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Inspection of Embassy San Jose, Costa Rica

BUREAU OF WESTERN HEMISPHERE AFFAIRS



OIG HIGHLIGHTS

ISP-I-18-13

April 2018

OFFICE OF INSPECTIONS

Bureau of Western Hemisphere Affairs

Inspection of Embassy San Jose, Costa Rica

What OIG Found

What OIG Inspected

OIG inspected Embassy San Jose's executive direction, program and policy implementation, resource management, and management controls.

What OIG Recommended

This report includes 28 recommendations. OIG made 26 recommendations to improve embassy operations in the Public Affairs, Consular, and Management Sections. OIG also made 2 recommendations to the embassy to mitigate risks in implementing Bureau of International Narcotics and Law Enforcement Affairs' aviation and maritime security programs and to ensure effective use of program property.

In its comments on the draft report, the embassy concurred with all 28 recommendations. OIG considers the recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written responses are reprinted in their entirety in Appendix B.

- Embassy San Jose improved U.S.-Costa Rican cooperation on transnational security issues.
- The Consular Section did not meet Department of State standards for crisis preparedness.
- The embassy did not have staff with the skills required to manage large and complex aviation and maritime security projects.
- The Bureau of International Narcotics and Law Enforcement Affairs did not have a plan to deal with more than \$500,000 in video surveillance equipment it had purchased in 2015 but could not install because the intended facility lacked the necessary electrical infrastructure and cabling.
- The embassy's fuel program did not have the required controls in place to guard against theft and abuse.
- Spotlight on Success: The embassy's use of an online grants management tool facilitated grants management and oversight.
- Spotlight on Success: By engaging outside experts and funding teacher training sessions, the embassy helped Costa Rica modernize its English language education programs.
- Spotlight on Success: Internal embassy coordination and engagement with external entities influenced the Costa Rican government's decision to initiate legislation to create a national lifeguard corps, a significant step in reducing the high rate of drownings along Costa Rica's coasts.

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CONTEXT

The Republic of Costa Rica, a Central American country slightly smaller than West Virginia, borders the Caribbean Sea, the Pacific Ocean, Nicaragua, and Panama. Since the late 19th century, only two brief periods of violence have marred the country's democratic development. Costa Rica dissolved its armed forces in 1949. More than one million U.S. citizens visit Costa Rica each year, and more than 100,000 U.S. citizens live in the country.

Costa Rica's population of nearly 5 million enjoys a relatively high standard of living, a commitment to environmental conservation, and a well-developed social benefits system that sets it apart from its Central American neighbors. Through the government's sustained social spending—almost 20 percent of Gross Domestic Product annually—Costa Rica has made tremendous progress toward achieving its goal of providing universal access to education, healthcare, clean water, sanitation, and electricity. Since 2010, Costa Rica has enjoyed strong and stable economic growth; per capita income was estimated at \$16,100 in 2016. Nevertheless, the economy also faces challenges due to a rising fiscal deficit and relatively low levels of domestic revenue.

U.S. diplomatic engagement and foreign assistance in Costa Rica are guided by the U.S. Strategy for Engagement in Central America,¹ which aims to enhance security, promote good governance, and advance prosperity and regional economic integration. As highlighted in the 2016 Integrated Country Strategy (ICS), Embassy San Jose's top priorities are supporting Costa Rica's efforts to strengthen its economy and improve security, expanding the embassy's public outreach to build support for needed policy changes, and encouraging Costa Rica to take on a greater regional and global leadership role. U.S. foreign assistance to Costa Rica grew from \$7.2 million in FY 2012 to \$23.4 million in FY 2016 in order to assist Costa Rica in confronting rising drug-related violence, illegal migration, and organized crime.

At the time of the inspection, the embassy had an authorized staff of 91 U.S. direct-hire employees, 189 locally employed (LE) staff, and 24 U.S. eligible family member positions, 18 of which were vacant. Non-Department of State (Department) agencies at the mission include the Office of Foreign Disaster Assistance of the U.S. Agency for International Development, the Department of Defense, the Drug Enforcement Administration, the Foreign Agricultural Service, the U.S. Commercial Service, the Animal and Plant Health Inspection Service, the Food and Drug Administration, the Social Security Administration, and Peace Corps. The chancery was constructed on a 2-acre compound in 1988. The offices for the Animal and Plant Inspection Service, the Peace Corps, and the Office of Foreign Disaster Assistance are located off-compound, as is the embassy's warehouse.

¹ The U.S. Strategy for Engagement in Central America is a multi-year U.S. Government plan promoting institutional reforms and addressing developmental challenges. It aims to protect American citizens by addressing the security, governance, and economic drivers of illegal immigration and illicit trafficking, while increasing opportunities for U.S. and other businesses.

OIG evaluated the embassy's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act.² The companion classified inspection report discusses the mission's security program and issues affecting the safety of mission personnel and facilities and the information management program.

EXECUTIVE DIRECTION

OIG assessed Embassy San Jose's leadership on the basis of 58 interviews that included comments on Front Office performance; 31 employee questionnaires; and OIG's review of documents and observations of embassy meetings and activities during the course of the on-site portion of the inspection.

Tone at the Top and Standards of Conduct

The non-career Ambassador arrived 1 week prior to the start of the on-site portion of this inspection and presented her credentials to the host government on October 4, 2017. The Deputy Chief of Mission (DCM), who served as the Chargé d'Affaires, ad interim, during a 3-month transition between ambassadors, arrived in June 2015. A career member of the Senior Foreign Service, the DCM had been director of the Department's Office of Mexican Affairs prior to her posting in Costa Rica.

Because the Ambassador was new to her position, OIG focused its leadership assessment on the DCM. Embassy staff consistently told OIG that the DCM modeled integrity and was committed to mentoring and staff development consistent with leadership principles in 3 Foreign Affairs Manual (FAM) 1214. She reached out to employees experiencing difficulties and arranged for mandatory training of embassy staff in recognizing and preventing sexual harassment in the workplace. The LE Staff Committee told OIG that they appreciated her efforts to address their concerns. However, embassy staff also told OIG that the DCM criticized employees in the presence of others and made comments that employees found insensitive. Employees told OIG that they believed she was unaware that what she said damaged morale and discouraged open dialogue and trust. The DCM acknowledged this criticism and told OIG that she would work to improve her communication and self-awareness, to conform to 3 FAM 1214.

OIG reviewed all vouchers for representational events submitted by the DCM during FY 2017 and found no irregularities. The embassy received and recorded gifts in accordance with the Department's guidance in 2 FAM 960 and Department cable 2016 State 97388.³ The Ambassador and the DCM made payments to their official residence staffs in a manner consistent with Department guidance.

² See Appendix A.

³ Cable 16 State 97388, "Reporting Requirements for Official Donations and Gifts to the Department of State," September 1, 2016.

Execution of Foreign Policy Goals and Objectives

Department officials credited the embassy for its successful work in improving U.S.-Costa Rican cooperation on transnational security issues. The embassy played a key role in securing host-government approval for a migrant processing facility in response to a surge in migration by Cubans, Haitians, and others. In May 2017, Costa Rica's President, in his State of the Union address, described cooperation with the United States "as the best in the last 30 years" in the fights against organized crime, narcotics trafficking, and trafficking in persons.

At the time of the inspection, the DCM had organized a schedule of events and meetings that would introduce the newly arrived Ambassador to a range of host-country contacts; this fulfilled requirements that chiefs of mission maintain close relations with officials of the host government and establish relations with leaders outside the power structure, found in 2 FAM 113.1(c)(7) and 113.1(c)(11), respectively. The Ambassador told OIG that she intended to draw on all sections of the embassy in a comprehensive review of the 2015-2017 ICS in accordance with 18 FAM 301.2-1(a) requirements to ensure strategic integration and to optimally manage foreign assistance resources. As the non-career Ambassador was new to her position, OIG advised her that it was critical that embassy staff fully understood her goals for the mission and their roles in achieving them. OIG also advised the Ambassador that embassy reporting on developments in Costa Rica of interest to the United States had to be objective and comprehensive.

The DCM had primary responsibility for oversight and direction of internal mission operations, but she also advanced U.S. foreign policy goals by traveling throughout the country to visit U.S.-funded projects and to speak at events. Since her arrival, she held nearly 50 meetings with host-government officials, met with national assembly and opposition figures, and participated in some 30 media-related events. She also met with U.S. business representatives, members of the diplomatic community, and private host-country citizens. Within the embassy, she directed a review of progress in achieving ICS objectives, guided development of resource requests and operational plans, and coordinated foreign assistance programs.

Adherence to Internal Controls

In her role 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. It reported that the embassy's internal controls processes had uncovered fraud in the collection of consular fees by a subcontractor and in the management of a conservation trust that received U.S. funding. The embassy recovered funds in both cases. The Consular Section also found that some non-immigrant visas had been issued as a result of a procedural error. At the time of the inspection, the section was taking steps to correct the problem.

However, the embassy's reviews did not identify numerous internal control deficiencies that OIG found during the inspection. The deficiencies in general services and financial management operations, cybersecurity, information technology contingency planning, security, and emergency preparedness are discussed later in this report and in the companion classified

report. Embassy staff generally attributed these deficiencies to the Department's hiring freeze and the large number of vacant eligible family member positions. OIG's review determined that the staffing shortage contributed to issues found in information systems security. However, the deficiencies the inspection uncovered, without exception, predated the hiring freeze.

As discussed in the Foreign Assistance section of this report, foreign assistance funding to programs in Costa Rica nearly quadrupled from FY 2012 to FY 2016. This assistance included the scheduled delivery of two 110-foot patrol boats and several helicopters to build Costa Rica's capacity to interrupt the flow of illicit narcotics and control its borders. The Ambassador told OIG that she understood the increased risk inherent in a larger and more complex foreign assistance program and that she would work with implementers and Department officials to ensure oversight of these resources.

