



OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

ISP-I-18-23

Office of Inspections

April 2018

Inspection of Embassy Copenhagen, Denmark

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS



OIG HIGHLIGHTS

ISP-I-18-23

April 2018

OFFICE OF INSPECTIONS

Bureau of European and Eurasian Affairs

Inspection of Embassy Copenhagen, Denmark

What OIG Found

- Embassy Copenhagen's Ambassador and Deputy Chief of Mission set a positive leadership climate, modeling integrity, openness, and concern for the mission and its staff.
- The embassy's security cooperation activities with the Danish government included military, law enforcement, and counterterrorism. The embassy highlighted security cooperation through various events in Greenland, Denmark, and Europe that supported the U.S. European Command theater priorities of deterring Russian aggression, enabling the NATO alliance, and preserving U.S. strategic partnerships.
- The Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, although there were some exceptions in the Financial Management, General Services, and Facilities Management Sections.
- The Information Management Section had deficiencies in information systems security, mailroom screening, and records management.

What OIG Inspected

OIG inspected the executive direction, resource management, and information management operations of Embassy Copenhagen.

What OIG Recommended

OIG made 8 recommendations to improve Financial Management, General Services, Facilities Management, and Information Management operations.

In its comments on the draft report, the Department concurred with 7 recommendations and disagreed with 1. OIG considers all recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

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CONTEXT

The Kingdom of Denmark includes the autonomous territories of Greenland and the Faroe Islands in the North Atlantic. Denmark is one of the world's leading democracies in terms of transparency, wealth, and quality of life. The country is the only Arctic nation that is a member of both the European Union and NATO.

Since 1801, the United States and Denmark have enjoyed a close and mutually beneficial relationship, particularly, in recent years, on security issues. Denmark contributed military equipment and personnel to international security efforts and humanitarian relief in Afghanistan, Syria, and Iraq and lost more than 40 soldiers in those efforts. Denmark's experience with a 2015 terror attack increased cooperation with the United States on counterterrorism. Greenland, the world's largest island, is an increasingly autonomous part of the Kingdom of Denmark and rests at the center of U.S. Arctic security and sustainability goals. Thule U.S. Air Force base, located near Qaanaaq, Greenland, has served as a vital link in the U.S. and NATO defense network since 1953. Greenland is poised to open its door to increased U.S. tourism and large-scale mining projects for iron, rare earth metals, uranium, and hydrocarbon extraction. Greenland also hosts valuable scientific collaboration with the United States, including interagency cooperation with the National Aeronautics and Space Administration, U.S. Geological Survey, and National Science Foundation.

The United States is Denmark's largest non-European trading partner, accounting for about 6.4 percent of total Danish merchandise trade. Aircraft, computers, and machinery are among the major U.S. exports to Denmark. In 2016, U.S. exports totaled \$7.2 billion, and U.S. foreign direct investment was \$13.6 billion. More than 700 U.S. companies have subsidiaries in Denmark. Danish exports to the United States amounted to more than \$10.4 billion, and foreign direct investment to the United States totaled \$18.2 billion. Denmark's major exports to the United States are industrial machinery, furniture, pharmaceuticals, and food products. Danish-controlled container ships and joint wind turbine projects contribute to trade and jobs in both countries.

Embassy Copenhagen's FY 2016 Integrated Country Strategy (ICS) has five main goals:

- Strengthen strategic partnership and security to confront security challenges.
- Expand trade and investment through economic cooperation.
- Enhance U.S.-Danish cooperation to counter violent extremism.
- Expand engagement in the Arctic, including Greenland.
- Increase Danish support for U.S. policies through public diplomacy programs.

At the time of the inspection, Embassy Copenhagen had an authorized staff of 63 U.S. direct-hire employees and 15 American and 58 Foreign National locally employed (LE) staff. Other agencies represented in the embassy included the Departments of Commerce, Defense, and Justice. The U.S. provided no foreign assistance funding for the Kingdom of Denmark.

OIG conducted this inspection of Embassy Copenhagen consistent with Section 209 of the Foreign Service Act.¹ Using its risk-based approach to inspections, OIG identified the embassy as a relatively lower risk mission and therefore limited the scope of this inspection to executive direction, resource management, and information management. The companion classified inspection report discusses the embassy's security program and issues affecting the safety of mission personnel and facilities.

EXECUTIVE DIRECTION

OIG assessed Embassy Copenhagen leadership on the basis of on-site interviews that included comments on Front Office performance; staff questionnaires; and OIG's review of documents and observations of embassy meetings and activities during the course of the on-site inspection.

Tone at the Top and Standards of Conduct

The non-career Ambassador arrived on December 8, 2017, 2 months before the on-site portion of this inspection, and she presented her credentials to Queen Margrethe II on December 15, 2017. The Deputy Chief of Mission (DCM), who served as the Chargé d'Affaires, ad interim, during the 11-month transition period between ambassadors, arrived in August 2016. A career member of the Senior Foreign Service, the DCM served at Embassy Bogota as Economic Counselor and, for 1 year, as acting DCM before her assignment to Copenhagen.

