



OIG

Office of Inspector General

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

ISP-I-18-16

Office of Inspections

May 2018

Inspection of Embassy Guatemala City, Guatemala

BUREAU OF WESTERN HEMISPHERE AFFAIRS



OIG HIGHLIGHTS

ISP-I-18-16

May 2018

OFFICE OF INSPECTIONS

Bureau of Western Hemisphere Affairs

Inspection of Embassy Guatemala City, Guatemala

What OIG Found

- The Ambassador and the Deputy Chief of Mission set an inclusive, positive tone and promoted strong coordination among country team members focused on Embassy Guatemala City's strategic goals of countering the flow of narcotics to the United States and dealing with good governance, prosperity, and security issues.
- Embassy Guatemala City experienced 44 percent growth in authorized Department of State American positions and 63 percent growth in authorized American positions of other agencies from 2008 through 2017. Insufficiently coordinated staffing growth placed at risk the Department's ability to successfully plan and execute construction of a new embassy compound.
- The Bureau of International Narcotics and Law Enforcement Affairs' aviation program in Guatemala failed to achieve program goals.
- Internal control deficiencies existed across embassy sections in contract, grants, property management, and occupational health and safety.
- Significant issues in the embassy Information Management operations created cybersecurity risks. These concerns stemmed from ineffective information technology configuration control and inadequate monitoring of the embassy's computer networks.

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, management controls, and resource management operations of Embassy Guatemala City.

What OIG Recommended

This report includes 24 recommendations. OIG made 23 recommendations to Embassy Guatemala City to improve Public Diplomacy, International Narcotics and Law Enforcement, Consular, General Services, Human Resources, and Information Management operations. OIG also made one recommendation to the Bureau of Diplomatic Security regarding the embassy's Sensitive But Unclassified computer network.

In its comments on the draft report, the Department concurred with all 24 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

CONTENTS

CONTEXT	1
EXECUTIVE DIRECTION	2
Tone at the Top and Standards of Conduct.....	2
Execution of Foreign Policy Goals and Objectives.....	3
Adherence to Internal Controls.....	4
Security and Emergency Planning.....	6
Developing Future Foreign Service Leaders.....	6
POLICY AND PROGRAM IMPLEMENTATION.....	7
Political-Economic Section.....	7
International Narcotics and Law Enforcement Affairs Section	7
Public Diplomacy	11
Consular Affairs	13
RESOURCE MANAGEMENT	14
Human Resources.....	15
Financial Management	16
Facilities Maintenance.....	16
General Services Operations	17
Information Management.....	18
RECOMMENDATIONS	23
PRINCIPAL OFFICIALS.....	30
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY.....	31
APPENDIX B: MANAGEMENT RESPONSES.....	32
APPENDIX C: FY 2017 STAFFING AND FUNDING BY AGENCY	42
ABBREVIATIONS	44
OIG INSPECTION TEAM MEMBERS	45

CONTEXT

With more than 15 million people, Guatemala is the most populous country in Central America. From 1960-1996, the country experienced a guerrilla war that left more than 200,000 people dead and one million displaced. A commission established by the peace process found that 85 percent of human rights violations and violent acts it reviewed were attributable to the Guatemalan Army and concluded that the Army committed genocide against indigenous Mayan groups.

Many of the conditions that gave rise to the conflict, such as political exclusion, inequality, and poverty, persist but are improving. Guatemala struggles with health and development issues, such as high infant, child, and maternal mortality; chronic malnutrition; and illiteracy. Human rights concerns include institutional corruption, particularly in the police and judicial sectors, and security force involvement in serious crimes. Moreover, there was substantial emigration from Guatemala in particular and the region in general. In FY 2016, 200,000 unauthorized migrants from Guatemala, El Salvador, and Honduras (Northern Triangle countries) were apprehended in the United States, about 60 percent of whom were unaccompanied minors or families.

The ruling National Convergence Front is a minority party founded by retired Guatemalan military members. President Jimmy Morales' electoral victory in October 2015 was attributed to growing public anger over corruption and his promise to tackle political malfeasance and class privilege. However, his reputation has been tarnished by accusations of fraud made against his family and a business associate and of campaign finance irregularities, which are being investigated by the public prosecutor and the United Nations-backed International Commission against Impunity in Guatemala. The investigations precipitated a political crisis in August and September 2017, when the Guatemalan President tried to expel the head of the commission.

The Guatemalan economy is the largest in Central America, with a Gross Domestic Product growth rate in the 3 percent to 4 percent range from 2012 to 2017. However, concerns over security, the lack of skilled workers, poor infrastructure, and entrenched corruption continue to hamper foreign direct investment.

Embassy Guatemala City works with the Guatemalan Government and local partners to advance prosperity, governance, and security, all of which are goals described in the U.S. Strategy for Engagement in Central America.¹ The embassy also supports the Alliance for Prosperity, a 5-year, \$22 billion plan drafted by the Northern Triangle governments to accelerate structural changes and create incentives for people to remain in their countries.

Embassy Guatemala City's FY 2016-2018 Integrated Country Strategy (ICS) has three main goals:

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.

- Increasing citizen security and effectiveness of justice sector institutions.
- Improving citizen prosperity by expanding economic opportunity and improved social development.
- Expanding good governance through transparency and anti-corruption programs supported by better fiscal management.

At the time of the inspection, Embassy Guatemala City had authorized staffing levels of 213 U.S. direct-hire and 389 locally employed (LE) staff members. From FY 2008 through FY 2017, the embassy experienced 44 percent growth in the number of authorized Department of State (Department) American positions and 63 percent growth in the number of authorized American positions from other agencies. Other agencies represented in the mission include the U.S. Agency for International Development; the Departments of Defense, Homeland Security, Agriculture, and Health and Human Services; the U.S. Commercial Service; the Millennium Challenge Corporation; and the Peace Corps. U.S. bilateral foreign assistance to Guatemala for FY 2016 was \$131.2 million, largely managed by the U.S. Agency for International Development.² Guatemala also received \$40.4 million in FY 2017 funding from the Bureau of International Narcotics and Law Enforcement Affairs (INL).

OIG evaluated the embassy's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act.³ The companion classified inspection report discusses the mission's policy implementation, security program, and issues affecting the safety of mission personnel and facilities, and the information management program.

EXECUTIVE DIRECTION

OIG assessed Embassy Guatemala City leadership on the basis of 71 on-site interviews that included comments on Front Office performance; staff questionnaires; and OIG's review of documents and observations of meetings and activities during the course of the on-site inspection.