The DCM carried out regular reviews of the Consul General's nonimmigrant visa adjudications, as required by 9 FAM 403.9-2(d) and 9 FAM 403.10-3(d). Specifically, OIG determined that she reviewed 100 percent of required adjudications between January 1 and October 31, 2017.

Security of the Mission

Embassy staff told OIG that the DCM supported the embassy's security program. She held weekly meetings and met with the Regional Security Officer as issues warranted, in addition to chairing required security-related meetings. She also chaired nine Emergency Action Committee meetings in the 17 months leading up to the inspection to address embassy preparation for events and natural disasters, such as Hurricane Otto in 2016. She met with the Minister of Public Security more than 10 times as well as with other senior host-government officials to discuss security matters related to the embassy and to U.S. citizens visiting or living in the country. She initiated a series of bilateral working group meetings with host-government law enforcement officials to discuss cases involving U.S. citizens and to press for increased police coverage in tourist areas.

The Consular Section conducted more than 15 outreach activities to U.S. citizens and 8 U.S.-citizen town hall meetings between January 2016 and the time of the inspection in fall 2017. Topics included crime, earthquakes, volcanic eruptions, and Zika virus and malaria outbreaks. The Ambassador met with consular wardens during the inspection as a first step in fulfilling the requirements in 2 FAM 113.1c(14) to advise, protect, and assist U.S. citizens.

Costa Rica is located in an active seismic zone with earthquakes and active volcanos, and also experiences hurricanes and tropical storms. Accordingly, emergency preparedness is a key element of embassy operations. A November 2015 crisis management exercise led by the Department's Foreign Service Institute revealed a number of weaknesses in those preparations. The DCM directed an effort to correct the infrastructure and training deficiencies that had been identified, and the embassy conducted a table-top earthquake preparedness exercise in September 2017. However, several employees told OIG that they were unsure of their roles in an emergency and felt unprepared to deal with one. The embassy planned to conduct a 2-day crisis management exercise in December 2017. OIG advised the embassy to review best practices employed by other missions at high risk of earthquakes, such as embassy-wide crisis

management exercises that include adult family members and the schools attended by dependent children. Emergency preparedness is discussed further in the companion classified inspection report.

The embassy conducted monthly radio checks of the emergency and evacuation radio network in accordance with 5 FAH-2 H-732.7, but participation results between May and October 2017 were as low as seven percent. The Ambassador told OIG she intended to mandate and closely monitor participation in tests of the embassy's radio network.

Developing Future Foreign Service Professionals

The DCM oversaw the embassy's First- and Second-Tour employee development program for 11 Department officers and specialists, as directed by 3 FAM 2242.4. Employees commented favorably on the DCM's support and mentoring. She held lunches with the group and advised them individually regarding their performance and careers. These employees also participated in receptions and other official events, served as control officers for official travelers, drafted remarks, and volunteered for speaking opportunities.

POLICY AND PROGRAM IMPLEMENTATION

Political/Economic Section and Regional Environmental Office

OIG reviewed leadership and management, policy implementation, reporting and advocacy, commercial promotion, Leahy vetting, end-use monitoring, and foreign assistance administration in the Political/Economic Section and the Regional Environmental Office. All operations generally complied with Department standards.

Embassy Worked Effectively to Fulfill Integrated Country Strategy Goals

OIG's review of key activities that supported the embassy's political, economic, and environmental ICS objectives found that the two sections effectively worked on areas such as pursuing economic reforms, promoting conservation, and supporting regional human rights efforts, in accordance with Department guidance. For example, the embassy hosted a fiscal reform speaker program, worked with Costa Rican authorities to enhance maritime interdiction capabilities, supported a highlands reforestation program, and engaged with the Ministry of Foreign Affairs on Venezuela human rights concerns. Staff told OIG that the embassy made useful efforts to gauge ICS goals and activities in 2016 and 2017. Washington consumers in the Department and other agencies consistently described the relevance of mission reporting, which included such topics as migration, debt, corruption, and domestic politics. OIG found mission reporting relevant to ICS goals.

Regional Environmental Office Lacked Task Tracking System

The Regional Environmental Office lacked a task tracking system to respond effectively to requests for information and assistance from the Department and other agencies. OIG advised

the section to use such a system and, in addition, to preserve its emailed newsletter as a record email to facilitate research and retrieval of past editions.

Leahy Vetting Conducted in Accordance with Department Guidance

Embassy San Jose's Leahy vetting⁴ unit within the Political/Economic Section in 2016 vetted 1,787 individuals and security units for potential gross human rights violations in accordance with applicable laws and Department requirements. From January through September 2, 2017, the unit vetted an additional 1,970 individuals and security units. By comparison, in 2014, the embassy processed 729 individuals and units. Given the increasing number of cases, OIG advised the embassy to consider including employees from other sections in the Leahy vetting software program, a sharing of duties that the Bureau of Democracy, Human Rights and Labor regards as a best practice. During the inspection, the Bureau of Democracy, Human Rights and Labor and the Bureau of Western Hemisphere Affairs cleared the embassy's updated Leahy standard operating procedures, which the DCM then approved.

Foreign Assistance

International Narcotics and Law Enforcement Affairs

Between FY 2012 and FY 2016, the Bureau of International Narcotics and Law Enforcement Affairs' (INL) annual budget for Costa Rica nearly quadrupled, increasing from \$5.5 million to \$20 million. This increase funded several large, multi-year, technically complex projects to improve Costa Rica's ability to seize narcotics transiting through its territory. OIG inspected the INL Section's leadership and management, policy implementation, reporting and advocacy, Leahy vetting, end-use monitoring, and foreign assistance administration and found they generally complied Department standards, with the exception of several significant issues discussed below.

Staffing Limitations Created Risks for Counter-Narcotics Projects

INL's multi-year projects to improve Costa Rica's ability to seize narcotics transiting through its territory included a \$50 million project to provide two refurbished U.S. Coast Guard cutters and related maritime support infrastructure and an \$11.9 million project to supply three Huey II helicopters. Although the equipment will be transferred to the Costa Rican Government, INL is responsible for advising and providing training to the host government. INL Section staff told OIG that these projects would require significant expansions of the host-government organizations that operate the ships and aircraft. In addition, the projects are considerably more complex than those the section previously managed. Staff told OIG they lacked technical expertise on aviation and that the section did not have a dedicated maritime advisor to effectively manage the projects.

⁴ The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department of State 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 USC 2378d.

The embassy had planned to hire personal services contractors to serve as maritime and aviation advisors but was unable to do so due to the Department's hiring freeze.⁵ According to 2 FAM 031a, the Department's risk management policy requires employees to mitigate any substantial risks to their objectives. At the time of the inspection, the INL bureau was seeking waivers to fill these positions, but it was unclear if the requests would be approved because they required approval by the Secretary and he was carefully reviewing each one to ensure they met his criteria for being a critical need. Without staff who have the skills required to manage its projects, the embassy faces an increased risk of mismanagement or unsustainability by the host government in these projects.

Recommendation 1: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should implement a plan to mitigate risks to bureau funded projects in the event it is unable to secure approval to hire maritime and aviation advisors. (Action: Embassy San Jose, in coordination with INL)

Costa Rica Unable to Use Costly Video Surveillance Equipment

INL in 2015 purchased \$540,077 in video surveillance equipment that had yet to be installed because the intended facility—a Costa Rican prison—lacked the necessary electrical infrastructure and cabling. The equipment was to be used to monitor host government prison conditions due to past allegations of prisoner mistreatment.⁶ As a result, the section stored more than 160 pieces of equipment in the embassy warehouse for more than 2 years, and the warranty on the equipment expired during this period. At the time of the inspection, the INL Section was considering spending between \$500,000 and \$1.2 million on facility upgrades required to install the equipment or, alternatively, using the equipment at a different Costa Rican prison.

According to 14 FAM 221.2a, acquisitions must be preceded by adequate planning and appropriate budget and fiscal management. In addition, the INL Bureau 2014 Financial Management Handbook details the process by which proceeds from the sale of excess program property⁷ can be recaptured and obligated for the acquisition of like items. Employees told OIG that the decision-making process did not take into account the facility improvements required to operate the equipment. Without a plan for using the equipment or proceeds from selling it,

⁵ A government-wide hiring freeze was first announced by the Office of Management in Budget on January 23, 2017. While most positions were frozen and could not be filled if vacant, the Secretary approved specific exemptions to the hiring freeze to ensure the Department was able to meet critical needs. During the inspection, the Secretary announced that beginning in January 2018, he would give greater authority to the bureaus to strategically manage the exemption process and fill vacant positions through lateral reassignments and internal promotions. In addition, he stated he would authorize each of the regional bureaus to fill 1,500 priority eligible family member positions abroad in FY 2018, to meet the Department's security, health, and safety requirements.

⁶ While INL purchased the equipment in 2015, before the embassy issued its 2016 ICS, it was consistent with the ICS sub-objective of using U.S. assistance to enhance the capacity and effectiveness of Costa Rican entities responsible for security and rule of law.

⁷ Program property is defined in 14 FAM 411.4 as specialized property associated with a unique program where the overall management and technical expertise are controlled by a single bureau. INL property purchased with foreign assistance funds is considered program property.

INL is unable to maximize the effect of its foreign assistance funds for Costa Rica. Moreover, continued delays risk further depreciation in the value of INL purchased equipment.

Recommendation 2: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should implement a plan to use or dispose of video surveillance equipment purchased with bureau funds. (Action: Embassy San Jose, in coordination with INL)

Lack of Annual Program Property Inventory Created Vulnerabilities

Although the INL Section completed required end-use monitoring checks on program property provided to Costa Rica, it did not conduct an annual inventory of program property stored in the embassy warehouse. At the time of the inspection, the warehouse contained approximately \$697,000 in INL program property awaiting transfer to the host government. In addition to the video surveillance equipment, the warehouse also contained computer equipment INL intended to eventually transfer to the Costa Rican Government. OIG conducted an inventory of warehoused items with a value exceeding \$15,000 per item (totaling approximately \$343,000) and found no irregularities. Because program property intended for the host government is not subject to the Department's annual inventory requirement described in 14 FAM 416.2, OIG did not make a recommendation. However, OIG advised the INL Section to perform an annual inventory of its warehoused items to strengthen internal controls.