The Ambassador and the DCM exhibited the leadership principles in 3 Foreign Affairs Manual (FAM) 1214. Embassy employees consistently told OIG that the Ambassador and the DCM created a positive leadership climate, modeling integrity, openness, and concern for the mission and its staff. In their initial impressions, staff described the Ambassador as enthusiastic, interested in a broad range of policy issues, and willing to learn from and defer to experienced officers. Embassy staff consistently told OIG that the DCM's knowledge of their portfolios made her an effective policy advocate for their issues with the Danish Government. Staff praised her ability to foster constructive working relationships and her commitment to valuing and developing employees. The DCM emphasized the importance of Equal Employment Opportunity and diversity principles. Under her direction, the mission issued guidance on equal opportunity programs and sexual harassment.

Execution of Foreign Policy Goals and Objectives

In November 2017, the DCM held an offsite meeting to create a 90-day strategic plan for the incoming Ambassador that included a wide range of introductory meetings and events. The Ambassador embraced the plan and identified three immediate ICS priorities—security cooperation with Denmark, promoting trade and investment, and public diplomacy—on which to focus. With those goals at the forefront, the Ambassador's first few weeks at the embassy included meetings with the Danish Prime Minister, Parliament, allied ambassadors, the business community, the Danish Central Bank, shipping and business leaders, the media, and Greenlandic leaders. The Ambassador also hosted an embassy town hall, attended military events, and

¹ See Appendix A.

participated in an international school program. She also planned to hold events with youth, focusing on countering violent extremism.

OIG observed in the country team meetings and discussions with Department offices and other agencies that Arctic engagement remained a high priority. For example, the Ambassador planned to travel to Greenland in May 2018. Based on meetings with Washington interlocutors during the inspection, OIG told the Ambassador that Department and Washington science and foreign affairs agencies appreciated reporting on Arctic issues, particularly given the active scientific research in Greenland and China's increasing economic interest in the region.

OIG's review of the DCM's 2017 calendar showed, while serving as Chargé, she kept the embassy engaged with the Danish public and in the news. She held weekly communication strategy meetings to prioritize engagement with the Danish public and government officials to advance mission goals. She also participated in an annual national conference in which the public and political leaders discussed issues ranging from ballistic missile defense and NATO to Arctic policy. In addition, the Chargé traveled to Greenland, participated in Danish military training exercises, supported the U.S. Commercial Service and other agencies, and kept the Department informed with timely reporting and weekly calls.

Strong Embassy Cooperation with Danish Security Organizations

Embassy Copenhagen and Danish security cooperation included military activities, law enforcement, and counterterrorism. The embassy showcased security cooperation through events in Greenland, Denmark, and Europe. The Secretary of Defense's visit to Copenhagen in May 2017, for talks on the issue of defeating ISIS underscored the importance of Danish anti-terrorism and global stability contributions; these contributions range from intelligence sharing to using compatible weapons systems. For example, Denmark purchased 27 U.S. F-35 fighter aircraft in 2016. The Ambassador and the DCM participated in a training flight of Danish F-16s, a Danish Special Forces training parachute jump, and a visit to Danish troops serving in NATO's Enhanced Forward Presence mission in Estonia. These events supported the U.S. European Command theater priorities of deterring Russian aggression, enabling the NATO alliance, and preserving U.S. strategic partnerships. The engagement garnered positive press in Danish social media and strengthened public support for U.S.-Danish security cooperation.

Adherence to Internal Controls

As Chargé, the DCM approved the FY 2017 Annual Chief of Mission Management Control Statement of Assurance in accordance with 2 FAM 022.7, which requires chiefs of mission to develop and maintain appropriate systems of management control for their organizations. As part of her assessment, the DCM reviewed management controls with each section head and the management controls coordinator. The Statement of Assurance noted a deficiency in the late and incomplete reporting of the American Embassy Employee Association financial statements, which the embassy submitted in December 2017. The DCM reviewed 100 percent of the required Consul General's nonimmigrant visa adjudications, as called for in 9 FAM 403.9-2(D) and 9 FAM 403.10-3(D).

Security and Emergency Planning

OIG found that Embassy Copenhagen met Department standards for emergency preparedness across sections. In addition, embassy employees told OIG that the Ambassador and the DCM fully supported the Regional Security Officer's efforts to protect embassy staff, families, and facilities. The DCM was personally involved in maintaining safety and security for the mission, consistent with her responsibilities under 12 Foreign Affairs Handbook (FAH) -1 H-721a. For example, the DCM oversaw events during a bomb scare in January 2018 related to a suspicious package. She ordered a full evacuation of the building until the Danish Explosive Ordnance Device team arrived with robot bomb detectors and cleared the suspicious package. The evacuation went smoothly because the embassy conducted 18 emergency drills in 2017.