Tone at the Top and Standards of Conduct

Ambassador Used Leadership Transition to Set New Direction

The Ambassador, a career member of the Senior Foreign Service, previously served as INL's Principal Deputy Assistant Secretary. In this capacity, he was responsible for Department programs to combat illicit drugs and organized crime, as well as support for law enforcement and rule of law in the Western Hemisphere. The Deputy Chief of Mission (DCM) served as Director of the Office of Public Affairs and Public Diplomacy in the Bureau of Western Hemisphere Affairs before coming to Guatemala.

² As of February 2018, actual expenditures for all FY 2017 foreign assistance accounts were unavailable.

³ See Appendix A.

At the beginning of the on-site portion of this inspection in November 2017, the Ambassador had been at the embassy for less than a month and the DCM for about three months. Several other key embassy leadership positions were filled in the summer 2017 transfer cycle.⁴ Embassy employees told OIG that the Ambassador took advantage of the Front Office leadership transition to make positive changes both in policy engagement (as discussed in the companion classified report) and in internal management practices, such as restructuring strategic policy coordination meetings, in accordance with 3 Foreign Affairs Manual (FAM) 1214 b(2).

Department employees and agency heads described the Ambassador and the DCM as engaged, accessible, calm, and well-informed about policy issues the embassy confronted. The Ambassador and the DCM described to OIG the management challenges facing the embassy, noting, for example, that the number of pending requests for new positions could further strain the management platform.

Department Leadership and Equal Employment Opportunity Principles Needed Reinforcement

Notwithstanding this positive start, OIG identified leadership and management issues, predating the arrival of the Ambassador and the DCM that needed attention. Twenty-two of the 158 employees who responded to OIG's questionnaires reported concerns about harassment and other prohibited personnel practices within the mission. OIG confirmed some of these concerns in interviews with employees and also found instances of malfeasance and poor management. Although the embassy addressed specific instances in some cases, OIG advised the Front Office to reinforce Department leadership and Equal Employment Opportunity (EEO) principles, consistent with 3 FAM 1214, by communicating to staff that they were valued and would be held to high standards of integrity, accountability, and conduct. The Ambassador told OIG he recognized the importance of reenergizing EEO efforts at the embassy.

OIG identified weaknesses in the EEO program, including the lack of a trained counselor, training for employees, and information translated into Spanish for LE staff members. OIG advised the Front Office to put in place a well-functioning EEO program, including training for counselors as well as all personnel under Chief of Mission authority. During the inspection, the embassy filled a vacant EEO counselor position, posted regulations in English and Spanish through a management notice, and requested training assistance from the Department's Office of Civil Rights.

Execution of Foreign Policy Goals and Objectives

Embassy Guatemala City pursued its key ICS foreign policy goals of good governance, prosperity, and security, which mirrored the goals in the U.S. Strategy for Engagement in Central America. The embassy prepared quarterly reporting cables to document its progress in meeting these goals. The embassy also coordinated with the host country and tracked progress on the

⁴ These included the U.S. Agency for International Development, the Defense Attaché Office, and the Consular, Public Affairs, and INL Section chiefs.

Alliance for Prosperity, an initiative led by the three Northern Triangle countries, through meetings and reporting to Washington.

In his first few weeks at the embassy, the Ambassador maintained an active schedule of engagement with senior government officials, business people, media, and civil society. In doing so, he emphasized the importance of fighting corruption and ways to achieve broad-based prosperity. Both the Ambassador and the DCM helped defuse a political crisis involving the Guatemalan President and the United Nations-backed International Commission against Impunity in Guatemala. While acting as Chargé d’Affaires, the DCM chaired a coordination group of the major international donors, which held nine meetings to address the crisis. The Ambassador also accelerated his arrival in order to continue engagement at the highest levels. In accordance with 2 FAM 113.1, the Ambassador quickly established positive relationships with host government officials as a foundation for cooperation to meet shared objectives on prosperity, security, and governance.

Employees of other agencies at post told OIG that the Front Office promoted strong and effective operational coordination among law enforcement agencies, which OIG observed during the inspection. However, the embassy did not have a corresponding forum to address security assistance across agencies focused on strategic-level coordination. In October 2017, the embassy created a Political-Military Working Group to better integrate the existing efforts of civilian and military agencies.

Adherence to Internal Controls

Rightsizing and Staffing

Embassy Guatemala City faced challenges related to managing rapid staffing growth over the past decade. This growth occurred, in part, because new policy and program responsibilities associated with the U.S. Strategy for Engagement in Central America called for intensified engagement on prosperity and governance goals. This, in turn, required staffing increases in U.S. Government agencies responsible for carrying out associated programs and activities. As described below, insufficient management of staffing growth adversely affected the embassy’s ability to plan for construction of a new embassy compound and support administrative operations.

New Embassy Compound Project at Risk of Costly Construction Delays

The Department risked costly construction delays because the embassy did not coordinate systematically with the Bureau of Overseas Buildings Operations (OBO) to establish accurate staffing levels for a planned new embassy compound (NEC). The Department awarded a \$287.6 million contract in September 2017 to construct the NEC. However, in December 2017, the embassy estimated that it had established at least 89 desk positions that were not included in OBO’s space requirements plan, a document used to determine desk space needs in NECs. Further, the embassy was considering proposals to add another 48 new positions. OBO told OIG that it had factored in a limited number of desk positions to accommodate changes in embassy staffing, but without accurate staffing levels and regulation of future growth, OBO might not be

able to accommodate additional employees without costly delays or modifications to the project.

This problem occurred because the embassy did not coordinate with OBO to promptly identify discrepancies in the staffing levels OBO used in its planning. OBO told OIG that it had difficulty obtaining staffing information from the embassy during the planning process. OIG was unable to find cable correspondence on NEC staffing levels between the embassy and OBO from 2015 through 2017. OIG notes that close coordination was especially important because staffing growth continued while construction planning was underway. For example, the embassy approved 39 new positions between June 2014 and July 2017. As described in 22 U.S. Code 3927 and 1 FAM 013.2(6), chiefs of mission are required to review programs, personnel, and funding levels of every staff element under their authority at least every 5 years to ensure that major construction projects are properly planned. Without close coordination between the embassy and OBO on staffing levels, the Department is at risk of cost overruns and delays for the new embassy compound.

Recommendation 1: Embassy Guatemala City should track and report to the Department accurate staffing levels needed to plan for the new embassy compound. (Action: Embassy Guatemala City)

Management Section Staffing Did Not Keep Pace with Embassy Growth

Staffing in Embassy Guatemala City's Management Section did not keep pace with overall mission growth in U.S. direct-hire staffing levels. Although the embassy had identified a need for new positions since at least FY 2014, through its Mission Resource Requests to the Department, OIG was unable to find evidence that the embassy prepared analyses of Management Section staffing needs for post's International Cooperative Administrative Support Services (ICASS) Council and working group from 2012 through 2016. Involvement by the ICASS Council in these issues is especially important because the council is responsible for assessing services and approving requests for new Management Section positions. In October 2017, the ICASS Council approved funding for 33 new positions. OIG advised the embassy to document future ICASS staffing decisions, consistent with the obligation of the Department and agencies to provide effective administrative support at the lowest overall cost, as called for in 6 Foreign Affairs Handbook (FAH)-5 H-022(a).