Political/Economic Section

Section Effectively Managed Grants and Grants Files

OIG found that the Political/Economic Section effectively managed grants issued in support of the Central American Regional Security Initiative. In addition, grants files contained evidence of extensive monitoring of grantee performance. The Political/Economic Section's innovative use of a program management tool facilitated these grants management practices.

Spotlight on Success: Grants Management Bolstered by Online Tool and Department Support

The Political/Economic Section's use of an online tool contributed to its effectiveness in managing the solicitation, award, monitoring, and closeout of more than \$1.5 million in annual foreign assistance grants funded through the Central American Regional Security Initiative. The Grants Officer Representative used the online program management tool to create checklists and timelines to facilitate grants management, including issuance, approval of payment requests, receipt of required grantee reporting, and completion of evaluation reports. In addition, the Bureau of Western Hemisphere Affairs made Washington-based staff available to train and advise embassy personnel on grants management. OIG found that the embassy managed its grants portfolio well, which helped to effectively advance the bilateral relationship.

Public Diplomacy

OIG reviewed the full range of the Public Affairs Section's (PAS) operations, including media outreach, exchanges, English language programs, social media platforms, and American Spaces.⁸ In collaboration with other embassy sections and agencies, PAS used these tools to promote a better public understanding of U.S. policy and the bilateral relationship. The section's efforts ensured broad participation in exchange programs by extending participation to the external contacts of all embassy sections. This approach built relationships with Costa Rican policy and opinion leaders in support of ICS goals in foreign policy, law enforcement, entrepreneurship, environmental sustainability, and migration. OIG found that the section's operations generally complied with Department requirements, with the exceptions noted below.

High Demand for Educational Advising Created Opportunities But Also Posed Challenges

PAS, the Regional Educational Advising Coordinator based in Mexico City, and the EducationUSA⁹ advisor based in San Jose all reported increasing demand for advising services, as Costa Rican interest in study in the United States grew. PAS, in coordination with the Consular Section and the U.S. Commercial Service, supported activities such as educational advising at American Spaces, information sessions at high schools, and college fairs promoting U.S. higher education institutions. Increasing demand and the number of embassy and external stakeholders, however, magnified the need for coordination. To improve management and oversight of EducationUSA activities, the Public Affairs Officer in 2016 assigned educational advising liaison duties to a PAS cultural assistant, reinforced to stakeholders the need to include the PAS in all communications, and requested that the Regional Educational Advising Coordinator perform closer oversight. In interviews, stakeholders agreed that these measures improved coordination. OIG advised PAS staff to ensure continued compliance with the Department's EducationUSA standards.

Grants Management Reflected Recent Reforms but Lacked Competitive Processes

PAS implemented reforms to its grants award process but did not publicly announce open competitions for grant opportunities. From FY 2015 through FY 2017, PAS issued 141 new awards totaling \$1.76 million, supported by embassy and Washington funds. OIG reviewed 27 grant files, including all 17 awards of \$25,000 or more (totaling \$1.08 million). These grants included a mix of award types, recipient institutions, and program activities. The section used sole-source solicitations, with documented justifications, for all grants reviewed, a standard practice confirmed by the Public Affairs Officer. PAS staff told OIG they relied on sole-source grants because of the limited pool of local organizations capable of reliable grants management.

⁸ American Spaces are open-access facilities used to engage foreign audiences overseas. Embassy San Jose supports spaces in San Jose, Limon, and Liberia, with daily advising services located in San Jose. All spaces have reference materials on U.S. schools and admissions processes, and all host occasional group information sessions.

⁹ EducationUSA is a worldwide network of advising facilities and services funded by the Bureau of Educational and Cultural Affairs through a cooperative agreement with the Institute of International Education.

Guidance, however, expresses an expectation that sole source solicitations will be the exception rather than the rule. Competition requirements in the Department's 2017 Federal Assistance Directive and the 2015-2016 Federal Assistance Policy Directives are based on federal regulatory requirements, found at 22 C.F.R. § 1475h(a) requirements that "the Department of State shall work to achieve full and open competition in the award of grants for carrying out its overseas public diplomacy functions." The directives describe permitted exceptions, but even in these situations, the Department recommends that issuing offices consider holding an open competition. Reliance on sole-source grants limits the pool of prospective applicants and ideas for exchanges, and increases the burden on program officers to develop the full details of prospective projects.

Recommendation 3: Embassy San Jose should award public diplomacy grants through open competition, in accordance with Department standards. (Action: Embassy San Jose)

OIG's file review confirmed that PAS implemented reforms outlined in the 2017 Federal Assistance Directive as well as recommendations from the 2015 Grant Evaluation Assistance and Training review conducted by the Bureau of Administration's Office of the Procurement Executive. PAS wrote embassy-wide operating procedures, which standardized internal review of applications and instituted a combined risk assessment and monitoring plan form. PAS also complied with Department guidance to administer only those grants that have an intrinsic public diplomacy function. The embassy increased the number of trained Grants Officer Representatives in PAS and other sections, which improved the embassy's capacity to monitor the performance of grantees and evaluate program results.

Spotlight on Success: Public Affairs Section Helped Costa Rica Modernize its English Language Education Programs

The Costa Rican Ministry of Public Education, acting on a publicly announced presidential priority, in 2014 launched a thorough reform of the country's pre-university English language education. The embassy seized the opportunity to assist the reform effort, and in 2015 the Ministry and embassy finalized a three-year strategic plan to guide cooperation. Public diplomacy and Peace Corps resources supported projects to shape the curriculum before, during, and after its February 2017 introduction in Costa Rican schools. PAS supported visits by Fulbright specialists in curriculum design, funded in-country teacher training sessions led by U.S. experts, secured Costa Rican participation in Department exchanges, and promoted the Department's American English teaching materials for classroom use. The section's contributions to the program's development, implementation, and ongoing evaluation advanced at least two of the embassy's ICS objectives (to promote inclusive economic development and to focus programming on education, workforce development, and entrepreneurship).

Consular Affairs

Embassy San Jose's Consular Section provided services to a community of U.S. citizen residents and visitors that the embassy estimated as high as 140,000. Passport and Report of Birth adjudications totaled more than 5,500 in FY 2016. The section also adjudicated approximately

86,000 non-immigrant visas in FY 2016, and immigrant visa adjudications totaled more than 700 in FY 2016.

OIG reviewed consular operations, including American citizen services, fraud prevention programs, non-immigrant and immigrant visa services, training, crisis preparedness, and communications and outreach. OIG found that the Consular Section was in a transition period, with 6 out of 10 new entry-level staff and managers having arrived within the four months prior to the inspection; the new section chief had yet to arrive. Nevertheless, section managers took steps to implement a training plan and assigned an officer to assist with tracking and developing training for the entire staff, in accordance with 7 Foreign Affairs Handbook (FAH) -1 H-645.2. OIG found that the embassy's consular operations and programs generally complied with guidance in 7 FAM, 9 FAM, 7 FAH, applicable statutes, and other Department policies. However, OIG identified the deficiencies noted below.

Consular Crisis Preparedness Did Not Comply With Department Standards

The Consular Section did not meet Department standards for crisis preparedness, as described in 7 FAM 1810 and 7 FAM 1840. Staff did not know the contents of the section's disaster assistance kits, which include the supplies, equipment, and information a consular officer might need to function off-site in an emergency.¹⁰ Officers did not know how to use or where to find satellite phones associated with emergency communications. Few officers or LE staff members were trained in using all of the consular computer-based applications in case an earthquake, flooding, or volcanic activity prevented employees from reaching the embassy. Staff turnover was a contributing factor. Failure to comply with Department standards could put American citizens at risk during a crisis.

Recommendation 4: Embassy San Jose should comply with Department standards for crisis preparedness. (Action: Embassy San Jose)

Consular Managers Lacked Line of Sight of Interview Windows

Consular managers could not visually monitor the work of the consular adjudicators on two sides of the Consular Section, a key internal control. Guidance in 7 FAH-1 H-281e states that "the essential element of 'line of sight' is the ability of cleared American supervisors to physically observe work areas." The section included three interview windows located around a corner from the consular supervisors' office. Two other interview windows occasionally used by consular officers offered no line of sight to consular supervisors. This issue should be addressed, as the inability of consular supervisors to easily view adjudicators from their offices increases the risk of, for example, malfeasance.

¹⁰ The FAM provides general checklists to assist posts in designing disaster assistance kits but advises that kits should be tailored to a particular post and working environment. 7 FAM 1814.3-3.

Recommendation 5: Embassy San Jose should reconfigure its Consular Section space so managers can visually observe activities in all adjudicating areas in accordance with Department standards. (Action: Embassy San Jose)

Consular Officers' Cubicles Were Not Interspersed Among Locally Employed Staff

The cubicles for consular officers were located on one side of the section, rather than being interspersed among those used by the LE staff. According to 7-FAH-1 H-281(e), work stations and offices for adjudicating officers should be located throughout the section to provide the greatest possible range of overlapping lines of sight. While consular managers were aware of the requirement, they had not taken action to comply. Insufficient line of sight can increase the chance of malfeasance.

Recommendation 6: Embassy San Jose should intersperse cubicles for consular officers among those for locally employed staff throughout the Consular Section. (Action: Embassy San Jose)

Embassy Lacked Wheelchair-Accessible Interview Window

The embassy's consular waiting room lacked a wheelchair-accessible interview window as required by 7 FAH-1 H-282(23). This prevented equal access to this Federal facility and made it more difficult for both the applicant and the consular officer during an interview.

