.

Recommendation 4: Embassy Bucharest should maintain and destroy immigrant visa files in accordance with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation. The embassy noted an expected completion date of August 1, 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest maintained and destroyed immigrant visa files in accordance with Department standards.

Recommendation 5: Embassy Bucharest should implement a process to regularly review and update its management policies. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest implemented a process to regularly review and update its management policies.

Recommendation 6: Embassy Bucharest should comply with all Department Motor Vehicle Safety Management Program standards for all chauffeurs and incidental drivers under chief of mission authority. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

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

Recommendation 7: Embassy Bucharest should prohibit locally employed staff mechanics from servicing privately owned vehicles on U.S. government property and with U.S. government equipment, in accordance with federal regulations. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation. The embassy noted a completion date of March 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest prohibited locally employed staff mechanics from servicing privately owned vehicles on U.S. government property and with U.S. government equipment, in accordance with federal regulations.

Recommendation 8: Embassy Bucharest should close out procurement files in accordance with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

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

Recommendation 9: Embassy Bucharest should bring its contracting officer's representative program into compliance with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest's contracting officer's representative program complied with Department standards.

Recommendation 10: Embassy Bucharest should bring its property management program into compliance with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest's property management program complied with Department standards.

Recommendation 11: Embassy Bucharest should bring its cashier operations into compliance with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest's cashier operations complied with Department standards.

Recommendation 12: Embassy Bucharest should implement standard procedures to accurately record, track, and process employee accounts receivables in accordance with Department requirements. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest implemented standard procedures to accurately record, track, and process employee accounts receivables in accordance with Department requirements.

Recommendation 13: The Bureau of European and Eurasian Affairs should provide instructions to Embassy Bucharest on the submittal of financial reports documenting its use of Ukraine supplemental funding. (Action: EUR)

Management Response: In its June 12, 2024, response, the Bureau of European and Eurasian Affairs (EUR) neither agreed nor disagreed with this recommendation. The bureau noted it did provide instructions to Embassy Bucharest on the purpose of Ukraine supplemental funding, its Ukraine nexus, and a reminder to use the Ukraine supplemental project code on all obligations and expenditures. According to the bureau, each allotment of Ukraine supplemental funding contained this information. Additionally, the bureau issued two annual data calls to refine the utility estimates and adjusted Ukraine supplemental funding provided for that purpose based upon those data calls, de-allotting excess funding. EUR also noted the Bureau of Budget and Planning sweeps all unobligated Ukraine supplemental funding and determines its further use, not the regional bureau.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau for European and Eurasian Affairs provided instructions to Embassy Bucharest on the submittal of financial reports documenting its use of Ukraine supplemental funding.

Recommendation 14: Embassy Bucharest should adhere to Department standards on time and attendance reporting, including overtime. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest adhered to Department standards on time and attendance reporting, including overtime.

Recommendation 15: Embassy Bucharest, in coordination with the Bureau of Administration, should require the Bucharest Employees Recreation Association to request authorization to update the association charter to include processing for official residence expenses payroll and expenses as an approved service. (Action: Embassy Bucharest, in coordination with A)

Management Response: In its June 12, 2024, response, Embassy Bucharest neither agreed nor disagreed with this recommendation. The embassy noted it sent a request for opinion to the Bureau of Administration's Office of Commissary and Recreation Affairs and asked for input on the requirement to have official residence expense (ORE) payroll added as an approved service. Embassy Bucharest views the practice of having the Bucharest Employees Recreation

Association (BERA) make payments to ORE staff as allowable under BERA's accounting, local banking, and vendor payment services, which are included in the association charter, available to all employees, and widely used at the embassy. The embassy noted it would share the response from the Office of Commissary and Recreation Affairs with OIG.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest required the Bucharest Employees Recreation Association to request authorization to update the association charter to include processing for official residence expenses payroll and expenses as an approved service or provides an acceptable alternative that fulfills the intent of the recommendation based on guidance from the Bureau of Administration's Office of Commissary and Recreation Affairs.