Two Embassy Operations Affected by Hiring Freeze

The embassy told OIG that the Department's hiring freeze⁵ meant it could not fill positions in two sections that it needed to implement and oversee programs, ensure adherence to internal

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.

controls, and maintain customer service. For example, INL Section employees told OIG that the inability to hire two personal services contractors and three LE staff members constrained their ability to oversee programs and ensure effective internal controls. The Management Section was unable to fill two voucher examiner positions, which contributed to problems relating to prompt payment of vouchers, as discussed in the Resource Management section of this report.

Internal Control Reviews for Statement of Assurance Did Not Identify All Deficiencies

The embassy's 2017 Annual Chief of Mission Management Control Statement of Assurance, submitted to the Department on August 31, 2017, identified deficiencies in physical security and seismic and fire safety issues in five mission facilities. However, while Embassy Guatemala City conducted the Statement of Assurance review process in accordance with Department guidance, it did not identify deficiencies in information technology (IT) security; the management of grants, contracts, and property; and occupational health and safety. All of these issues are detailed later in this report and in the companion classified report. OIG advised the embassy to conduct additional, more detailed internal controls reviews before the 2018 Statement of Assurance to follow up on internal controls issues identified during this inspection.

Security and Emergency Planning

OIG confirmed that the Ambassador supported the security program. For example, the Regional Security Office drafted new security directives for the Ambassador's signature, which were in the clearance process during the inspection. The embassy was up to date on all required drills and exercises. Overall, OIG confirmed that Embassy Guatemala City conducted its security program in accordance with Department standards and guidance, but OIG identified deficiencies related to physical security and technical security, discussed in the companion classified report.

Better Earthquake Preparedness Needed

Embassy planning for earthquake preparedness needed improvement. Despite an OBO rating that placed Guatemala City in the highest category for earthquake risk, OIG found several areas where the embassy could be more prepared. Those issues, with recommendations, are discussed in more detail in the Consular and Resource Management sections. OIG also advised the embassy to review practices employed by other missions at high risk of earthquakes to improve emergency preparedness, such as convening an emergency preparedness working group and conducting regional training with neighboring embassies.

Developing Future Foreign Service Leaders

During his first weeks at the embassy, the DCM energized the mission's First- and Second-Tour employee development program, consistent with 3 FAM 2242.4. He met individually with Department First- and Second-Tour employees and served as reviewing officer on their employee evaluation reports. As recommended in Department cable 2015 State 23542,⁶ the DCM also met three times with the 18 First- and Second-Tour employees from the Department

⁶ Cable 15 State 23542, "Mentoring for a Stronger Department of State," March 5, 2015.

and other agencies to discuss program changes to better reflect their interests and development needs. As a result, the Front Office broadened the program to include opportunities for the employees to support visits and plan representational events, among other activities. Group members told OIG that the program worked well and that they had no major changes to suggest. They also stated that they were satisfied that the Front Office was genuinely interested in them as people and as professionals whose skills they wanted to improve.

POLICY AND PROGRAM IMPLEMENTATION

Political-Economic Section

OIG reviewed the Political-Economic Section's leadership and management, policy implementation, reporting, advocacy, commercial promotion, Leahy vetting,⁷ and export control activities and found they met Department standards. The section advanced the U.S. Strategy for Engagement in Central America and ICS goals through its advocacy and reporting. Department offices and other agencies described the section's reporting as useful and its support for program activities as helpful. OIG found reporting relevant to both the ICS and the U.S. Strategy for Engagement in Central America goals.

Leahy Vetting and Export Control Checks Conducted in Accordance with Department Requirements

The embassy conducted Leahy vetting according to Department requirements. In a 300-day period ending September 2, 2017, the embassy conducted vetting in the Department's electronic Leahy vetting system for 4,101 individuals and units receiving training and assistance. The embassy carried out export control checks to the Department's satisfaction, although it did not meet recommended deadlines due to the local security situation and remoteness of locations visited.

International Narcotics and Law Enforcement Affairs Section

The INL Section's funding increased by 421 percent during the past five years, from \$7.75 million in FY 2013 to \$40.4 million in FY 2017. OIG reviewed the section's leadership, contract and grant management, financial management, property management, policy implementation, and reporting. Based on program risk, OIG also reviewed the section's aviation program. Although OIG found that the section generally conducted its programs in accordance with Department standards, it identified a number of deficiencies, as described below.

Aviation Program Failed to Achieve Goals, Remained at Risk

The INL aviation program failed to achieve program goals. Specifically, the helicopters furnished to the Government of Guatemala could not be used for drug interdiction missions because

⁷ 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.

safety concerns led to a 2016 decision to ground the helicopters. INL established the aviation program in 2009 using six UH-1/Huey II helicopters and associated equipment, valued at \$11.74 million, to conduct drug interdiction activities and arrest drug traffickers. The Department transferred title to the helicopters to the Government of Guatemala in 2013. Following the transfer, Guatemala was responsible for helicopter maintenance and logistics support, but INL continued to provide advisory support. One helicopter crashed in 2016 as a result of an electrical failure. This accident led the Government of Guatemala to ground the remaining five helicopters in 2016 because poor maintenance and questionable procurement practices prevented them from meeting INL's airworthiness standards. As of November 2017, the helicopters remained out of service and unavailable to conduct drug interdiction missions.



Figure 1. Out of Service UH-1/Huey II Helicopters at Military Facility in Guatemala City.

(Source: OIG)

At the time of the inspection, INL planned to expand the drug interdiction program by refurbishing the five grounded helicopters and providing Guatemala with four additional helicopters for an interim period. In June 2017, the Ambassador signed a letter of agreement with the Government of Guatemala for a 5-year, \$49 million extension of the aviation program. The agreement requires the INL Section, in coordination with the Government of Guatemala, to develop benchmarks to measure the effectiveness of the host country's aviation program administrative, technical, and operational capabilities.

INL Section employees told OIG that the drug interdiction aviation capability was important to the success of the embassy's counternarcotics program and that this justified the additional INL investments in the program. They also stated that they had taken steps to mitigate program risks. OIG continues to have concerns, however. For example, the 2017 letter of agreement calls for the Government of Guatemala to fund up to \$20 million in helicopter refurbishment costs. Although the agreement requires the development of performance benchmarks, OIG could not locate documentation that established either the benchmarks or plans to monitor progress toward achieving them. Accordingly, OIG determined that not all risks had been appropriately mitigated.