Recommendation 7: Embassy San Jose, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants (Action: Embassy San Jose, in coordination with OBO and CA)

Embassy Lacked Shelter for Consular Clients

The embassy had no shelter for consular clients who waited outside for scheduled appointments. The small size of the consular waiting room, coupled with the arrival of consular clients hours before their appointments, made it impossible to accommodate all visitors inside the waiting room. The area in front of the embassy, where the applicants stood in line, did not provide any protection, leaving applicants exposed to extreme weather conditions. This is inconsistent with guidance in 7 FAH-1 H-281(a), which states that a consular section needs to provide secure, adequate, efficient, comfortable, and attractive accommodation for both visitors and staff.

Recommendation 8: Embassy San Jose, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Diplomatic Security, should provide accommodations for visa applicants in accordance with Department standards. (Action: Embassy San Jose, in coordination with OBO and DS)

Spotlight on Success: Consular Effort Promoted Lifeguards and Beach Safety

Costa Rica ranks second only to Mexico in the number of U.S. citizen who drown each year while overseas. According to figures provided by Costa Rican judicial police, rip currents on the country's beaches kill 50 foreign tourists every year, up to 14 of whom are U.S. citizens. To address this danger and improve local lifeguarding standards, the embassy organized a visit to Costa Rica by members of the International Lifesaving Federation. American citizen services staff, in collaboration with the Public Affairs Section, local authorities, private groups, and the International Lifeguarding Federation, conducted a campaign to raise awareness about drownings on both the Atlantic and Pacific coasts and led a training exercise. Host government authorities and leaders reviewed lifesaving standards and training curricula, and participated in training exercises with the Costa Rican Red Cross volunteer lifeguarding corps. The embassy's efforts to raise awareness convinced local legislators to begin the process of creating a national lifeguard corps.

RESOURCE MANAGEMENT

OIG's review of the General Services, Human Resources, Financial Management, and Facility Management operations found numerous examples of insufficient management oversight and internal control deficiencies, as detailed below. In addition, OIG found that the embassy either lacked or needed to update many of its management policies and procedures and disseminate them to mission staff. These policies included procedures covering bulk fuel operations, cashiering, time and attendance, and travel advances. The embassy acknowledged these deficiencies and started developing and updating its policies and procedures during the inspection.

General Services Operations

Embassy Lacked an Annual Acquisition Plan

Embassy San Jose did not have an annual acquisition plan for procuring goods and services, and management officials did not seek input from embassy sections to forecast contracting requirements for the upcoming fiscal year. Federal Acquisition Regulation 7.102 (a), however, requires acquisition planning be performed for all purchases. Without an annual acquisition plan, the embassy cannot determine optimal contracting methods, increase competition, or achieve potential cost savings.

Recommendation 9: Embassy San Jose should implement an annual acquisition plan.
(Action: Embassy San Jose)

Late Implementation of E-filing for Simplified Acquisitions Created Backlog of Entries

The embassy did not meet the March 31, 2015, deadline for implementing the Department's electronic filing (e-filing) system for simplified acquisitions. Department cable 2014 State 111542¹¹ required that all simplified acquisitions be documented using e-filing in the Integrated

¹¹ Cable 2014 State 111542, "A/OPE and A/LM/PMP Electronic Filing (efiling) Deployment," September 16, 2014

Logistics Management System, thereby eliminating the need to maintain paper files. The Procurement Section continued to use paper files and did not implement the e-filing system until after an April 2017 visit from the Department's Office of the Procurement Executive. At the time of the inspection, the section had a backlog of 346 transactions that had yet to be entered into system, which they were working to clear. OIG advised the General Services Officer to conduct e-filing training and request assistance from the Bureau of Administration to ensure all simplified acquisitions are documented in the e-filing system. Failure to clear the backlog creates inaccuracies in Department records and increases the risk of internal controls deficiencies in procurement operations.

General Services Support for Narcotics and Law Enforcement Section Was Undefined

The General Services Office (GSO) and the INL Section did not establish an agreement outlining the level of support GSO staff would provide, particularly in procurement. As a result, the INL Section often made unplanned, complicated procurement requests that increased the GSO workload when it was already challenged to meet deadlines for its other embassy clients. This reliance on GSO is inconsistent with INL's own acquisition guidelines, which state that GSO should be the "least preferred method" for arranging acquisitions because of the complicated nature of INL procurements.¹² INL's guidelines also acknowledge that over-reliance on GSO places undue strain on embassy internal controls, which OIG found occurred at Embassy San Jose. For these reasons, bureau policy states that INL should limit use of GSO to only those items or services that must be procured locally. INL Section staff told OIG that their increased reliance on GSO was due, in part, to staff vacancies in the INL Bureau's contracting support office. Regardless of the explanation, failure to define the level of support that GSO is expected to provide to the INL Section increases the risk of internal control deficiencies within GSO.

Recommendation 10: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should establish a memorandum of understanding defining General Services Office support to the International Narcotics and Law Enforcement Section. (Action: Embassy San Jose, in coordination with INL)

Contracting Officer's Representatives Did Not Administer Contracts in Accordance With Standards

The embassy did not administer contracts in accordance with Department standards. OIG reviewed the Contracting Officer's Representative (COR) files for the four embassy contracts above \$100,000 (total value \$760,079), and found that the responsible CORs did not perform their duties or maintain files in accordance with Department standards. For example, OIG found that the CORs did not review or approve contractors' invoices or evaluate and document contractors' performance in the Contractor Performance Assessment Reporting System. According to 14 FAM 222(c)(1)(2), however, the COR is the primary individual

¹² INL Acquisition and Assistance Policies and Procedures, April 2010, Part II Acquisition and Assistance Authorities, Subsection B.

assigned to monitor the contract and evaluate the contractor's performance. Further, guidance in 14 FAH-2 H-142 outlines COR responsibilities, which include monitoring the contractor's technical progress and the resource expenditures made against the contract. Inadequate oversight of contracts can result in excessive costs, misuse of U.S. Government resources, and substandard contractor performance.

Recommendation 11: Embassy San Jose should require all Contracting Officer's Representatives to administer their contracts in accordance with Department standards. (Action: Embassy San Jose)

Embassy Did Not Adhere to the Motor Vehicle Safety Management Policy

Embassy San Jose did not adhere to the Department's motor vehicle safety standards. Of the embassy's 96 professional drivers and incidental (self-drive) operators, 53 had outdated safety training, and 17 lacked medical clearances. This occurred because the motor vehicle accountable officer did not ensure that only properly trained and medically cleared drivers operated official vehicles. As stated in 14 FAM 432.4(c)(1)(2), however, embassies that employ professional drivers or authorize incidental operators to self-drive official vehicles must implement the Department's Motor Vehicle Safety Management Program for Overseas Posts.¹³ Inadequate oversight of motor pool operations can lead to motor vehicle accidents and increase the embassy's risk of liability.

Recommendation 12: Embassy San Jose should implement a corrective action plan to bring all professional drivers and incidental operators under Chief of Mission authority into compliance with the Department's Motor Vehicle Safety Management Program for Overseas Posts. (Action: Embassy San Jose)

Embassy Lacked Centralized Official Vehicle Key Control System

The embassy did not have a centralized control system for issuing keys for official vehicles. The motor pool instead kept vehicle keys in two locations and sometimes in vehicles for the convenience of drivers. This is inconsistent with 14 FAM 436.3(c), which states that the motor vehicle accountable officer must establish effective management control procedures to ensure vehicles are used only by qualified drivers or other authorized operators. The lack of an effective key control system increases the risk of theft or unauthorized use of official vehicles and exposes the embassy to potential liability in the event of an accident or other incident.

Recommendation 13: Embassy San Jose should implement a system to store, issue, and return keys for official vehicles in accordance with Department standards. (Action: Embassy San Jose)

¹³ The Department's Motor Vehicle Safety Program for Overseas Posts requires all professional drivers and incidental operators to receive safety training upon initial assignment of an official vehicle and at least every two years thereafter. The program also requires that all chauffeurs be medically cleared every two years and that incidental drivers be medically cleared every four years.

Drivers Did Not Report Auto Mishaps in Accordance with Embassy, Department Standards

Embassy drivers did not report two mishaps involving official vehicles in 2015, one in 2016, and two in 2017. The embassy learned of these mishaps only when local government authorities placed liens on the vehicles because the embassy drivers failed to appear in court, as required by local law. Guidance in 14 FAM 432.4(5) requires professional and incidental drivers of official vehicles to report any accident involving an official vehicle to their supervisor within 3 business days of the mishap. Because the drivers had not reported these mishaps, the Post Occupational Safety and Health Officer was unable to enter the incidents into the Department's Mishap Reporting System within 30 days, as required by 15 FAM 964.4-2(a)(b). Even after the embassy learned of the incidents, OIG also found no evidence that the embassy had taken disciplinary action against the drivers for failing to report the mishaps, even though doing so was required by the embassy's human resource disciplinary policy, issued June 2015. Failure to institute proper oversight of all drivers and enforce disciplinary processes creates vulnerabilities in the embassy's motor vehicle safety program and increases the risk that further mishaps will not be reported.

Recommendation 14: Embassy San Jose should revise and enforce its mishap reporting policy to include disciplinary actions when embassy drivers fail to report vehicle mishaps in accordance with Embassy and Department standards. (Action: Embassy San Jose)

Embassy Did Not Seek Department Legal Guidance Regarding Liens on Official Vehicles

Upon learning of the liens placed on official vehicles, the embassy did not seek guidance from the Department's Office of the Legal Adviser regarding how to proceed. At the time of the inspection, GSO employees were attempting to clear the liens; however, these employees were not attorneys, and failure to seek advice from the Office of the Legal Adviser in handling legal matters could create a legal and financial vulnerability for the U.S. Government. OIG advised Embassy officials to seek guidance from the Office of the Legal Adviser, and embassy officials agreed to do so.