Recommendation 16: Embassy Bucharest, in coordination with the Office of the Legal Adviser, should determine whether the reimbursement of the employee association's concierge fees as official residence expenses is allowable according to Department guidelines and regulations. (Action: Embassy Bucharest, in coordination with L)

Management Response: In its June 12, 2024, response, Embassy Bucharest neither agreed nor disagreed with this recommendation. The embassy noted it has sought a determination from the Office of the Legal Adviser on the reimbursement of the employee association's concierge fees as official residence expenses and will share the response with OIG. Embassy Bucharest believes that these expenses are eligible under Department of State Standardized Regulations (DSSR) 451(a) - wages and maintenance of household staff. According to the embassy, in Romania, the employer-employee legal relationship, local income and salary tax calculations and payments, and contractual requirements are all sufficiently complex to require assistance from an experienced, qualified local vendor. Further, an intermediary vendor is essential to establish the lack of an employer-employee relationship between the embassy and official residence expense (ORE) employees, per Department regulations. Embassy Bucharest previously solicited quotes from other local vendors to provide these administrative services, and the costs were expected to be higher than the actual salaries and benefits being paid to ORE employees. Leveraging BERA's low fees and experienced accounting department, their status as a registered tax-paying entity in Romania, and their access to both U.S. and local banking infrastructure is a practical, efficient, and cost-saving solution that benefits the principal officers, their ORE employees, and the embassy. According to the embassy, the Office of Commissary and Recreation Affairs commended the process during their last audit.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest determined whether the reimbursement of the employee association's concierge fees as official residence expenses is allowable according to Department guidelines and regulations.

Recommendation 17: Embassy Bucharest should implement a knowledge management process for capturing, sharing, transferring, and retaining information for managing OpenNet and non-enterprise network operations. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest implemented a knowledge management process for capturing, sharing, transferring, and retaining information for managing OpenNet and non-enterprise network operations.

Recommendation 18: Embassy Bucharest should implement an application lifecycle management plan. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest implemented an application lifecycle management plan.

Recommendation 19: Embassy Bucharest should obtain approval for its OpenNet extensions or implement the use of Department enterprise laptops to access OpenNet from the official residences. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest obtained approval for its OpenNet extensions or implemented the use of Department enterprise laptops to access OpenNet from the official residences.

Recommendation 20: Embassy Bucharest should implement procedures for issuing non-enterprise mobile devices that comply with Department standards. (Action: Embassy Bucharest)

Management Response: In its June 12, 2024, response, Embassy Bucharest concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Bucharest implemented procedures for issuing non-enterprise mobile devices that comply with Department standards.

PRINCIPAL OFFICIALS

Agency/Section/Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	Kathleen Ann Kavalec	2/2023
Deputy Chief of Mission	Michael L. Dickerson	7/2023
Chiefs of Sections:		
Consular	John H. Gimbel	9/2022
Economic	Kimberly Barr	8/2023
Management	Steven M. Rider	9/2023
Political	Travor Gudie	6/2022
Public Affairs	Peter H. Brown (acting)	5/2023
Regional Security	Christopher L. Gruber	4/2023
Other Agency Representatives:		
Legal Attaché	Monica Wasiewicz	10/2020
Senior Defense Official/Defense Attaché	Colonel Keith A. Derbenwick	7/2020
Office of Defense Cooperation	Colonel Kenneth Gjone	8/2022
U.S. Commercial Service	Laura Gimenez (acting)	8/2022

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

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from January 2 to March 27, 2024, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM). This report relates to Overseas Contingency Operation Atlantic Resolve and was completed in accordance with OIG's oversight responsibilities described in Section 8L of the Inspector General Act of 1978, as amended.