Developing benchmarks for INL's planned program expansion is particularly important because it faces risks similar to those that caused its failure following the transfer of the helicopters in 2013, including the risks of undeveloped or unassessed administrative, technical, and operational capabilities. Without a fully developed plan, complete with performance benchmarks to measure progress in improving Guatemala's capabilities, the aviation program still faces the risk that it will not meet its goals. In addition, such benchmarks would mitigate the risk that the planned 5-year, \$49 million investment would not result in a functioning drug interdiction aviation capability.

Recommendation 2: Embassy Guatemala City, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should develop and monitor benchmarks for its Bureau of International Narcotics and Law Enforcement Affairs aviation program to improve administrative, technical, and operational capabilities of Guatemala's aviation operations. (Action: Embassy Guatemala City, in coordination with INL)

Section Did Not Maintain Contract Files In Accordance With Department Standards

The INL Section did not properly maintain Contracting Officer's Representative (COR) and payment files. OIG reviewed 10 awards issued from FY 2015 to FY 2017, with a value of \$3.03 million, out of a total of 236 awards valued at \$16.6 million. Five of 10 files reviewed lacked designated CORs.⁸ The files also lacked evidence of inspection and contract monitoring, records of paid invoices, and COR delegation letters. This is inconsistent with relevant guidance. In particular, the INL Bureau's Standard Operating Policy and Procedure on COR File Maintenance, as well as 14 FAM 222(b) and 14 FAH-2 H-142(b), outline requirements for administering contracts and maintaining contract files. Without proper contract administration, expended funds are at elevated risk of waste, fraud, and mismanagement.

Recommendation 3: Embassy Guatemala City should document Contracting Officer's Representative and payment files in accordance with Department standards. (Action: Embassy Guatemala City)

End-Use Monitoring Not Conducted According to Department Standards

The INL Section did not prepare an annual end-use monitoring plan, as required by INL Bureau guidance.⁹ Such plans are an important tool to ensure that end-use monitoring is conducted according to requirements in Federal law and Department guidance. In part because it had not

⁸ As required by 14 FAM 222(f), offices that prepare procurement requests are responsible for planning the extent of contract administration support necessary for effective monitoring. In addition, 14 FAH-2 H-143.2 outlines the process for proposing CORs when procurement requirements are developed.

⁹ The INL Bureau's Standard Operating Policy/Procedure for End-Use Monitoring (March 3, 2017) requires that certain property purchased with foreign assistance funds be monitored to ensure it is used for its intended purposes. In general, equipment valued at more than \$2,500 or items designated as defense articles or dual-use items are subject to this requirement. End-use monitoring fulfills the requirements of Section 484(b) of the Foreign Assistance Act of 1961 and Section 40A of the Arms Export Control Act. See 22 U.S.C. § 2991(c) and 22 U.S.C. § 2785.

completed such a monitoring plan, the section did not monitor defense articles¹⁰ provided to the host government. For example, items such as bulletproof vests, night vision goggles, and helicopters were not inspected on-site annually by a U.S. Government employee. In addition, OIG found that a single INL Section employee was responsible for preparing receiving reports, conducting end-use monitoring site visits, and managing property records, contrary to the Department's separation of duties principles.¹¹ INL Section staff told OIG they were unaware of the requirement to conduct annual end-use monitoring for defense articles or to prepare an annual monitoring plan. The lack of an annual plan that defines monitoring activities and property management roles and responsibilities increases INL's risk of fraud. In addition, failure to perform annual end-use monitoring of defense articles creates a risk that defense exports or technology transfers will be re-exported or otherwise used in a manner inconsistent with their U.S. export license.

Recommendation 4: Embassy Guatemala City should complete an annual end-use monitoring plan that includes procedures for monitoring defense articles and ensuring separation of duties. (Action: Embassy Guatemala City)

Section's Personal Property Not Properly Controlled

The INL Section did not properly control U.S. Government personal property such as vehicles, furniture, and equipment used by INL staff.¹² Specifically, OIG estimated that in FY 2017, Embassy Guatemala City incorrectly purchased approximately \$140,000 in INL Section personal property using program development and support funds that could not be used for these purposes.¹³ These items should have been recorded in the Department's electronic system for personal property, as described in 14 FAM 411.4(1-3).¹⁴ Instead, the section improperly recorded and tracked the items as program property. This approach is of concern in part because personal property is subject to stricter accountability procedures than is program property to guard against theft or diversion of U.S. Government property. For example, personal property is subject to a 100 percent annual inventory requirement. INL Section staff told OIG that the section recorded the items as program property, in part to avoid paying fees the embassy's

¹⁰ Defense articles are defined as any item or technical data designated in 22 Code of Federal Regulations §121.1 (The United States Munitions List). Such articles are subject to the International Traffic in Arms Regulations.

¹¹ According to 14 FAM 411.2(d), no one individual should be in the position to control all aspects of any transaction that affects the receipt, storage, or disposition of expendable or nonexpendable personal property.

¹² As defined in 14 FAM 411.4, personal property is U.S. Government-owned or leased items such as vehicles, furniture, equipment, supplies, appliances, and machinery. It refers to all property not otherwise classified as land, land improvement, buildings, and structures.

¹³ The INL Bureau allots funds to overseas embassies under program development and support funds for operating expenses. These are distinct from program funds, which are intended for foreign assistance to the host country.

¹⁴ INL uses its end-use monitoring system to track property provided to foreign governments (program property), which is not subject to the property controls used for U.S. Government-owned property (personal property), including a requirement for a 100 percent annual inventory. As described in 14 FAM 411.1a, personal property accountability requirements apply to all U.S. Government-owned and -leased personal property controlled by offices established abroad. In addition, INL's Standard Operating Policy and Procedure for End-Use Monitoring states that end-use monitoring is not applicable to personal property purchased using INL program development and support funds.

General Services Office charges for property management services. This approach is inappropriate. Failure to use correct internal controls for personal property increases the risk of waste, fraud, theft, and mismanagement.

Recommendation 5: Embassy Guatemala City should institute internal controls consistent with Department standards for personal property procured by the International Narcotics and Law Enforcement Affairs Section. (Action: Embassy Guatemala City)

Public Diplomacy

OIG reviewed the Public Affairs Section's strategic planning and reporting, grants administration, media engagement, and exchange programs as well as the American Space activity at the Binational Center.¹⁵ OIG found that public diplomacy operations were aligned with ICS goals and operated in accordance with Department standards, with the exceptions noted below.