Fuel Control Program Did Not Comply with Department Standards

The embassy's fuel control program did not comply with Department standards, nor did GSO implement standard operating procedures to manage its bulk fuel operations. The embassy spent a total of \$456,839 on fuel in FY 2016 and FY 2017 but lacked effective controls to guard against theft and abuse, as required in 14 FAH-1 H-815.4 and 14 FAH-1 H-815.5. OIG reviewed 10 of the 34 deliveries made in FY 2016 and FY 2017 and found that the embassy could not account for approximately \$4,360 worth of fuel. OIG also found the following internal control deficiencies:

- U.S. employees did not oversee or document spot checks of fuel deliveries as required by the embassy's standard operating procedures.
- Employees did not reconcile invoices with fuel deliveries, as required by 14 FAH-1 H-815.5(a).

- The embassy did not designate the receiving clerk and the back-up clerk in writing, as required by 14 FAH-1 H-815.2(b).
- The embassy assigned the same employee to maintain fuel property records and receive and sign for fuel deliveries. Guidance in 14 FAM 423.2 requires that these duties be separated.
- The receiving clerk did not compare acquisition documents against the invoices during deliveries, as required by 14 FAH-1 H-815.2(d)(1).
- The embassy did not implement a schedule to calibrate tanks and meters, as required by 14 FAH-1 H-815.4(b)(c).
- Neither the contracting officer nor contracting officer's representative signed the invoices, as required by 14 FAM 222(b).

The lack of a comprehensive fuel control program that includes oversight and internal controls increases the risk of theft and inaccurate fuel deliveries.

Recommendation 15: Embassy San Jose should implement a comprehensive fuel control program that complies with Department standards. (Action: Embassy San Jose)

Living Quarters Allowance Program Did Not Adhere to Department Standards

The embassy's living quarters allowance¹⁴ program, which included four residences occupied by Office of Defense Representative employees, did not adhere to Department standards. According to 15 FAM 263(a) and (e), employees wishing to lease residential properties must obtain approval of the Interagency Housing Board and chiefs of mission prior to signing the lease. In addition, the Regional Security Officer and Post Occupational Safety and Health Officer must approve the properties. None of the residences had these approvals before the leases were signed. Failure to properly document required residential safety and security reviews before occupancy creates potential life and safety vulnerabilities.

Recommendation 16: Embassy San Jose should bring all living quarters allowance residences into compliance with Department standards (Action: Embassy San Jose)

Embassy Property Controls Did Not Comply with Department Standards

OIG could not find evidence that the embassy conducted spot checks to verify the accuracy of its property holdings, which were valued at more than \$5 million. According to 14 FAM 411.2-2(c), however, the accountable property officer must conduct periodic, unannounced spot counts of expendable and nonexpendable property stored in warehouses to verify the accuracy of property records. During the inspection, OIG spot-checked the 10 most expensive items (total value \$91,937) in the warehouse inventory but was unable to locate them because the warehouse was in disarray due to auction preparations. OIG later accounted for 7 of the 10 items. OIG ultimately determined that the three other items (total value \$22,450) were sold at auction, but the embassy had not recorded their final disposition in the Integrated Logistics

¹⁴ Living quarters allowance is intended to cover the average cost of rent and utilities incurred by U.S. Government employees living overseas. This allowance is available if U.S. Government quarters are not provided.

Management System as required. Failure to conduct and document regular spot checks leaves the embassy vulnerable to theft and hinders accurate property inventories.

Recommendation 17: Embassy San Jose should conduct spot checks of its expendable and nonexpendable property in accordance with Department standards. (Action: Embassy San Jose)

Human Resources

Local Compensation Plan Did Not Comply With Local Labor Law

Embassy San Jose did not pay motor pool drivers a shift differential as required by local labor law. In September 2016, the embassy submitted to the Office of Overseas Employment a request to update the LE staff compensation plan to more accurately reflect these local laws. An outdated local compensation plan may not correctly reflect conditions of employment and could leave the embassy open to liability. In addition, a July 2017 change to local labor law, which provides free counsel to some local employees, increased the likelihood of legal proceedings against the embassy. The Office of Overseas Employment told OIG that staffing shortages delayed the response to Embassy San Jose but stated that the office started reviewing the request in early October 2017. As a result, OIG did not make a recommendation in this report.

Financial Management

Embassy Employees Had Numerous Outstanding Travel Advances

Embassy employees did not submit travel expense reports to document authorized travel expenses and account for travel advances received in a timely manner. Guidance in 4 FAM 465.1, however, requires employees to submit such reports within 5 business days of travel completion. As of October 2017, the Department's Open Advance Report showed 47 outstanding travel advances totaling \$67,283. Approximately 24 of 47 travel advances were more than 30 days overdue, and 4 were more than 90 days overdue. In addition, nine employees had more than one outstanding advance. According to 4 FAM 493.1-3, in no case should an advance be delinquent for more than 90 days. Outstanding travel advances represent a loss of funds to the Department if they remain uncollected.

Recommendation 18: Embassy San Jose should clear all outstanding travel advances in accordance with Department standards. (Action: Embassy San Jose)

Invoice Payments to Vendors Frequently Overdue

Embassy San Jose did not pay all vendor invoices within 30 days as required by the Prompt Payment Act and 4 FAH-3 H-311.5. The embassy used an invoice payment tracker for its receipts and payments but updated the data incorrectly. As a result, OIG found that the embassy paid 39 of 673 invoices from April 2017 to September 2017, totaling \$177,000, more than 30 days late. An additional 38 invoices lacked a payment date in the tracker system, so OIG could not

determine the time it took for these invoices to be paid. Failing to pay invoices promptly could subject the embassy to interest payments and additional fees.

Recommendation 19: Embassy San Jose should pay invoices in compliance with the Prompt Payment Act and Department standards. (Action: Embassy San Jose)

Overtime Not Authorized in Advance

Time and attendance records showed that American supervisors did not consistently approve overtime in advance, as required by 4 FAH-3 H-523.2. OIG found that 13 out of 55 overtime records in pay period 18 (September 3-16, 2017), and all 5 overtime records in pay period 19 (September 17-30, 2017), lacked the required pre-approval. Failure to approve overtime in advance is an internal management control weakness and may lead to fraud, waste, and abuse of resources.

Recommendation 20: Embassy San Jose should require authorizing officials to approve employee overtime requests in advance, in accordance with Department guidance. (Action: Embassy San Jose)

Facility Management

Deficiencies in Some Embassy Fire and Safety Programs

The Facility Management Section did not adhere to some safety, health, environmental, and fire standards. OIG found that fire extinguishers in embassy facilities had not been tested and inspected monthly as required by 15 FAM 842a and that chancery elevator issues identified in the annual elevator inspection, required by 15 FAM 661.g(1), had not been resolved. During this inspection, the embassy began a fire extinguisher inspection program and performed the necessary elevator repairs, which were awaiting final testing.

Embassy Swimming Pool Program Did Not Comply with Department Requirements

Embassy San Jose did not mitigate the risks at its residential community swimming pool, located in a large complex with several embassy-leased apartments. Staff told OIG that the landlord would not erect a permanent barrier or fence around the pool, even though such protection is required by 15 FAM 957.4(1). The Bureau of Overseas Buildings Operations' (OBO) swimming pool safety program states that although the pool is not under embassy control and therefore not covered by the Department's swimming pool safety standards, the embassy should exert as much influence as possible with the landlord or owner association to lobby for safeguards. The embassy, with OBO assistance, prepared a memo informing occupants that the community pool did not meet Department swimming pool safety standards and requiring them to acknowledge the risks. However, the embassy had yet to distribute the memo to the occupants at the time of the inspection. Failure to adhere to Department safety and health standards and mitigate vulnerabilities puts employee life and safety at risk.

Recommendation 21: Embassy San Jose should inform all employees and family members assigned to housing with community pools about the hazards and provide them with copies of the Department's swimming pool safety standards (Action: Embassy San Jose)

Marine Security Guard Residence Lacked Fire Alarm System

The Marine Security Guard residence did not have a central fire alarm system. In its 2015 and 2017 fire inspection reports, OBO inspectors recommended that such a system be installed to protect life and adhere to National Fire Protection Association Life Safety Code. Embassy officials told OIG that the landlord refused to install an alarm because the embassy planned to move the Marine Security Guards to a recently purchased residence. However, OBO officials also told OIG that it would be at least 2 years before required improvements to the new residence are completed and that the move could not occur before that time. In the interim, the deficiency in the fire alarm system should be addressed. A properly designed, installed, and maintained fire detection and alarm system can provide early warning for occupants in the event of a fire, and the Marine Security Guards are vulnerable to injury or death if fire risk is not mitigated.

Recommendation 22: Embassy San Jose, in coordination with the Bureau of Overseas Building Operations, should install a fire alarm system in the current Marine Security Guard residence that meets Department fire safety standards. (Embassy San Jose, in coordination with OBO)

Embassy Did Not Coordinate with Department Prior to Leasing High-Rise Residences

Embassy San Jose did not coordinate with OBO regarding its decision to lease high-rise residences that did not meet U.S. fire code, even though Department guidance required it to do so. OIG identified seven of the embassy's 15 leased high-rise residences (located in 2 high-rise buildings) did not meet Department fire safety standards, as outlined in 15 FAM 812.5. U.S. building and fire codes mandate prescriptive measures, including two exit stairs and full automatic fire alarm and sprinkler systems, to ensure that occupants can safely evacuate the premises in the event of a fire. Recognizing the difficulty in locating high-rise properties overseas that meet U.S. building and fire code standards, OBO developed a risk-equivalency matrix to evaluate high-rise properties that were not U.S. code-compliant. Consistent with the requirements of 15 FAM 812(e), the Chief of Mission or DCM may, after performing due diligence, make an informed decision to lease a property notwithstanding that fact that it does not meet fire standards. The embassy is required to coordinate this decision with OBO to ensure that OBO's expertise and assessment is considered. However, the embassy officials did not do this, nor did they brief the occupants of the deficiencies, as required by OBO's 2017 fire inspection report. Failure to coordinate and communicate regarding fire evacuation risks puts employee safety and lives at risk.