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. OIG conducted portions of the inspection remotely and relied on audio- and video-conferencing tools in addition to in-person interviews with Department and other personnel. OIG also reviewed pertinent records; circulated surveys and compiled the results; and discussed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the inspection. OIG used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

This review was conducted consistent with the FY 2024 Joint Strategic Oversight Plan for Operation Atlantic Resolve, Including U.S. Government Activities Related to Ukraine, which was released in October 2023 by the Inspectors General of the Departments of State, Defense, and the U.S. Agency for International Development.

APPENDIX B: MANAGEMENT RESPONSES



*Embassy of the United States of America
Bucharest, Romania*

June 12, 2024

UNCLASSIFIED

THRU: EUR – James O’Brien, Assistant Secretary of State

TO: OIG – Arne Baker, Acting Assistant Inspector General for Inspections

FROM: Embassy Bucharest – Kathleen Kavalec, Ambassador

SUBJECT: Response to Draft OIG Report – Embassy Bucharest

RECOMMENDATIONS

Recommendation 1: Embassy Bucharest should implement a coordination process for the oversight of foreign assistance programming in Romania in accordance with Department guidelines. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. Post will appoint an assistance coordinator to liaise with Embassy Bucharest’s human rights officer, cultural affairs officer, law enforcement working group, Department of Justice attaché, and Defense Threat Reduction Agency chief, and with regional EUR/ACE and USAID coordinators to conduct oversight and deconflict foreign assistance programming in Romania. The coordinator will submit monthly information memos to the front office to track project approvals. The Office of Defense Cooperation, political military officer, and DCM will conduct separate weekly reviews of FMF funding.

Recommendation 2: Embassy Bucharest should comply with Department standards for the use of public diplomacy-funded resources. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation and post management is working to allocate Diplomatic Technology personnel and equipment to comply with Department guidance. As needed PDS will assist Management with training and recommending potential equipment. Management/DTO will assume AV responsibilities for non-PD events by October 1, 2024.

Recommendation 3: Embassy Bucharest should create a fraud prevention strategy in accordance with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. The consular section is currently drafting a fraud prevention strategy. The expected completion date is September 1, 2024.

Recommendation 4: Embassy Bucharest should maintain and destroy immigrant visa files in accordance with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. The consular section has completed approximately 70% of the retirement of old files. The expected completion date for full compliance is August 1, 2024.

Recommendation 5: Embassy Bucharest should implement a process to regularly review and update its management policies. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. It has initiated a review of all Management Policies with the goal of having all policies current by the end of the calendar year. In the future, the Management Assistant will flag any policies more than two years old for updates and reissuance.

Recommendation 6: Embassy Bucharest should comply with all Department Motor Vehicle Safety Management Program standards for all chauffeurs and incidental drivers under chief of mission authority. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. All chauffeurs have updated, current medical exams/clearances. Embassy HR is now in the process of ensuring incidental drivers will receive medical exams, process to be completed this calendar year. All USDH incidental drivers have been instructed they must receive a medical clearance form from the Health Unit in order to operate a GOV under COM authority regardless of agency. Motorpool is tracking all drivers for Smith System training to ensure all chauffeurs and incidental drivers are current, have a valid DL, and a valid medical certificate. Motorpool is also ensuring that all requestors know that trips must remain under 10 hours or else an extra driver will be required. For trips scheduled for eight hours or more, Motorpool coordinates with the customer to gauge the potential for unplanned activities which may exceed 10 hours. In cases where it potentially could be close, Motorpool assigns a second driver to be safe. For visits and other special events, post is increasing usage of contract vehicles and drivers and still ensuring that the contractors do not exceed the 10-hour rule.

Recommendation 7: Embassy Bucharest should prohibit locally employed staff mechanics from servicing privately owned vehicles on U.S. government property and with U.S. government equipment, in accordance with federal regulations. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. Effective March 2024, Embassy Bucharest policy prohibits locally employed staff mechanics from servicing privately owned vehicles on U.S. government property and with U.S. government equipment, in accordance with federal regulations. This is clearly stated in our updated Motorpool policy and both embassy Motorpool mechanics are aware of this change as well as USDH and LES.