Grants Files Did Not Meet Department Standards for Monitoring and Risk Assessment

The Public Affairs Section's grants files lacked required monitoring plans, evidence of monitoring, and risk assessment forms. OIG reviewed 30 of the 187 FY 2016 and FY 2017 grants and ensured that the review included a mix of dollar value, grant type, awardee, and funding office. The grants reviewed totaled \$397,187, or 38 percent of the total award value of \$1.05 million. OIG determined that 90 percent of awards reviewed lacked a monitoring plan and that 57 percent lacked evidence of monitoring. None of the reviewed grants files awarded after May 2017¹⁶ contained the risk assessment form required by Federal Assistance Directive, Section 2.K. The Public Affairs Section did not designate Grants Officer Representatives, even though a yearlong staffing gap in the Information Officer position required the Grants Officers to assume other duties, which, in turn, inhibited program oversight. This approach is inconsistent with Department guidance on Federal assistance awards management,¹⁷ which requires development of written monitoring plans, monitoring, and use of risk assessment forms. Effective risk assessment and monitoring reduce the chances of loss or misuse of U.S. Government funds and help ensure that grants meet program objectives.

¹⁵ American Spaces are Department-operated or -supported public diplomacy facilities that host programs and use digital tools to engage foreign audiences in support of U.S. foreign policy objectives. Binational centers are autonomous cultural and educational institutions that promote mutual understanding between the United States and the host country and are recognized by the Department as eligible to receive support funds from the Bureau of International Information Programs.

¹⁶ The Office of the Procurement Executive's Federal Assistance Directive Version 1, dated May 2017, requires Public Affairs Sections to use the Federal Assistance Division's risk assessment templates unless the division approves the deviations in writing.

¹⁷ Federal Assistance Policy Directives (March 2015 and December 2016, Chapter 2.03A) and Federal Assistance Directive Version 1 (May 2017, Chapter 2.0) and Version 2 (October 2017, Chapter 2.0) stipulate that every award must have a written monitoring plan that is appropriate to the award and tied to the risk assessment. Federal Assistance Policy Directives (Chapter 3.01) and Federal Assistance Directive Version 1 (Chapter 4.C) and Version 2 (Chapter 4.D) mandate monitoring of all Department awards.

Recommendation 6: Embassy Guatemala City should follow Federal Assistance Directive requirements with respect to monitoring and risk assessments in its Public Affairs Section grants. (Action: Embassy Guatemala City)

Section Did Not Follow Department Guidance on Grant Award Competition

OIG found that the Public Affairs Section's grant processes did not follow Department guidance in a number of areas, thereby reducing transparency and accountability. In FY 2017, the section made Federal assistance awards to a limited pool of recipients, awarding 42 percent of grants and cooperative agreements (by dollar value) to one recipient without open competition. Although each award was below the \$25,000 threshold,¹⁸ the Department's grants policy guidance dating back to 2015¹⁹ states that posts should consider holding an open competition to demonstrate commitment to transparency and fairness and potentially increase the pool of possible recipients. OIG found no evidence that such consideration occurred. OIG also found that the section did not accurately maintain grant files in the Department's electronic grants management system. Finally, OIG found that the Public Affairs Section did not designate any LE staff Grants Officer Representatives.²⁰ During the inspection, the Public Affairs Section revised its standard operating procedures to include information on competition requirements and awards to individuals, uploaded required documents to the electronic grants management system, and started the process of training and designating a Grants Officer Representative. Therefore, OIG did not make recommendations regarding these deficiencies.

American Space Did Not Conform to Department Standards

OIG found that the Public Affairs Section's management of the American Space in Guatemala City did not comply with Bureau of International Information Programs Standards for American Spaces or with 10 FAM 382.c. Specifically, the embassy did not plan and hold strategic U.S. policy-related programming at the American Space. Further, no Public Affairs Section LE staff member had American Space management responsibilities in their portfolio, as required by Bureau of International Information Programs standards, 10 FAM 387.2d, and 10 FAM 387.4a. Past staffing constraints limited the section's ability to conduct planning and programming at the American Space. Notwithstanding these challenges, without strategic planning and staff management, the embassy could not ensure that the American Space fulfilled its purpose as a strategic venue for public diplomacy programming to advance U.S. foreign policy objectives.

¹⁸ Federal Assistance Directive, October 2017, Chapter 2.F.2.

¹⁹ The Department issued four grants policy guidance documents from 2015 to 2017, known as the Foreign Assistance Policy Directive (2015 and 2016) and the Foreign Assistance Directive (two versions in 2017). The October 2017 Foreign Assistance Directive (page 34) states that even if a bureau, post, or office attests that only one recipient organization is capable of carrying out the program, and non-competition could be justified, the bureau, post, or office should still consider holding an open competition.

²⁰ Although designation of a Grant Officer Representative is not required for awards with a value below \$100,000, doing so would be beneficial, as this individual could assist the Grants Officer in ensuring proper oversight and management of assistance awards.

Recommendation 7: Embassy Guatemala City should comply with Department standards for management of the American Space. (Action: Embassy Guatemala City)

Consular Affairs

OIG reviewed implementation and oversight of consular operations, including consular leadership, American citizen services, crisis preparedness, management controls, visa services and processing, and anti-fraud programs. Except as indicated below, OIG found that all consular programs complied with guidance in 7 FAM, 9 FAM, 7 FAH, applicable statutes, and other Department policies.

Warden System Had Not Been Tested or Assessed

OIG found a number of deficiencies in the consular warden system²¹ that impeded its efficient operation. Specifically, the embassy had not tested its warden system in at least 2 years, inactive wardens remained on the rolls, and only 60 of 161 wardens attended embassy training in November 2016. These issues are inconsistent with standards in 7 FAM 075(a) and (b), which provide that Consular Section chiefs must periodically assess and test warden programs. The American Citizens Services Unit neither identified the warden system's staffing needs nor ensured its readiness to respond to crises. Without a well-organized and tested warden system, the Consular Section cannot ensure protection of U.S. citizens during crises.

Recommendation 8: Embassy Guatemala City should complete a comprehensive assessment of its warden system and improve the organization and efficiency of warden program operations. (Action: Embassy Guatemala City)

Limited Steps Taken to Improve Crisis Preparedness

The Consular Section took only limited steps to improve its crisis preparedness. Guatemala ranked fourth out of 171 countries worldwide in disaster risk owing to five natural hazards.²² In September 2017, the Consul General assigned a two-officer team to assess crisis preparedness under standards provided in 7 FAM 1810 and 7 FAM 1840. The team recommended improvements in seven areas, including planning, staffing, training, equipment and supplies, administrative support, communications, and workspace. OIG advised the Consul General on additional steps the embassy should take to improve disaster preparedness, such as completing the Consular Risk Assessment Tool, an exercise to help identify and mitigate post-specific risks to U.S. citizens. In addition, OIG suggested that consular managers coordinate with their counterparts in other Central American countries on disaster preparedness and response planning, given that they likely would call on each other for assistance in the event of a significant disaster.