Recommendation 23: Embassy San Jose should notify the Bureau of Overseas Buildings Operations of its justification to lease high-rise apartments that do not meet Department fire standards and brief embassy occupants regarding fire evacuation risks (Action: Embassy San Jose, in coordination with OBO)

Information Management

OIG reviewed classified, unclassified, and dedicated internet network operations; physical protection of information technology (IT) assets; classified communication security; emergency communication preparedness; radio and telephone programs; and mail and pouch services. OIG found that Information Management (IM) staff met the day-to-day computing and communications needs of the embassy with a focus on customer service. However, OIG found significant deficiencies in the implementation of effective information management and information security, as detailed below and in the companion classified inspection report.

Information Systems Security Officers Did Not Perform All of Their Duties

The embassy's unclassified and classified Information Systems Security Officers (ISSO) did not use the Department's ISSO checklist, as required by 5 FAH-11 H-116, and thus did not perform all information systems security duties. As a result, OIG found access control and configuration management issues in the unclassified and classified systems operations. These management issues included folders with unauthorized users, inactive user accounts, an unapproved wireless router on the dedicated internet network, and servers that were not configured to Bureau of Diplomatic Security standards. OIG determined that embassy management did not allow the ISSOs sufficient time to perform these duties. In addition, OIG found that the eligible family member position in the Information Programs Center was vacant due to the hiring freeze, which further reduced the time that ISSOs had available to perform their duties for unclassified systems operations. OIG has identified this problem before and issued a Management Assistance Report¹⁵ in May 2017 that highlighted Department-wide failures to perform ISSO duties. In a subsequent Department cable,¹⁶ the Bureau of Information Resource Management requested that embassy management work with ISSOs to prioritize tasks and resources to ensure ISSO duties were performed and documented. In this case, a lack of personnel, time constraints, and the lack of prioritization of cyber-security activities led to non-performance of these duties, which placed the security of the Department's computer systems at risk.

Recommendation 24: Embassy San Jose should require that Information Systems Security Officers perform information security duties in accordance with Department guidance.
(Action: Embassy San Jose)

Inadequate Telephone Call Accounting System

The embassy had neither a functional telephone call accounting system nor procedures to accurately bill for monthly telephone services and identify and seek repayment for unapproved telephone charges, as outlined in 5 FAM 527(a)(c). IM managers told OIG that the call accounting system had not functioned properly for at least 5 years and that they did not have enough software licenses to accurately bill for telephone services. In addition, the vendor billing model made it difficult to determine the costs of individual calls. Therefore, instead of billing

¹⁵ OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

¹⁶ Cable 17 State 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.

calls to each embassy section, the embassy paid for all telephone services using shared administrative funds. The overall inadequacy of the accounting system and related procedures limits the embassy's ability to maintain internal control over the Department's telephone expenses.

Recommendation 25: Embassy San Jose should implement a call accounting system and procedures to accurately bill for monthly telephone services. (Action: Embassy San Jose)

Lack of Knowledge Management Process for Information Management Operations

The embassy lacked knowledge management procedures to ensure reliable documentation and historical information for managing IM programs, as prescribed in 5 FAM 867. OIG found instances where IM managers were unable to explain the conditions of operations they managed. For example, IM managers could not readily access historical information on the call accounting system issue or the method used to control access to a locally developed software application. The Information Management Officer was aware of this deficiency, but competing priorities and ineffective task prioritization left limited time for the staff to complete a knowledge management process. Nonetheless, the absence of reliable information hinders continuity of operations and diminishes the effectiveness of IM programs.

Recommendation 26: Embassy San Jose should implement knowledge management procedures for capturing, sharing, transferring, and retaining information related to its information management programs. (Action: Embassy San Jose)

Information Technology Contingency Planning Did Not Meet Department Standards

IM managers did not annually test the unclassified and classified IT contingency plans, as required by 12 FAH-10 H-232.3-1.b(1-3). Department guidelines require such testing to ensure effectiveness and to determine the mission's readiness to execute contingency plans during unplanned system outages or disruptions. Inadequate contingency planning and testing prevents IM managers from mitigating the risk of system and service disruptions.

Recommendation 27: Embassy San Jose should test the information technology contingency plans for unclassified and classified networks in accordance with Department guidance. (Action: Embassy San Jose)

Information Technology Contingency Plan Training Not Conducted

The embassy did not conduct required initial and annual refresher IT contingency training for employees with IT contingency planning responsibilities, although 12 FAH-10 H-232.2-1 requires it to do so. IM managers did not conduct this training because they did not have current IT contingency plans and did not know about the requirement. Failure to complete initial and annual refresher IT contingency plan training impedes the embassy's ability to effectively respond to unplanned systems outages or disruptions.

Recommendation 28: Embassy San Jose should implement a plan for conducting initial and annual refresher information technology contingency training for employees with information technology contingency planning responsibilities. (Action: Embassy San Jose)

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 San Jose. The embassy's complete responses can be found in Appendix B. The Department also provided technical comments that OIG incorporated, as appropriate, into this report.

Recommendation 1: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should implement a plan to mitigate risks to bureau funded projects in the event it is unable to secure approval to hire maritime and aviation advisors. (Action: Embassy San Jose, in coordination with INL)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 plan implemented to mitigate risks to the Bureau of International Narcotics and Law Enforcement Affairs funded projects.

Recommendation 2: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should implement a plan to use or dispose of video surveillance equipment purchased with bureau funds. (Action: Embassy San Jose, in coordination with INL)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 plan to use or dispose of the video surveillance equipment.

Recommendation 3: Embassy San Jose should award public diplomacy grants through open competition, in accordance with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of May 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of public diplomacy grants being awarded in accordance with Department standards.

Recommendation 4: Embassy San Jose should comply with Department standards for crisis preparedness. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 crisis preparedness.

Recommendation 5: Embassy San Jose should reconfigure its Consular Section space so managers can visually observe activities in all adjudicating areas in accordance with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of October 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Consular Section configuration that allows managers to visually observe activities in all adjudicating areas.

Recommendation 6: Embassy San Jose should intersperse cubicles for consular officers among those for locally employed staff throughout the Consular Section. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that cubicles for consular officers are interspersed with locally employed staff in the Consular Section.

Recommendation 7: Embassy San Jose, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants (Action: Embassy San Jose, in coordination with OBO and CA)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a wheelchair-accessible interview window for consular applicants at the embassy.

Recommendation 8: Embassy San Jose, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Diplomatic Security, should provide accommodations for visa applicants in accordance with Department standards. (Action: Embassy San Jose, in coordination with OBO and DS)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of visa applicant accommodations at Embassy San Jose that are in accordance with Department standards.

Recommendation 9: Embassy San Jose should implement an annual acquisition plan. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 acquisition plan.

Recommendation 10: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should establish a memorandum of understanding defining General Services Office support to the International Narcotics and Law Enforcement Section. (Action: Embassy San Jose, in coordination with INL)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 memorandum of understanding defining General Services Office support to the International Narcotics and Law Enforcement Section.

Recommendation 11: Embassy San Jose should require all Contracting Officer's Representatives to administer their contracts in accordance with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of June 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of all contracts administered in accordance with Department standards.

Recommendation 12: Embassy San Jose should implement a corrective action plan to bring all professional drivers and incidental operators under chief of mission authority into compliance with the Department's Motor Vehicle Safety Management Program for Overseas Posts. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of August 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the corrective action plan to bring applicable embassy drivers into compliance with the Department's Motor Vehicle Safety Management Program for Overseas Posts.

Recommendation 13: Embassy San Jose should implement a system to store, issue, and return keys for official vehicles in accordance with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of July 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the system implemented to store, issue, and return keys for official vehicles.

Recommendation 14: Embassy San Jose should revise and enforce its mishap reporting policy to include disciplinary actions when embassy drivers fail to report vehicle mishaps in accordance with Embassy and Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 revised mishap reporting policy.

Recommendation 15: Embassy San Jose should implement a comprehensive fuel control program that complies with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 comprehensive fuel control program.

Recommendation 16: Embassy San Jose should bring all living quarters allowance residences into compliance with Department standards (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all living quarters allowance residences meet Department standards.

Recommendation 17: Embassy San Jose should conduct spot checks of its expendable and nonexpendable property in accordance with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of spot checks of the embassy's expendable and nonexpendable property.

Recommendation 18: Embassy San Jose should clear all outstanding travel advances in accordance with Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of all outstanding travel advances being cleared.

Recommendation 19: Embassy San Jose should pay invoices in compliance with the Prompt Payment Act and Department standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of invoices paid in compliance with the Prompt Payment Act and Department standards.

Recommendation 20: Embassy San Jose should require authorizing officials to approve employee overtime requests in advance, in accordance with Department guidance. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of employee overtime requests approved in advance.

Recommendation 21: Embassy San Jose should inform all employees and family members assigned to housing with community pools about the hazards and provide them with copies of the Department's swimming pool safety standards. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that employees and family members with community pools are provided with the Department's swimming pool safety standards.

Recommendation 22: Embassy San Jose, in coordination with the Bureau of Overseas Building Operations, should install a fire alarm system in the current Marine Security Guard residence that meets Department fire safety standards. (Embassy San Jose, in coordination with OBO)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a fire alarm system in the Marine Security Guard residence that meets Department fire safety standards.

Recommendation 23: Embassy San Jose should notify the Bureau of Overseas Buildings Operations of its justification to lease high-rise apartments that do not meet Department fire standards and brief embassy occupants regarding fire evacuation risks (Action: Embassy San Jose, in coordination with OBO)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted that after June 2018, it would not lease any high rise apartments that did not meet Department fire standards.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all embassy high-rise apartments meet Department fire standards.

Recommendation 24: Embassy San Jose should require that Information Systems Security Officers perform information security duties in accordance with Department guidance. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Information Systems Security Officers are performing information security duties.

Recommendation 25: Embassy San Jose should implement a call accounting system and procedures to accurately bill for monthly telephone services. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of August 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a call accounting system that accurately bills monthly telephone services.