Recommendation 8: Embassy Bucharest should close out procurement files in accordance with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. GSO Procurement staff continue to close out procurement files as time allows. This process would benefit from an additional Procurement Agent LES Position to bring Embassy Bucharest in line with staffing at other similarly-sized embassies. However, Post's request for funding for this position was denied by EUR. Post is making every effort to close out all e-files, including through the use of Overseas Seasonal Hire employees.

Recommendation 9: Embassy Bucharest should bring its contracting officer's representative program into compliance with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. All CORs have been notified that they must submit an OGE-450 and are in the process of compliance, although some have

unresolved concerns about conflicts between this requirement and EU privacy regulations. All CORs have taken or are in the process of taking the necessary training and becoming certified, post will ensure this is monitored closely moving forward.

Recommendation 10: Embassy Bucharest should bring its property management program into compliance with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. The APO and alternate APO are now conducting unannounced spot checks of inventory at least once per month. Post is working to reduce the excess expendable property. As with many posts, some items which have never been issued are items which post will reasonably need at some point and are unavailable regionally. At the same time, post is working to dispose of or issue previously non-issued expendables such as old AFN decoder boxes, Transition Kits, etc. Post's total property assets are approximately \$14M. In May 2024 the embassy filled the long-vacant Loanable Property Clerk position. For more than two years, the Expendable Supply Clerk was doing the work of both of these full-time positions. With the recent improvement of LES salaries, post has also filled one of two long-vacant warehouse laborer positions.

Recommendation 11: Embassy Bucharest should bring its cashier operations into compliance with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation and has implemented a solution. Post Financial Management Officer (FMO) has and will continue to vary the dates and times of unannounced cash counts to ensure they occur at unpredictable intervals. Additionally, FMO counseled the USDH subcashier supervisors on the requirement for regular unannounced cash counts. The USDH subcashier supervisor currently at Post confirms that all required cash counts have occurred since his arrival at Post.

Recommendation 12: Embassy Bucharest should implement standard procedures to accurately record, track, and process employee accounts receivables in accordance with Department requirements. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation and is working to develop an SOP and a post-developed application to automate the process. The existing system does not allow for the retirement of records. Until the new application solution is available, FMO is working to confirm the validity of the 104 currently pending entries for any valid debt, as post has discovered some entries on the list have already been paid. FMO will inform employees, issue bills of collection, and forward debt notices to the Department's Accounts receivable office.

Recommendation 13: The Bureau of European and Eurasian Affairs should provide instructions to Embassy Bucharest on the submittal of financial reports documenting its use of Ukraine supplemental funding. (Action: EUR)

Recommendation 14: Embassy Bucharest should adhere to Department standards on time and attendance reporting, including overtime. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. The embassy has implemented the recommendation by updating the Management Policy covering overtime requests and approvals, and all supervisors provided written confirmation that they understand and will comply with the policy.

Recommendation 15: Embassy Bucharest, in coordination with the Bureau of Administration, should require the Bucharest Employees Recreation Association to request authorization to update the

association charter to include processing for official residence expenses payroll and expenses as an approved service. (Action: Embassy Bucharest, in coordination with A)

Management Response: Post Management has sent a request for opinion to the Bureau of Administration's Office of Commissary and Recreation and asked for their input on the requirement to have Official Residence Payroll added as an approved service. Embassy Bucharest views the practice of having BERA make payments to ORE staff as allowable under BERA's accounting, local banking, and vendor payment services, which are included in the association charter, available to all employees, and widely used at Post. We will share the response from Commissary and Recreation with the OIG.