²¹ Wardens are local residents who assist consular sections in disaster preparedness by alerting U.S. citizens to emergency situations and passing on information from the mission or the Department.

²² The five natural hazards are earthquakes, hurricanes, floods, droughts, and sea-level rise. United Nations University Institute for Environment and Human Security, World Risk Index, 2016.

Visa Units Did Not Effectively Manage Fluctuating Workload

The Consular Section struggled to manage its visa workload, which fluctuated annually. For example, nonimmigrant visa demand grew by 36 percent between FY 2012 and FY 2016, to more than 117,000 applications. However, demand in FY 2017 dropped by 21 percent. Similar fluctuations occurred in immigrant visa demand during the same period. The section did not adequately cross-train the nonimmigrant and immigrant visa LE staff, which made it difficult to shift staffing resources to keep up with fluctuating workloads. Further, position descriptions for visa unit LE staff did not permit flexible work assignments. The Consul General agreed to update position descriptions and institute cross-training to meet changing visa demand.

No Training Plan for Consular Section Staff

The Consular Section did not have a training plan for either American or LE staff, as recommended in 7 FAH-1 H-242(c)(3). Further, consular employees were unaware of where to find a definitive list of mandatory and recommended training. Although all officers and LE staff had completed mandatory training, many had not done so in more than 5 years. Because consular law, policy, procedure and applications change frequently, this made much of their prior training obsolete. In some cases, LE staff with more than 10 years of experience had never attended Foreign Service Institute training or regional workshops. Ongoing training is necessary to maintain employee proficiency, effectiveness, and customer service. During the inspection, the Consul General designated a training officer and directed him to develop a training plan and monitor employee training.

RESOURCE MANAGEMENT

OIG reviewed internal control systems in the Human Resources, Financial Management, Facilities Maintenance, General Services, and Information Management operations as well as the health unit and employee association. A number of factors adversely affected the Management Section's ability to support embassy customers. First, overall embassy staffing grew without corresponding increases to the management support platform. Second, the conversion from a living quarters allowance post to government furnished housing²³ required leasing new residences and acquiring 114 sets of furniture. Finally, embassy employees told OIG that planning for the new embassy compound significantly affected their ability to support administrative operations. The implications of rapid U.S. direct-hire personnel growth is discussed in the Executive Direction section of this report. Despite these issues, OIG found that the Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, except as noted below.

²³ This transition required the embassy to acquire more than 70 new residences and establish a furniture and appliance pool program. Under the living quarters allowance program, eligible embassy employees are given an allowance to lease residences on their own.

Human Resources

Outdated Local Compensation Plan Did Not Comply with Local Labor Law

Embassy Guatemala told OIG that the embassy's local compensation plan contained outdated information and did not comply with local labor law with respect to severance, benefits, and allowances provisions. As described in 3 FAM 7521, a local compensation plan forms the legal basis for all compensation payments to LE staff. Further, as described in 3 FAM 7113.3, U.S. Government policy provides that all agencies and establishments under chief of mission authority must employ LE staff on terms that are consistent with host country law insofar as U.S. law is not violated and adoption of local law is consistent with the U.S. public interest. Among other issues, the embassy expressed its belief that the outdated local compensation plan led to 27 years of underpayment for employee overtime and exposed the embassy to potential legal action. In addition, the embassy represented to OIG that retirement benefits payable under the plan were inconsistent with local labor law, potentially disadvantaging employees.

The embassy in 2016 and 2017 submitted three of nine components of the local compensation plan to the Bureau of Human Resources for approval and was updating the remaining six components during the inspection. The Bureau of Human Resources told OIG it was reviewing these updated components of the plan as of November 2017. Guidance in 3 FAH-2 H-312(c)(3) requires Human Resources Officers to maintain an updated local compensation plan that describes salary and benefits. Without an updated local compensation plan, the embassy could face exposure to legal action and risks incorrectly paying employee salaries and benefits.

Recommendation 9: Embassy Guatemala City, in coordination with the Bureau of Human Resources, should complete updates to the local compensation plan. (Action: Embassy Guatemala City, in coordination with DGHR)

Allowances Reports Were Overdue

The embassy did not submit by the required deadlines reports needed to establish U.S. direct-hire employee allowances to the Bureau of Administration. The embassy last submitted the Retail Price Schedule, used to set the post allowance,²⁴ in February 2014. It was due in May 2016. The Post Hardship Differential Report, due in May 2017, was last submitted in February 2013.²⁵ Department of State Standardized Regulations Section 070 requires the Retail Price Schedule be submitted every even year in May and the Post Hardship Differential Report to be submitted every odd year in May.²⁶ Failure to submit reports to the Bureau of Administration could result in over- or under-payments to employees.

²⁴ The post allowance is a payment to employees stationed in a foreign area where the cost of living is substantially higher than in Washington, D.C.

²⁵ The post hardship differential is designed to provide additional compensation to employees for service in foreign areas where environmental conditions differ substantially from those in the continental United States and warrant additional compensation as a recruitment and retention incentive.

²⁶ OIG's recent report (*Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas* (AUD-FM-17-51, August 2017)) recommended eliminating the location-specific survey data process for individual

Recommendation 10: Embassy Guatemala City should submit its overdue allowance reports to the Bureau of Administration. (Action: Embassy Guatemala City)

Financial Management

Most Embassy Vouchers Were Not Paid Within 30 Days

The embassy, as of July 2017, paid 79 percent of its vouchers more than 30 days after receipt, contrary to requirements at 4 FAH-3 H-4221.1(a). According to embassy management, vouchering processing inefficiencies, high workload, and section understaffing led to the delays. During the inspection, the embassy implemented a plan to increase voucher examiner efficiency by consolidating invoices, sending vouchers to the Department's regional voucher processing center, and reassigning staff. As a result, OIG did not make a recommendation.

Facilities Maintenance

Embassy Did Not Perform Residential Seismic Evaluations

Embassy Guatemala City had not performed seismic safety assessments of 89 of its 114 residential properties in accordance with Department standards. Guidance in 15 FAM 252.6(f)(1-3) requires that posts in high-risk seismic areas perform seismic assessments using an OBO-approved structural engineer to assess the safety of residences. In 2012, OBO assessed two building complexes in which the embassy leased units and provided a list of vetted local structural engineers to assess other residences. However, the embassy did not complete the necessary seismic assessments for the remaining residences. Leasing properties without performing seismic safety assessments poses significant risk to the life and safety of occupants.