Recommendation 26: Embassy San Jose should implement knowledge management procedures for capturing, sharing, transferring, and retaining information related to its information management programs. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose concurred with this recommendation. The embassy noted a target compliance date of October 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the implemented knowledge management procedures for its information management program.

Recommendation 27: Embassy San Jose should test the information technology contingency plans for unclassified and classified networks in accordance with Department guidance. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 technology contingency plans.

Recommendation 28: Embassy San Jose should implement a plan for conducting initial and annual refresher information technology contingency training for employees with information technology contingency planning responsibilities. (Action: Embassy San Jose)

Management Response: In its April 18, 2018, response, Embassy San Jose 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 implemented plan for conducting initial and annual refresher information technology contingency training.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission		
Ambassador	Sharon Day	10/17
Deputy Chief of Mission	Robin Matthewman	06/15
Chiefs of Sections:		
Management	Anne Marie Moore	08/15
Consular	James Economou, Acting	08/17
Political/Economic	Karl Rios	08/15
International Narcotics and Law Enforcement	Christopher Harris	03/17
Regional Environmental Office	Heidi Jovanovic	07/17
Public Affairs	Eric Catalfamo	08/15
Regional Security	Joseph Howard	07/17
Other Agencies:		
Office of Defense Representative	Cmdr. Brent Bergen, USCG	07/17
U.S. Commercial Service	Eric Wolff	07/17
USAID-Office of Foreign Disaster Assistance	Timothy Callaghan	10/01
Foreign Agricultural Service	Anita Katial	09/17
Animal and Plant Health Inspection Service	Jeffrey Austin	01/14
Drug Enforcement Administration	Alan Burkhead	08/15
Food and Drug Administration	Nicole Conklin, Acting	06/17
Social Security Administration	Vivian Adelbayo	07/13
Peace Corps	Anne Braghetta	07/15

Source: Embassy San Jose

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between September 5 and December 29, 2017, 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.

Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; 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.

In conducting this inspection, OIG reviewed pertinent documentation, conducted 84 interviews, and reviewed 120 questionnaires completed by American and locally employed staff.

APPENDIX B: MANAGEMENT RESPONSE

San Jose, Costa Rica

April 18, 2018

UNCLASSIFIED

THRU: WHA – Deputy Assistant Secretary John Creamer
TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections
FROM: Embassy San Jose – Ambassador Sharon Day

SUBJECT: Response to Draft OIG Report – Inspection of Embassy San Jose

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

Recommendation 1: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should implement a plan to mitigate risks to bureau funded projects in the event it is unable to secure approval to hire maritime and aviation advisors. (Action: Embassy San Jose, in coordination with INL)

Management Response: Embassy San Jose accepts the recommendation. INL continues to pursue waivers for the senior aviation and maritime advisors. Until a waiver is granted, INL Costa Rica will work with INL/Aviation to receive a series of long-term TDY experts to help oversee the planned helicopter program. INL Costa Rica will soon complete an Interagency Agreement with the U.S. Coast Guard to provide an active duty officer as part of the INL Section. We are also in the process of hiring a third-party contractor (TPC) maritime maintenance expert with experience working on the 110' cutters. The Coast Guard Officer and TPC will both work under the direction of the INL Coordinator, a 24-year Navy veteran, until a waiver is granted for the Maritime Advisor.

Recommendation 2: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should implement a plan to use or dispose of video surveillance equipment purchased with bureau funds. (Action: Embassy San Jose, in coordination with INL)

Management Response: Embassy San Jose accepts the recommendation. The referenced suite of video surveillance equipment was donated in full to the Penitentiary Police December 17, 2017, after INL approved a plan for its installation in three high-security prisons, requiring no additional investment by INL. With the donation of the cameras, INL inventory in the warehouse

has remained below \$100,000 since the inspection. Though not a recommendation, INL has implemented a warehouse inventory updated monthly, as suggested. Compliance date was December 2017.

Recommendation 3: Embassy San Jose should award public diplomacy grants through open competition, in accordance with Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose accepts the recommendation. When the OIG team raised this issue during the inspection, PAS took immediate corrective action by having the section's lead Grants Officer and Grants Officer Representative attend FSI training on current open competition guidelines (completed Nov. 2017) and developing a Notice of Funding Opportunity (NOFO) to award FY-2018 public diplomacy grants through open competition (approved by A/OPE in January 2018). The NOFO was publicly posted in late January 2018 and will close in mid-April 2018; a review panel will evaluate proposals, and awards are expected to be announced by mid-May 2018. Compliance date is May 2018.

Recommendation 4: Embassy San Jose should comply with Department standards for crisis preparedness. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with the recommendation and has conducted numerous Consular Crisis Preparedness practical and course-based training sessions since the OIG visit (examples: satellite phone familiarization, fly-away kit familiarization, consular task force course, promissory note familiarization, and EAP self-study). Non-immigrant visa (NIV) locally employed (LE) Staff are being cross trained in ACS in order to provide support for ACS in a crisis. The Consular Section participated vigorously in the December 1 crisis management exercise and conducted debriefing for Consular staff on December 27, 2017 and participated in a crisis management table top exercise on March 21, 2018. The Consular Crisis Preparedness Coordinator in tandem with the American Citizen Services (ACS) Chief is in the process of reviewing and updating Post's responses to the CCD-based Consular Preparedness Scorecard. The comprehensive training, along with Post's contacts and good relationships with host government emergency response authorities, enabled it to quickly and expertly respond to a mass-casualty incident in late 2017, earning the Consular Section Department-wide front channel recognition. Compliance date was March 2018.

Recommendation 5: Embassy San Jose should reconfigure its Consular Section space so managers can visually observe activities in all adjudicating areas in accordance with Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with the recommendation. The Consular Section (CONS) has conducted research on possible camera systems to improve manager line-of-sight down the interview window wings and consulted with Facilities Management (FAC) on the equipment needed. CONS included a request for funds for equipment and installation in its budget request to CA. Request is being reviewed by CA and it is likely to be funded in fiscal year 2019. Additionally, as part of the response to the recommendation to intersperse officers and LE Staff, the Entry Level Officer arriving in June will be seated in a cubicle that has line of

sight of the NIV interview windows with least visibility. Estimated compliance date is October 2018.

Recommendation 6: Embassy San Jose should intersperse cubicles for consular officers among those for locally employed staff throughout the Consular Section. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with the recommendation and has vacated an American Citizen Service (ACS) cubicle and moved a Foreign Service Officer into it. In NIV, the Consular Officer arriving in June will be assigned a cubicle among the LE Staff, with line of sight of the interview windows. In summer 2017, a U.S. intern was also interspersed into the LE Staff cubicle area. Compliance date is April 2018.

Recommendation 7: Embassy San Jose, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants (Action: Embassy San Jose, in coordination with OBO and CA)

Management Response: Embassy San Jose agrees with the recommendation. FAC and OBO are in discussion to decide on the most practical design to comply with American Disabilities Act (ADA) standards. OBO has added this project to the list of potential projects for fiscal year 2019 funding (BMIS# 1N-8315) and is working with CA to process and fund.

Recommendation 8: Embassy San Jose, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Diplomatic Security, should provide accommodations for visa applicants in accordance with Department standards. (Action: Embassy San Jose, in coordination with OBO and DS)

Management Response: Embassy San Jose agrees with the recommendation to provide overhead protection from inclement weather for visa applicants. OBO has added this project to the list of potential projects for fiscal year 2019 (BMIS #1N-8286). San Jose has requested CA work with OBO to process and fund. DS has reviewed the preliminary design and advised Post that final design must comply with OBO and DS construction and security guidelines. A full design review process will be required for OBO and DS regulation compliance. However, OBO and CA have yet to decide who should fund the project. Until this issue is resolved in Washington, post does not believe this project will move forward.

Recommendation 9: Embassy San Jose should implement an annual acquisition plan. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. In December 2017, GSO issued a mission-wide call for projected purchases expected to exceed the micro-purchase threshold. With responses from serviced offices GSO developed Procurement's acquisition plan for the remainder fiscal year. GSO will undertake this exercise at the beginning of each fiscal year. Compliance date was March 2018

Recommendation 10: Embassy San Jose, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should establish a memorandum of understanding defining General Services Office support to the International Narcotics and Law Affairs (INL) Section.

Management Response: Embassy San Jose agrees with this recommendation. GSO and INL have completed a memorandum of understand defining GSO support to INL. Compliance date was January 2018.

Recommendation 11: Embassy San Jose should require all Contracting Officer's Representatives to administer their contracts in accordance with Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. The GSO met with CORs to review files and identify weaknesses in reporting. GSO has created a corrective action plan to provide more frequent COR reviews of the contracting files to include invoice review and proper documentation of contractor performance in the Contractor Performance Assessment Reporting System (CPARS). GSO is working with CORs on CPARS backlog, which has been substantially reduced. Expected compliance date is June 2018.

Recommendation 12: Embassy San Jose should implement a corrective action plan to bring all professional drivers and incidental operators under chief of mission authority into compliance with the Department's Motor Vehicle Safety Management Program for Overseas Posts. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. GSO implemented a corrective action plan in November 2017. GSO has scrubbed the list of drivers, removing those no longer at post and/or no longer having designated driving responsibilities in their position descriptions. Post's sole trainer, the GSO Motor Pool Supervisor, provides training twice a month and is prioritizing those incidental drivers whose training has expired. Since the OIG visit, the Smith System Driver Trainer has provided eight training sessions to 29 drivers. Estimated compliance date is August 2018.

Recommendation 13: Embassy San Jose should implement a system to store, issue, and return keys for official vehicles in accordance with Department standards. (Action: Embassy San Jose)

Management Response: San Jose agrees with this recommendation. GSO has been working with the Engineering Security Office and has identified an appropriate solution – an extension to Post's existing key watcher system. Procurement is underway. Estimated compliance date is July 2018.