Developing Future Foreign Service Leaders

The DCM oversaw the embassy's First- and Second-Tour (FAST) officer development program for three Department employees as directed by 3 FAM 2242.4. The FAST officers told OIG the DCM mentored and willingly shared her experience with them and was moreover accessible and collaborative. All three FAST officers told OIG they were impressed with her command of the issues and her leadership style at public events. The DCM hosted monthly lunches with the group and invited section heads in order to expose them to other areas of embassy operations. She also held a monthly one-on-one meeting with each officer. Based on the group's recommendation, the DCM instituted a program for them to shadow the Ambassador for a day. Finally, to help with their professional development, the DCM required FAST officers to attend country team meetings, perform outreach, and to conduct reporting on activities and events in Denmark and Greenland.

RESOURCE MANAGEMENT

OIG reviewed Embassy Copenhagen's internal controls in the Financial Management, Human Resources, General Services, Facilities Management, and Information Management Sections, and in the health unit and the employee association. OIG found the Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, except as noted below.

Financial Management

Embassy Directly Paid Official Residence Expense Staff Salaries

The embassy paid official residence expenses staff salaries via electronic funds transfer. This practice violates 3 FAM 3257(a), which requires the principal representative or the household manager to pay the official residence staff directly. An August 2017 OIG report made two recommendations to the Department to address payment of official residence staff.² In response to OIG's recommendations, the Department reported that direct payments to official residence

² OIG, *Compliance Follow-up Review: Department of State Has Not Implemented Recommendations Pertaining to Official Residence Expense Staff Salaries* (ISP-C-17-32, August 2017).

expenses staff—via post cashier, electronic funds transfers or in cash directly from a post cashier—will be discontinued and the Department will update its policy guidance accordingly. As a result, OIG did not make a recommendation in this report.

Information Management Positions Not Programmed to International Cooperative Administrative Support Services

Despite being Department-funded, the embassy's two Information Management (IM) U.S. direct-hire employees estimated they spent 65 to 75 percent of their time supporting International Cooperative Administrative Support Services (ICASS)³ subscribers.⁴

This is a concern that OIG has identified before, and it has its roots in the changes to IM work over time. In particular, unlike other U.S. direct-hire management positions that deliver support services such as general services, human resources, and financial management, ICASS did not capture the cost of Department-funded IM positions when it began in 1997. At that time, IM positions mainly supported and handled communications for core Department offices. But according to Department officials and documentation, IM functions evolved significantly and U.S. direct-hire IM staff now deliver more support to other agencies. To ensure equitable sharing of IM services, in June 2010 the Office of Management Policy, Rightsizing, and Innovation advised some embassies, including Copenhagen, to convert at least one of their U.S. direct-hire IM positions to ICASS as soon as budgetary provisions could be made to convert the positions.⁵ However, the position in Embassy Copenhagen was not converted at that time. In April 2017, OIG issued a Management Assistance Report⁶ that recommended converting 52 U.S. direct-hire IM positions to ICASS, including 1 at Embassy Copenhagen. However, as of February 2018, the Department had still not converted the embassy's IM position to ICASS.

Department standards support conversion of both Department funded IM positions. Pursuant to 6 FAH-5 H-341.9,⁷ ICASS costs should include salaries and benefits of all the U.S. direct-hire and LE staff who deliver services to other agencies, overhead associated with those staff, and equipment required to provide services. According to 6 FAH-5 H-013.2, agencies pay their share of post administrative costs based on usage. Failure to reprogram at least one of these IM positions to ICASS means the Department's Diplomatic and Consular Program budget would continue to subsidize other agencies and Department operations, including the Bureaus of Consular Affairs and Diplomatic Security, without being fully reimbursed for these services. OIG

³ ICASS, established in 1997, is the principal means by which U.S. Government agencies share the cost of common administrative support services at more than 250 diplomatic and consular posts overseas. Through ICASS, which operates a working capital fund, service providers recover the cost of delivering administrative support services to other agencies at overseas missions, in accordance with 6 FAM 911 and 6 FAH-5 H-013.2.

⁴ ICASS has four IM costs centers: technical support, pouching, mail and messenger, and telecommunications and radio.

⁵ Office of Management Policy, Rightsizing, and Innovation Information Memorandum, "Uniform ICASS Treatment of IM American Positions," June 2010.

⁶ OIG, *Management Assistance Report: Cost of Information Management Staff at Embassies Should be Distributed to Users of Their Services* (ISP-27-23, April 2017).