Recommendation 16: Embassy Bucharest, in coordination with the Office of the Legal Adviser, should determine whether the reimbursement of the employee association's concierge fees as official residence expenses is allowable according to Department guidelines and regulations. (Action: Embassy Bucharest, in coordination with L)

Management Response: Post Management has sought a determination from the Office of the Legal Adviser on the reimbursement of the employee association's concierge fees as official residence expenses and will share the response with OIG. Embassy Bucharest believes that these expenses are eligible under DSSR 451(a) - wages and maintenance of household staff. In Romania, the employer-employee legal relationship, local income and salary tax calculations and payments, and contractual requirements are all sufficiently complex to require assistance from an experienced, qualified local vendor. It would be unreasonable to expect a principal officer or their designee to navigate these fraught processes without assistance in salary and tax calculations, medical reimbursements, time and attendance, records management, and electronic payment in local bank accounts. Further, an intermediary vendor is essential to establish the lack of an employer-employee relationship between the Embassy and ORE employees, per Department regulations. The Embassy previously solicited quotes from other local vendors to provide these administrative services, and the costs were expected to be higher than the actual salaries and benefits being paid to ORE employees. Leveraging BERA's low fees and experienced accounting department, their status as a registered tax-paying entity in Romania, and their access to both U.S. and local banking infrastructure is a practical, efficient, and cost-saving solution that benefits the principal officers, their ORE employees, and Post. The Office of Commissary and Recreation Affairs commended the process during their last audit.

Recommendation 17: Embassy Bucharest should implement a knowledge management process for capturing, sharing, transferring, and retaining information for managing OpenNet and non-enterprise network operations. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. The embassy now maintains a shared document library of SOPs and historical information for OpenNet and NEN operations.

Recommendation 18: Embassy Bucharest should implement an application lifecycle management plan. (Action: Embassy Bucharest)

Management Response: Post concurs with the recommendation to implement an application lifecycle management plan in accordance with DT/ES/MCS's PowerPlatform Governance documentation.

Recommendation 19: Embassy Bucharest should obtain approval for its OpenNet extensions or implement the use of Department enterprise laptops to access OpenNet from the official residences. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation and received renewal approvals from IRM/EA on 04/30/2024 for both external networks.

Recommendation 20: Embassy Bucharest should implement procedures for issuing non-enterprise mobile devices that comply with Department standards. (Action: Embassy Bucharest)

Management Response: Embassy Bucharest concurs with the recommendation. Post has ensured that new issuances of Non-Enterprise mobile devices include signed DS-584 and DS-7642 forms and has completed remedial documentation for prior issuances.



United States Department of State

Washington, DC 20520

UNCLASSIFIED

June 12, 2024

TO: OIG – Arne Baker, Acting Assistant Inspector General for Inspections

THRU: EUR-IO/EX – Andrew Stowe

FROM: EUR-IO/EX/FM – Jody Buckneberg Preston

SUBJECT: Response to Draft OIG Report – Bucharest Inspection

EUR-IO/EX/FM has reviewed the draft OIG inspection report. We provide the following comments in response to the recommendations provided by OIG:

Recommendation 13:

The Bureau of European and Eurasian Affairs should provide instructions to Embassy Bucharest on the submittal of financial reports documenting its use of Ukraine supplemental funding. (Action: EUR)

Management Response: EUR-IO/EX/FM does provide instructions for post on the purpose of Ukraine supplemental funding, its Ukraine nexus, and a reminder to use the Ukraine supplemental project code (EUKRAINE) on all obligations/expenditures. Each allotment of Ukraine supplemental funding contains this information. We issue two data calls annually to refine the utility estimates and we adjust Ukraine supplemental funding provided for that purpose based upon those data calls, de-allotting excess funding. BP/CGFS sweeps all unobligated Ukraine supplemental funding and BP determines its further use, not the regional bureau.

ABBREVIATIONS

BERA	Bucharest Employees Recreation Association
COR	Contracting Officer's Representative
DCM	Deputy Chief of Mission
DEIA	Diversity, Equity, Inclusion, and Accessibility
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First and Second Tour
ICS	Integrated Country Strategy
ILMS	Integrated Logistics Management System
IM	Information Management
LE	Locally Employed
NEN	Non-Enterprise Network
ORE	Official Residence Expense

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