Recommendation 14: Embassy San Jose should revise and enforce its mishap reporting policy to include disciplinary actions when embassy drivers fail to report vehicle mishaps in accordance with Embassy and Department standards. (Action: Embassy San Jose)

Management Response: San Jose agrees with this recommendation. Current Motor Vehicle Policy states the requirement for mishap reporting for all accidents. Post's policy has been updated to include language requiring disciplinary action for failure to report vehicular mishaps. Compliance date is April 2018.

Recommendation 15: Embassy San Jose should implement a comprehensive fuel control program that complies with Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. GSO Procurement now purchases fuel using an indefinite delivery, indefinite quantity (IDIQ) procurement method. GSO updated its fuel delivery SOP to include additional redundant record keeping, designation and separation of duties, and the requirement that an American officer is always present for the fuel deliveries. Compliance date was November 2017.

Recommendation 16: Embassy San Jose should bring all living quarters allowance residences into compliance with Department standards (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. GSO developed an SOP that requires Chief of Mission approval only after the employee's proposed LQA housing meets all RSO, POSHO and IAHB requirements. All existing LQA housing was brought into compliance and post's Housing Handbook has been updated with LQA procedures. Compliance date was February 2018.

Recommendation 17: Embassy San Jose should conduct spot checks of its expendable and nonexpendable property in accordance with Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. GSO has initiated random unannounced spot checks for expendable and nonexpendable property. GSO also implemented procedures to ensure timely updates of ILMS. Compliance date was November 2017.

Recommendation 18: Embassy San Jose should clear all outstanding travel advances in accordance with Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. The Financial Management Office (FMO) has implemented the following additional controls and processes: resolution and closure of all prior cases noted by OIG of employees having multiple open travel authorizations (TAs); review all e2 accounts for outstanding advances prior to approving a new request for travel advance; certification of TA review with a rubber ink stamp all paper requests for advances; and update of Post's Travel and Cashier Policies to inform travelers of the prohibition of multiple travel advances and the post limit of 80% of allowable expenses. Compliance date was January 2018.

Recommendation 19: Embassy San Jose should pay invoices in compliance with the Prompt Payment Act and Department standards. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. FMO has implemented the following additional controls and processes: addition of columns to its voucher logs which better track and document when payments are made; and use of the e-Invoicing software system tracking module. In the infrequent cases when payments are not made in under 30 days, FMO procedures now include the calculation of Prompt Payment interest. Compliance date was December 2017.

Recommendation 20: Embassy San Jose should require authorizing officials to approve employee overtime requests in advance, in accordance with Department guidance. (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with this recommendation. FMO has implemented the following additional controls and processes: a payroll training session with all of the timekeepers where this requirement was addressed in detail; FMO and the principal time keeper are checking T&A submissions on a regular basis sampling Overtime forms to ascertain if supervisors and employees are complying with the regulation. If OT forms are not in compliance, FMO reaches out directly to the section head. MGT and the DCM have also addressed this issue with Section and Agency Heads during the weekly Country Team meeting and corrected the Front Office's procedures to provide written overtime authorization once a month.. Compliance date: December 2017.

Recommendation 21: Embassy San Jose should inform all employees and family members assigned to housing with community pools about the hazards and provide them with copies of the Department's swimming pool safety standards (Action: Embassy San Jose)

Management Response: Embassy San Jose agrees with recommendation. FAC and GSO have sent out notices on pool safety to affected occupants. Prior to GSO leasing a property with a common area pool, FAC conducts a safety survey and requests safety upgrades before occupant moves in. If compound management is not able to comply with requested modifications, FAC also ensures occupants have that information, acknowledge the risks, as well as understand their responsibilities on pool safety. Compliance date was December 2017.

Recommendation 22: Embassy San Jose, in coordination with the Bureau of Overseas Building Operations, should install a fire alarm system in the current Marine Security Guard Residence that meets Department fire safety standards. (Embassy San Jose, in coordination with OBO)

Management Response: Embassy San Jose agrees with recommendation. Embassy San Jose is working with Diplomatic Security (DS), United States Marine Corps (USMC) and OBO on a multi-phase project to address this concern by moving the Marine Security Guards (MSGs) to a new Marine Security Guard Residence (MSGR). The Department has purchased and taken

possession of the new MSGR. OBO is currently designing the renovation project for this new MSGR. Embassy San Jose, DS, OBO and USMC are exploring the interim solution to this recommendation for the current MSGR. OBO is sending a team in May to survey the current house and develop a fire mitigation plan.

Recommendation 23: Embassy San Jose should notify the Bureau of Overseas Buildings Operations of its justification to lease high-rise apartments that do not meet Department fire standards and brief embassy occupants regarding fire evacuation risks (Action: Embassy San Jose, in coordination with OBO)

Management Response: Embassy San Jose agrees with this recommendation but does not agree with OIG's assessment concerning post's non-compliance with fire safety. The seven leased high-rise residences identified by the OIG as non-fire safety-compliant were leased in compliance with Department high-rise regulations. These apartments in the Cortijo complex were evaluated and found to meet all the requirements of 15 FAM 812.5 including two exit stairs and full automatic fire alarm and sprinkler systems. Post provided this information to OBO FIR. Two additional apartments not identified by the OIG required fire mitigation plans to become compliant with 15 FAM 812.5. The Metropolitan Tower apartment received fire migration approval on 11/08/2017 and the resident was notified of the potential risks. The occupant departs post in June 2018, at which time the apartment will be returned to the landlord. The second apartment (Torre Los Laureles) will be dropped from post's housing pool in May 2018. After June post will not have any high rise apartments that do not meet Department fire standards. Compliance date is May 2018.

Recommendation 24: Embassy San Jose should require that Information Systems Security Officers perform information security duties in accordance with Department guidance. (Action: Embassy San Jose)

Management Response: Post accepts the recommendation. Under the direction of the Information Management Officer, ISSOs for ClassNet and OpenNet have established dedicated weekly times to conduct ISSO duties. Post's IRM has established a comprehensive task list that each ISSO follows and documents in a central ISSO journal. Compliance date was January 2018.

Recommendation 25: Embassy San Jose should implement a call accounting system and procedures to accurately bill for monthly telephone services. (Action: Embassy San Jose)

Management Response: Embassy San Jose accepts the recommendation. Post has initiated procurement of a sufficient number of licenses for the Department-approved Call Bill call accounting software. Upon receipt and installation, post will be able to track usage of telephone services and bill users accordingly. Expected compliance date is August 2018.

Recommendation 26: Embassy San Jose should implement knowledge management procedures for capturing, sharing, transferring, and retaining information related to its information management programs. (Action: Embassy San Jose)

Management Response: Embassy San Jose accepts the recommendation. Post has identified a central repository for all IRM reference material that is accessible to IRM staff. Additional documents for end-users will be made available in a more public-facing location. Post is in the process of moving documents from disparate locations to the central repository and reconciling conflicting information. This document store will be reviewed on a semi-annual basis to ensure all information is current. Expected compliance date is October 2018.

Recommendation 27: Embassy San Jose should test the information technology contingency plans for unclassified and classified networks in accordance with Department guidance. (Action: Embassy San Jose)

Management Response: Embassy San Jose accepts the recommendation. Post's IRM has developed Information Technology Contingency Plans for both OpenNet and ClassNet which will be updated on an annual basis. IRM staff are conducting tests annually and reviews of contingency plans semi-annually with participation by both USDH and LE staff. A test was conducted with the OIG inspector in October 2017 and the next test is scheduled for May 2018. Compliance date was October 2017.

Recommendation 28: Embassy San Jose should implement a plan for conducting initial and annual refresher information technology contingency training for employees with information technology contingency planning responsibilities. (Action: Embassy San Jose)

Management Response: Post accepts the recommendation. Post's IRM has developed Information Technology Contingency Plans for both OpenNet and ClassNet which will be updated on an annual basis. IRM staff are conducting tests annually and reviews of contingency plans semi-annually with participation by both USDH and LE staff. Post IRM is using both testing and reviewing of plans as training activities for all IRM staff. Compliance date was November 2017.

The point of contact for this memorandum is Management Counselor Anne Marie Moore. (email: mooream@state.gov; telephone: +506-2319-2310).

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	38	8	49	95	2,074,885
ICASS	4	16	84	104	11,896,411
Public Diplomacy	3	0	13	16	976,971
Diplomatic Security	6	0	15	21	805,440
Marine Security	8	0	4	12	213,350
Representation	0	0	0	0	50,912
Overseas Buildings Operations	1	0	0	1	4,145,785
Subtotal	60	24	165	249	20,163,754
Department of Agriculture					
Foreign Agricultural Service	2	0	5	7	680,493
Animal and Plant Health Inspection Service	1	0	3	4	722,006
Subtotal	3	0	8	11	1,402,499
Department of Defense					
Office of Defense Representation	6	0	4	10	80,923
Tactical Assistance Team	1	0	0	1	2,747
Subtotal	7	0	4	11	83,670
Department of Justice					
Drug Enforcement Administration	7	0	3	10	227,224
Subtotal	7	0	3	10	227,224
USAID					
Office of Foreign Disaster Assistance	7	0	0	7	2,636,364
Subtotal	7	0	0	7	2,636,364
U.S. Commercial Service	1	0	4	5	70,174
Food and Drug Administration	3	0	2	5	247,091
Peace Corps	3	0	3	6	157,800
Total	91	24	189	304	24,988,576

Source: Generated by OIG from data provided by the Department.

ABBREVIATIONS

COR	Contracting Officer's Representative	14
DCM	Deputy Chief of Mission	2
FAH	Foreign Affairs Handbook	10
FAM	Foreign Affairs Manual	2
GSO	General Services Office	13
ICS	Integrated Country Strategy	1
IM	Information Management	20
INL	Bureau of International Narcotics and Law Enforcement Affairs	6
ISSO	Information Systems Security Officer	20
LE	Locally Employed	1
OBO	Bureau of Overseas Buildings Operations	19
PAS	Public Affairs Section	8

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