⁷ See 6 FAH-5 H-341.9-1(B), 6 FAH-5 H-341.9-2(B), and 6 FAH-5 H-341.9-3(B)

estimated the Department could recover \$81,331 per position annually in funds put to better use by converting at least one of these positions to ICASS.⁸

Recommendation 1: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs, and the Bureau of the Comptroller and Global Financial Services, should reprogram at least one Diplomatic and Consular Program-funded Information Management position to an International Cooperative Administrative Support Services-funded position. (Action: Embassy Copenhagen, in coordination with EUR and CGFS)

General Services

No Annual Personal Property Utilization Survey

The embassy did not conduct an annual utilization survey of its personal property for FY 2016 and FY 2017.⁹ OIG's review of 718 warehouse inventory items revealed 52 items stored for more than 3 years, and 82 items exceeded the Department's replacement cycle of 12 years for household furniture. This is inconsistent with several Department policies. According to 14 FAM 411.2-2b(8), the accountable property officer is required to conduct an annual utilization survey to ensure that property is correctly assigned and cared for and to identify unneeded items for reassignment or return to stock. Guidance in 14 FAH-1 H-112.2h moreover requires the accountable property officer to identify unneeded items in the warehouse and discard unserviceable and obsolete items accordingly. Further, 14 FAM 412 states it is the U.S. Government's policy to limit personal property acquisition to the quantity and quality necessary for cost-effective and efficient business. Embassy staff did not know that a property utilization survey was an annual requirement. Failure to perform the required surveys undercuts effective management of personal property resources.

Recommendation 2: Embassy Copenhagen should conduct an annual utilization survey of its personal property inventory. (Action: Embassy Copenhagen)

Embassy Did Not Take Advantage of Lower Cost Furniture Options

In some cases, the embassy did not take advantage of lower cost options available locally to fulfill its residential furniture requirements. For example, the embassy declined an option to lease eight fully furnished residential units at no additional cost to the Department, which would have saved an estimated \$302,800 in furniture costs, or \$37,850 per residential unit. Embassy staff believed that Department guidelines prohibited outsourcing residential furniture to local vendors. In fact, according to the Department's Overseas Cost Containment Initiative, embassies

⁸ Relying on Department-provided figures, OIG estimated the Department could recover \$81,331 per position, using the worldwide average cost of an ICASS U.S. direct-hire position of \$268,419 and the worldwide average percentage of time U.S. direct-hire IM staff support other agencies of 30.3 percent ($\$268,419 \times .303 = \$81,331$). OIG did not formally claim this amount as funds put to better use because it was claimed in a previous OIG report (n 5).

⁹ As defined in 14 FAM 411.4, personal property is U.S. Government-owned or -leased items such as vehicles, furniture, equipment, supplies, appliances, and machinery. It refers to all property not otherwise classified as land, land improvement, buildings, and structures that are normally referred to as real property.

should ensure active involvement of the local ICASS Council in developing process improvements and other local cost containment measures outlined in cable 14 State 112728. OIG advised Embassy Copenhagen staff that other missions, including Embassies Beijing and Lisbon took various approaches consistent with this guidance, such as leasing fully furnished residences, leasing furniture from local vendors, or obtaining exemptions from the Department's mandatory furniture program to reduce costs and increase efficiency.¹⁰ OIG also advised the embassy to consider using the Department's Expedited Logistics Program¹¹ based in Antwerp, Belgium, as a possible way to reduce costs. Failure to use the most cost-effective method to furnish its residential units risks the embassy incurring unnecessary expense.

Recommendation 3: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs, Bureau of Administration, and Bureau of Overseas Buildings Operations, should determine the most cost effective option of meeting its residential furniture requirements. (Embassy Copenhagen, in coordination with EUR, A, and OBO)

Facilities Management

Four LE staff members maintained the embassy's seven Government-owned properties: the chancery and residences for the Ambassador, the DCM, and the Marine Security Guard Detachment as well as three staff residences. OIG found that the condition of the properties ranged from good to poor. The Bureau of Overseas Buildings Operations planned a \$72.6 million rehabilitation project in FY2019 to replace building support systems and to correct security deficiencies at the chancery, which was built in 1954.

Embassy's Preventive Maintenance Program Was Insufficient

The embassy did not have a comprehensive preventive maintenance program. Guidance in 15 FAM 613(b), however, requires that each mission establish and implement a comprehensive preventive, routine, and special maintenance program covering all facilities and major support systems using the 15 FAH-1 Facilities Maintenance Handbook as a guide. A combination of limited staffing and competing priorities contributed to the lack of emphasis on preventive maintenance. Notwithstanding these challenges, failure to have a preventive maintenance program may result in poorly planned and inefficient maintenance of key building systems and moreover increases the risk of systems failure, which could disrupt operations and require additional financial resources.

Recommendation 4: Embassy Copenhagen, in coordination with the Bureau of Overseas Buildings Operations, should implement a preventive maintenance program that complies with Department standards. (Action: Embassy Copenhagen, in coordination with OBO)

¹⁰ Since the Worldwide Residential Furniture Program was launched in the 1970s, the Department has maintained a policy that American-made furniture should be used in American residences.

¹¹ The Expedited Logistics Program provides diplomatic posts with an easy, fast, and cost effective way to acquire commonly used items. Created by the European Logistical Support Office and the Regional Procurement Support Office Frankfurt, the program maintains items such as appliances, residential furniture, and welcome kits.