Recommendation 11: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Guatemala City, in coordination with OBO)

Embassy Did Not Conduct Required Occupational Health and Safety Inspections

The Post Occupational Safety and Health Officer did not perform the required annual inspection of all office work areas and semi-annual inspection of increased-risk work areas and operations as required by 15 FAM 962(c). The officer, who is responsible for day-to-day safety, occupational health, and environmental program management and implementation, told OIG he was unaware of the requirements. Failure to follow these requirements increases the risk that workplace hazards will not be identified and mitigated.

posts. Notwithstanding this recommendation, since the current process is still in place, the Department should ensure that it is followed correctly, which is why OIG is making a specific recommendation to address the problem at Embassy Guatemala City.

Recommendation 12: Embassy Guatemala City should perform required annual inspections of all work areas and semi-annual inspections of increased risk work areas and operations in accordance with Department standards. (Action: Embassy Guatemala City)

General Services Operations

Motor Vehicle Safety Program Did Not Meet Department Standards

Embassy Guatemala City did not comply with Department motor vehicle safety standards. Neither the Post Occupational Safety and Health Officer nor the General Services Officer verified that all chauffeurs and incidental (self-drive) operators complied with Department motor vehicle safety guidelines. OIG was unable to conclusively determine the number of chauffeurs and incidental drivers involved because the embassy did not maintain comprehensive records of motor vehicle safety compliance. OIG identified the following deficiencies:

- Four employees who drove armored vehicles as part of their daily duties did not receive armored vehicle training, as required in 12 FAM 389(b).
- Some chauffeurs and incidental drivers under Chief of Mission authority did not receive driver safety training,²⁷ as required in 14 FAM 432.4(c)(2).
- Some incidental drivers did not receive the appropriate medical certifications before driving official Government vehicles, as required in 14 FAM 432.4(c)(4).
- Motor pool chauffeurs regularly exceeded Department limits on working hours, as delineated in 14 FAM 432.4(c)(3), 15 FAM 957.3(4), and the Department's Motor Vehicle Safety Management Program.

These problems occurred because of a lack of oversight and tracking of driver safety requirements. Failure to enforce these standards increases risks to drivers, passengers, and the public, as well damage to U.S. Government property.

Recommendation 13: Embassy Guatemala City should require that all chauffeurs and incidental drivers under Chief of Mission authority comply with applicable Department motor vehicle safety requirements. (Action: Embassy Guatemala City)

Property Management Internal Controls Were Improving

The embassy had improved property management controls, but still needed to address minor weaknesses in residential and IT property inventory and recordkeeping. In March 2015, the embassy's transition from a living quarters allowance program to a Government furnished housing program required the purchase of furniture sets for 114 residences. In FY 2016, as a result of inadequate staffing levels and poor recordkeeping, the embassy reported a 4.76 percent shortage in nonexpendable property, which is above the Department's one percent

²⁷ The Department uses the Smith System training program, which is designed to teach drivers to see and avoid driving hazards.

threshold for convening a property survey board²⁸ to verify facts involving the shortage and take corrective actions, as described in 14 FAM 416.5-1(B)(b). To address property control weaknesses, the embassy implemented corrective actions in record keeping and training. Additionally, the embassy addressed staffing shortages by hiring two additional warehouse employees and requesting that the Bureau of Administration review its property management practices and train General Services Office staff members. These corrective actions resulted in a reduction of the embassy's nonexpendable property shortage to 0.84 percent for FY 2017. OIG advised the embassy on further improvements it could make to residential property inventories and IT program property.

Information Management

OIG reviewed the embassy's Information Management operations, including classified, unclassified, and dedicated internet network computer operations; physical protection of IT resources; classified communications security; emergency communications preparedness; radio and telephone programs; and mail and pouch services. Although the section generally implemented required Department policies and guidance, OIG found significant issues in its computer operations, which stemmed from ineffective IT change control and inadequate monitoring of the embassy's network. These issues are discussed below and in the companion classified report.

Information Systems Security Officers Did Not Perform All Duties

The embassy's unclassified and classified Information Systems Security Officers (ISSO) did not perform all information systems security duties. As described in 5 FAM 824(1), ISSOs must ensure that systems for which they are responsible are configured, operated, and maintained in accordance with all relevant Bureau of Information Management and Bureau of Diplomatic Security guidelines. OIG found information security issues, detailed below, that could have been prevented with regular performance of ISSO duties. Additionally, the ISSOs did not use the Department's ISSO checklist to guide them in prioritizing and planning their duties. OIG issued a Management Assistance Report²⁹ in May 2017 that highlighted widespread failures to perform ISSO duties and the consequences of those shortfalls. In a subsequent Department cable,³⁰ the Bureau of Information Resource Management requested that embassy management work with ISSOs to ensure performance of their duties by prioritizing resources to ensure cyber-security needs are met and documented. In keeping with this guidance, the embassy should address these concerns, as a lack of planning and competing priorities led to neglect of these duties, which placed the security of the Department's computer systems at risk.

²⁸ The property survey board consists of at least three members appointed by a chief of mission to investigate damaged, missing, or destroyed property to determine financial liability and authorize adjustment of inventory records.

²⁹ OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

³⁰ Cable 2017 State 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.

Recommendation 14: Embassy Guatemala City should require that Information Systems Security Officers perform duties specified in Department guidance. (Action: Embassy Guatemala City)

Local Information Technology Configuration Control Board Was Ineffective

Embassy Guatemala City established a local IT Configuration Control Board, as required by 5 FAM 862.1, to ensure that hardware, software, and network components installed on IT networks do not adversely affect the existing infrastructure. However, the board did not review, approve, document, or report locally installed hardware and software in iMATRIX³¹ as required by 5 FAM 862.1(c). OIG found that the board lacked processes for identifying, controlling, and accounting for all IT assets operated on the embassy's local networks. OIG also found instances of unauthorized network devices connected to the Department's Sensitive But Unclassified network; wireless dedicated internet networks³² (DIN) operating in the chancery and annexes; and firewall software used without board review and approval. The Information Management Officer, the board chairperson, had not consistently instituted and enforced the board's mandates. These failures to consistently identify and control hardware and software operating on the embassy's network created vulnerabilities that could compromise Department information.