Fire Protection Program Did Not Fully Comply With Department Standards

OIG identified three elements of the embassy's fire protection program that did not comply with Department guidance. First, the embassy did not conduct monthly inspections of residential fire extinguishers or, in some cases, service them annually, as required by 15 FAM 842a. Inspection and maintenance dates also must be recorded either on the extinguisher inspection tag or electronically. Second, the embassy did not send monthly reminders to residential occupants to check their smoke alarms and replace batteries, if needed. As stated in 15 FAM 841b, residential occupants must conduct a visual inspection and test each installed battery-operated smoke alarm monthly and replace batteries following the manufacturer's recommendation. Third, several residential units did not have a clearly visible key to the single key controlled dead bolt lock installed on their back doors. According to 15 FAM 846.2b, locks on doors in the path of egress must allow for unimpeded access to the exit without significant delay in the event of an emergency. Staffing gaps in the Facilities Management Section, other priorities, and lack of training and awareness with Department guidance contributed to these deficiencies. These concerns should be addressed, as failure to conduct regular inspections of fire protection equipment and exits in residential units increases the risk of staff injury or property damage in the event of a fire.

Recommendation 5: Embassy Copenhagen, in coordination with the Bureau of Overseas Buildings Operations, should implement an action plan to resolve the embassy's fire protection deficiencies and bring the program into full compliance with Department standards. (Action: Embassy Copenhagen, in coordination with OBO)

Information Management and Information Security

OIG reviewed classified, unclassified, and dedicated internet network operations; physical protection of information technology assets; classified communications security; emergency communication preparedness; radio and telephone programs; and mail and pouch services. OIG found that IM staff met the day-to-day computing and communications needs of the embassy with a focus on customer service. However, OIG identified deficiencies in the Information System Security Officer (ISSO) duties, mailroom-screening program, and records management program, as detailed below.

Information Systems Security Officer Duties Not Performed

The ISSO did not perform information system audits or complete ISSO-mandated duties including recurring vulnerability scanning, monthly random email reviews, and monthly random user data reviews. This is inconsistent with Department guidance. According to 12 FAM 623.2a, the Department must create, protect, and retain information system audit records. According to 12 FAM 632.1-8c, the Department must also conduct monthly reviews of randomly selected user accounts to ensure users are not processing information above the authorized classification level for the network. IM management told OIG that ISSO duties were not being performed because of competing priorities. OIG has identified similar concerns previously and issued a Management

Assistance Report¹² in May 2017 that identified the need to enforce the performance of ISSO duties by overseas IM personnel in accordance with Department standards. In a subsequent Department cable,¹³ the Bureau of Information Resource Management requested embassy management work with ISSOs to ensure performance of their duties by prioritizing resources to ensure that cyber-security needs were met and documented. Without regularly scheduled reviews and documented records, the Department's networks are vulnerable to potential unauthorized access and malicious activity.

Recommendation 6: Embassy Copenhagen should perform Information System Security Officer duties in accordance with Department standards. (Action: Embassy Copenhagen)

Mail Screening Was Inadequate

The embassy did not have a functional mail screening facility container for processing incoming local mail. OIG found that the staff screened local mail in a storage room in the chancery's basement. In accordance with 14 FAH-4 H-331.2a, however, all commercial transportation company deliveries, local deliveries, and local mail must be screened in an off-site location before being brought into an embassy building. The January 2018 suspicious package incident, which caused the full evacuation of the mission, highlighted the need for mail handling precautions. An embassy-purchased mail screening facility container, delivered in April 2017, could not be installed because it was larger than the foundation, which had been constructed in 2012 for a different sized mail screening facility container. The contractor for the 2012 project declared bankruptcy before completing the installation. These concerns should be addressed, as the embassy's current process for screening mail put embassy staff at risk of being exposed to hazardous materials.

Recommendation 7: Embassy Copenhagen, in coordination with the Bureaus of Diplomatic Security and Overseas Buildings Operations, should complete the installation of the mail screening facility and implement a procedure for processing incoming local mail in accordance with Department standards. (Action: Embassy Copenhagen, in coordination with DS and OBO)

Records Management Program Did Not Comply with Department Standards

The embassy's records management program did not comply with Department standards. The embassy did not have a records e-mail policy, nor had it trained the staff on records management. Guidance in 5 FAM 414.8(1), however, requires that all Department employees preserve documentary materials meeting the definition of a record under the Federal Records Act. In addition, 5 FAM 414.5 (a)-(b) requires the principal officer at each embassy to implement and administer records policies, standards, systems, and procedures issued by the Department's Records Officer. This issue occurred because of lack of oversight by the IM Section. The lack of

¹² OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

¹³ Cable 2017 State 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.

an effective records management program can result in the loss of important data for historical insight into policy analysis, decision-making, and archival research.

Recommendation 8: Embassy Copenhagen should establish a records management program in accordance with Department guidance. (Action: Embassy Copenhagen)

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 Copenhagen. The embassy's complete responses can be found in Appendix B.

Recommendation 1: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs, and the Bureau of the Comptroller and Global Financial Services, should reprogram at least one Diplomatic and Consular Program-funded Information Management position to an International Cooperative Administrative Support Services (ICASS)-funded position. (Action: Embassy Copenhagen, in coordination with EUR and CGFS)

Management Response: In its April 16, 2018, response, Embassy Copenhagen disagreed with OIG's original recommendation to convert all Diplomatic and Consular Program-funded Information Management positions to ICASS-funded positions. The embassy noted, that in coordination with CGFS and EUR, it recommended reprogramming only one of the two Diplomatic and Consular Program-funded Information Management positions to an ICASS-funded position. The embassy made this recommendation because it found that it would not be appropriate to attribute 100 percent of all U.S. direct-hire Information Management Office staff time to ICASS because many IT functions remain under the Department's control and authority. The embassy also noted that the position conversion was scheduled to be completed in FY 2019 as part of the Department's ICASS Strategic Review.

OIG's Reply: During the inspection, OIG found that both program-funded Information Management positions spent a high percentage of their time providing ICASS services to the Department and other agencies. OIG identified a potential cost impact of having two program-funded Information Management positions that subsidized outside agencies. OIG based its finding and recommendation on 6 FAH-5 H-013.2, which states that agencies pay their share of post administrative costs based on usage. Moreover, ICASS embodies the concept that all agencies should pay the true cost of their presence overseas. However, OIG considers the recommendation resolved given the Department's position and guidance in 6 FAH-5 H-341.4-3, that irrespective of the Information Management staff's actual time allocation, the first position is program-funded and the second is always ICASS-funded. OIG revised the recommendation in the report to reflect the Department's position. The recommendation can be closed when OIG receives and accepts documentation that one of the program-funded ICASS positions was converted to ICASS.

Recommendation 2: Embassy Copenhagen should conduct an annual utilization survey of its personal property inventory. (Action: Embassy Copenhagen)

Management Response: In its April 16, 2018, response, Embassy Copenhagen concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the annual utilization survey.

Recommendation 3: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs, Bureau of Administration, and Bureau of Overseas Buildings Operations, should determine the most cost effective option of meeting its residential furniture requirements. (Embassy Copenhagen, in coordination with EUR, A, and OBO)

Management Response: In its April 16, 2018, response, Embassy Copenhagen concurred with this recommendation. The embassy noted it would implement cost saving initiatives before the end of FY 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation on the most cost effective residential furniture options.

Recommendation 4: Embassy Copenhagen, in coordination with the Bureau of Overseas Buildings Operations, should implement a preventive maintenance program that complies with Department standards. (Action: Embassy Copenhagen, in coordination with OBO)

Management Response: In its April 16, 2018, response, Embassy Copenhagen concurred with this recommendation. The embassy noted that the maintenance program would be functional by the end of 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the preventive maintenance program.

Recommendation 5: Embassy Copenhagen, in coordination with the Bureau of Overseas Buildings Operations, should implement an action plan to resolve the embassy's fire protection deficiencies and bring the program into full compliance with Department standards. (Action: Embassy Copenhagen, in coordination with OBO)

Management Response: In its April 16, 2018, response, Embassy Copenhagen concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the embassy's fire protection program that meets Department standards.

Recommendation 6: Embassy Copenhagen should perform Information System Security Officer duties in accordance with Department standards. (Action: Embassy Copenhagen)

Management Response: In its April 16, 2018, response, Embassy Copenhagen concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Information System Security Officer duties performed at the embassy in accordance with Department standards.

Recommendation 7: Embassy Copenhagen, in coordination with the Bureaus of Diplomatic Security and Overseas Buildings Operations, should complete the installation of the mail screening facility and implement a procedure for processing incoming local mail in accordance with Department standards. (Action: Embassy Copenhagen, in coordination with DS and OBO)

Management Response: In its April 16, 2018, response Embassy Copenhagen concurred with this recommendation. The embassy noted that in coordination with the Bureau of Overseas Buildings Operations it will design and install an mail screening facility. The facility is scheduled to be constructed by late summer 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the installed mail screening facility and procedures for processing incoming mail.

Recommendation 8: Embassy Copenhagen should establish a records management program in accordance with Department guidance. (Action: Embassy Copenhagen)

Management Response: In its April 16, 2018, response, Embassy Copenhagen concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the records management program.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	Carla Sands	12/2017
Deputy Chief of Mission	Laura Anne Lochman	08/2016
Chiefs of Sections:		
Political Economic	Darren William Hultman	08/2015
Environment Scientific Technology and Health	Kristian Grey Moore	08/2016
Public Affairs	Daniel John Ernst	03/2017
Regional Security	Joseph Albert Schulter	09/2016
Office of Regional Affairs	Allan Edward Papp	09/2016
Consular	Rebekah Lillian Drame	08/2015
Management	Bruce Alexander Lipscomb, III	10/2016
Other Agencies:		
Drug Enforcement Administration	Christopher Joseph Urban	07/2012
Defense Attaché Office	James Frederick Gibson	06/2015
Office of Defense Cooperation	Charles Jeffrey Cooper	08/2015
Federal Bureau of Investigations/Legal Attaché	Dick Arthur Robles	07/2015
Regional U.S. Commercial Service/Sweden	Dillon Banerjee	08/2017

Source: Embassy Copenhagen

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between January 2 and February 26, 2018, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department of State and the Broadcasting Board of Governors.

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. 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; whether U.S. interests are being 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; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

In conducting inspections, OIG uses a risk-based approach to focus its inspection resources on areas of greatest impact. Consequently, OIG identified Embassy Copenhagen as a relatively lower risk mission and therefore limited the scope of this inspection to executive direction, resource management, and information management.

Methodology

OIG reviews pertinent records, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

For this inspection, OIG conducted 54 interviews and reviewed 28 personal surveys.

APPENDIX B: MANAGEMENT RESPONSES



*Embassy of the United States of America
Copenhagen, Kingdom of Denmark*

April 16, 2018

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THRU: EUR-IO/EX -- Rob Needham, Executive Director
TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections
FROM: Embassy Copenhagen – Carla Sands, Ambassador
SUBJECT: Response to Draft OIG Report – Inspection of Embassy Copenhagen, Denmark

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

OIG Recommendation 1: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs, and the Bureau of the Comptroller and Global Financial Services, should reprogram all Diplomatic and Consular Program-funded Information Management positions to International Cooperative Administrative Support Services-funded positions to realize funds put to better use of \$162,662. (Action: Embassy Copenhagen, in coordination with EUR and CGFS)

Management response: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of the Comptroller and Global Financial Services, disagrees with this Recommendation. 6 FAH-5 H-341.4 on Information Management Technical Support Services provides the following guidance on appropriate attribution of USDH costs to ICASS.

6 FAH-5 H-341.4-3 Time Allocation

(CT:ICASS-60; 04-20-2017)

(Applies to participating ICASS agencies)

ICASS employees (USDH and LE staff, including EFMs) who directly perform or supervise the services outlined above allocate their time to this cost center.

NOTE 1: State Program IM employees are not budgeted in ICASS and they do not allocate their time to this cost center. At posts with a single IM USDH position, post may use the non-ICASS Dual feature in the ICASS software to

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share the costs of this position. If changes are required post must first consult with the regional bureau and then obtain ICASS Council concurrence.

NOTE 2: At posts with multiple USDH IM officers, the first position is State-Program, and the second one is always ICASS; this is generally the Information Systems Officer (ISO) (see 5 FAM 121.3). Where there are more than two USDH IM officers, post should determine an appropriate mix of Program and ICASS positions. If changes are required, post must first consult with the regional bureau and then obtain ICASS Council concurrence on any required changes.

Post, EUR-IO/EX and CGFS recommend reprogramming one of the two Diplomatic and Consular Program-funded Information Management Positions to an International Cooperative Administrative Support Services-funded position. It would not be appropriate to attribute 100% of all USDH IM staff time to ICASS as there are many IT functions that remain under State-Program control and authority, including support for classified systems.

It is further noted that as a matter of due process in transferring costs currently borne by State or direct-charged among agencies, the State Department has initiated an ICASS Strategic Review (see 17 STATE 81308). The Review includes conversion of the 52 IM positions identified in OIG Management Assistance Report ISP-27-23 cited in this report. That OIG recommendation is consistent with the policy in 6 FAH-5, cited above. The conversion is expected to be completed in FY-2019. Agencies have not been informed about conversion of IM positions beyond those cited in the Management Assistance report.

OIG Recommendation 2: Embassy Copenhagen should conduct an annual utilization survey of its personal property inventory. (Action: Embassy Copenhagen)

Management Response: Embassy Copenhagen concurs with this recommendation. Post's General Services Office (GSO) will conduct an annual utilization survey in 2018. In addition, GSO will examine personal property inventory for all unneeded items in the ILMS Analytics (Aging Assets) module.

OIG Recommendation 3: Embassy Copenhagen, in coordination with the Bureau of European and Eurasian Affairs, Bureau of Administration, and Bureau of Overseas

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Buildings Operations, should determine the most cost effective option of meeting its residential furniture requirements. (Embassy Copenhagen, in coordination with EUR, A, and OBO)

Management Response: Embassy Copenhagen concurs with this recommendation. Post's GSO section will explore potential cost savings opportunities afforded by renting or procuring furniture on the local market. GSO is also analyzing cost savings by having new furniture shipped from the U.S. to ELSO and stored and delivered to Copenhagen. GSO will implement cost saving initiatives before the end of fiscal year 2018 (FY18).

OIG Recommendation 4: Embassy Copenhagen, in coordination with the Bureau of Overseas Buildings Operations, should implement a preventive maintenance program that complies with Department standards. (Action: Embassy Copenhagen, in coordination with OBO)

Management Response: Embassy Copenhagen concurs with this recommendation. The Embassy's Facilities Management (FM) section will begin to develop a maintenance program/schedule in the beginning of April, which will be functional by the end of the year.

The current workload for work orders, general maintenance and repairs, and emergency repairs are keeping post's limited FM staff fully occupied at present. Management will request post ICASS Council approval to add an additional full time FM maintenance technician, who will focus on preventive maintenance issues.

OIG Recommendation 5: Embassy Copenhagen, in coordination with the Bureau of Overseas Buildings Operations, should implement an action plan to resolve the embassy's fire protection deficiencies and bring the program into full compliance with Department standards. (Action: Embassy Copenhagen, in coordination with OBO)

Management Response: Embassy Copenhagen concurs with this recommendation. Post's Facilities Management section will begin inspecting fire extinguishers monthly at the Chancery, will send monthly reminders to residences for self-inspections (per 15 FAM 842b) and will perform yearly service checks at the residences beginning in April 2018. Likewise, FM will issue occupants of Embassy residences monthly reminders to check smoke alarm batteries and to replace batteries following the manufacturer's recommendation.

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In addition, Embassy Copenhagen's Residential Security Office (RSO) will install deadbolts instead of key locks inside on back doors. In all new residences and during residential make-readies, RSO will ensure these locks are installed.

OIG Recommendation 6: Embassy Copenhagen should perform Information System Security Officer duties in accordance with Department standards. (Action: Embassy Copenhagen)

Management Response: Embassy Copenhagen concurs with this recommendation. In accordance with 12 FAM 623.2a, post has implemented Information Systems Security Officer (ISSO) audits and a checklist schedule. Non-sensitive auditing tasks will be performed by Information Service Center (ISC) staff for greater coverage.

OIG Recommendation 7: Embassy Copenhagen, in coordination with the Bureau of Diplomatic Security, should complete the installation of the mail screening facility and implement a procedure for processing incoming local mail in accordance with Department standards. (Action: Embassy Copenhagen, in coordination with DS)

Management Response: Embassy Copenhagen concurs, but notes that OBO should also be listed as a coordinating entity for this recommendation. Post is working with OBO and a local engineering firm to complete the design for installation of the mail screening facility (MSF). Construction of the MSF is scheduled for completion by late summer 2018.

OIG Recommendation 8: Embassy Copenhagen should establish a records management program in accordance with Department guidance. (Action: Embassy Copenhagen)

Management Response: Embassy Copenhagen concurs with this recommendation. Post's Information Management Officer (IMO) has met with key stakeholders, provided guidance on records management, and re-implemented post's records management program. Post has also made available training materials for records management on its SharePoint site.

The point of contact for this memorandum is Laura Lochman, Deputy Chief of Mission, Embassy Copenhagen.

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APPENDIX C: FY 2017 STAFFING AND FUNDING BY AGENCY

Agency	U.S. Direct-hire Staff	U.S. Locally Employed Staff	Foreign National Staff	Total Staff	Funding (\$)
Department of State					
Diplomatic & Consular Programs	12	0	5	17	2,345,400
Consular	3	2	8	13	921,268
ICASS	2	10	24	36	8,628,979
Public Diplomacy	2	0	6	8	800,000
Diplomatic Security	2	1	3	6	1,248,703
Marine Security	8	0	0	8	101,643,
Representation	0	0	0	0	48,900
Regional Affairs	13	0	0	13	Unavailable
Overseas Buildings Operations	0	1	0	1	2,256,793
Subtotal	42	14	46	102	16,351,686
Department of Commerce					
U.S. Commercial Service	0	0	4	4	488,302
Subtotal	0	0	4	4	488,302
Department of Defense					
Defense Attaché Office	5	0	3	8	608,955
Air Force Detachment 1 Contracting Office ¹⁴	2	1	3	6	Unavailable
Office of Defense Cooperation	4	0	2	6	Unavailable
Subtotal	11	1	8	20	608,955
Department of Justice					
Drug Enforcement Administration	4	0	0	4	Unavailable
Legal Attaché Office	6	0	0	6	Unavailable
Subtotal	10	0	0	10	Unavailable
Department of Health and Human Services					
Health and Human Services	0	0	0	0	156,150,
Subtotal	0	0	0	0	156,150
Total	63	15	58	136	\$17,605,093

Source: Generated by OIG from data provided by Embassy Copenhagen

¹⁴ Due to an international agreement established more than a half century ago, the U.S. Air Force 21st Mission Support Group has a contracting office in Copenhagen, the mission of which is to acquire all needed supplies, services, and subsistence from Danish and Greenlandic sources, and construction from Danish, Greenlandic or U.S. sources, when feasible.

ABBREVIATIONS

DCM	Deputy Chief of Mission	2
FAH	Foreign Affairs Handbook	4
FAM	Foreign Affairs Manual	2
FAST	First- and Second-Tour	4
ICASS	International Cooperative Administrative Support Services	5
ICS	Integrated Country Strategy	1
IM	Information Management	5
ISSO	Information System Security Officer	8
LE	Locally Employed	1

OIG INSPECTION TEAM MEMBERS

Tom Armbruster, Team Leader
Timothy Wildy, Deputy Team Leader
Eric Chavera
Joseph Talsma

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