Recommendation 15: Embassy Guatemala City should require its local Information Technology Configuration Control Board to follow Department guidance. (Action: Embassy Guatemala City)

Section Staff Failed to Maintain the Integrity of the Sensitive But Unclassified Network

Information Management Section managers were unable to confirm to OIG whether all IT assets connected to the embassy network complied with 5 FAM 871.2(b, f), which provide that only Department-owned and -approved hardware and software can be used on Department systems. Section staff installed unauthorized and misconfigured network devices on the Department's Sensitive But Unclassified network, creating IT security vulnerabilities. From July through November 2017, the embassy reported three incidents involving unauthorized and misconfigured network devices, two of which OIG identified during this inspection. Section managers reported these events to the Bureau of Diplomatic Security Cyber Incident Response Team and took administrative action against the LE staff responsible. However, because of a systemic lack of attention to IT security, including the introduction of unauthorized and misconfigured devices, the confidentiality, integrity, and availability of information on the embassy's Sensitive But Unclassified system is at risk. Without an external audit of the network, Information Management staff could not be assured that information was adequately protected.

³¹ iMatrix is the Department's tool for organizing and tracking its IT investments, projects, and assets, including services, systems, and products.

³² DINs are discrete non-sensitive unclassified local area networks. DINs are not connected to any other Department system, nor are they protected by Department enterprise security services, such as boundary defense, data loss prevention, and antivirus and vulnerability monitoring.

Recommendation 16: The Bureau of Diplomatic Security, in coordination with the Bureau of Information Resource Management and Embassy Guatemala City, should audit the embassy's Sensitive But Unclassified network to ensure it complies with Department standards. (Action: DS, in coordination with IRM and Embassy Guatemala City)

Unregistered and Unmonitored Dedicated Internet Networks Created Cybersecurity Risk

Section staff did not inventory, monitor, secure, or register the embassy's DINs with the Bureau of Information Resource Management, in accordance with 5 FAM 872.1. Information Management staff did not know how many DINs operated in the embassy, or their purposes, locations, or configurations. Lack of staff oversight and ISSO monitoring contributed to this problem. Failure to register, secure, and monitor DINs increases vulnerability to cyber attacks.

Recommendation 17: Embassy Guatemala City should inventory, secure, monitor, and register its dedicated internet networks with the Bureau of Information Resource Management. (Action: Embassy Guatemala City)

Wireless Network Used to Store Sensitive Information Without Adequate Controls

The INL Section operated a wireless DIN to process and store Sensitive But Unclassified information, contrary to 5 FAM 872.2, which states that this type of information must not be processed, stored, or transmitted on DINs, except in limited amounts under exigent circumstances. Further, neither the Information Management nor the INL Sections complied with applicable Federal IT security standards relating to the protection of information processed on the INL wireless DIN. For example, the embassy had not taken steps, required by National Institute of Standards and Technology, to apply Risk Management Framework guidelines to managing IT security risks.³³ The embassy had not determined the level of security categorization applicable to the wireless DIN, and it did not document whether the INL Section's Sensitive But Unclassified information instead could be processed on an approved system, such as the Department's OpenNet system. This could be a cost-effective alternative to developing an INL wireless DIN network that complies with Department and Federal IT standards. Information Management Section managers told OIG they did not oversee the wireless DIN because they assumed it did not fall under the embassy's information management security program. Further, the two INL LE network administrators did not know about the 5 FAM 872.2 requirements or National Institute of Standards and Technology Risk Management Framework. This issue must be addressed, as failure to appropriately secure Sensitive But Unclassified information could compromise the confidentiality, availability, and integrity of INL Section data stored on the system.

Recommendation 18: Embassy Guatemala City should conduct an assessment of the Bureau of International Narcotics and Law Enforcement Affairs' wireless dedicated internet network based on the National Institute of Standards and Technology Risk

³³ The National Institute of Standards and Technology Special Publication 800-37 requires a six-phase process for IT systems that includes security categorization, security control selection and implementation, security control assessment, information system authorization, and security control monitoring throughout the lifecycle of the system.

Management Framework and implement appropriate controls to protect the information stored on the network. (Action: Embassy Guatemala City)

Ineffective Active Directory Groups Management Created Security Risk

Embassy Guatemala City did not maintain its Active Directory³⁴ security and distribution groups for its unclassified and classified computer networks in accordance with 12 FAH-10 H-112.5-2(1-3) and 12 FAH-10 H-112.1-1-a(2-3). As a result, OIG found instances of user accounts with elevated access privileges or access to information they did not need to perform their duties. Section staff had not developed standard operating procedures for checking and maintaining Active Directory security and distribution groups to ensure information is distributed to or accessed by only the intended personnel. Failure to maintain these groups increases the risk of a security breach, especially if a group has been inappropriately given administrative privileges.

Recommendation 19: Embassy Guatemala City should manage its classified and unclassified Active Directory groups in accordance with Department standards. (Action: Embassy Guatemala City)

Classified and Unclassified Computer Operations Lacked Standard Operating Procedures

Information Management Section staff did not prepare standard operating procedures for all aspects of classified and unclassified computer operations to ensure operational continuity and consistency, as required by 5 FAM 867. OIG found that the staff did not systematically perform and document routine systems administration tasks, such as reviewing systems logs; capturing system changes; and checking and recording systems backup status. These problems occurred because section managers did not institute and enforce standard operating procedures for these tasks. Without documented procedures for managing its classified and unclassified networks, the embassy was at risk of not completing systems administration tasks essential to operational continuity.

Recommendation 20: Embassy Guatemala City should implement standard operating procedures for managing its classified and unclassified networks. (Action: Embassy Guatemala City)

Information Technology Contingency Planning Did Not Meet Department Standards

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

³⁴ Active Directory captures properties of users, groups, computers, servers, printers, network shares, and additional systems information and is a tool the Department uses to manage access privileges, among other functions.

Recommendation 21: Embassy Guatemala City should conduct annual tests of the information technology contingency plans for unclassified and classified networks in accordance with Department standards. (Action: Embassy Guatemala City)

Information Technology Contingency Plan Training Was Not Conducted

The embassy did not comply with guidance in 12 FAH-10 H-232.2-1, which requires management to ensure that employees receive initial and annual refresher IT contingency training based on their roles and responsibilities, as defined in the IT contingency plans. Section managers told OIG they were unaware of this requirement. Failure to conduct initial and annual refresher IT contingency plan training impedes the embassy's ability to effectively respond to unplanned systems outages or disruptions.

Recommendation 22: Embassy Guatemala City should implement a plan for conducting initial and annual refresher information technology contingency training for employees with information technology contingency planning responsibilities. (Action: Embassy Guatemala City)

Unprotected Network Devices Located Throughout the Chancery and Annexes

The embassy did not protect Sensitive But Unclassified and classified network devices, such as switches, in locked enclosures to prevent accidental or malicious interruption of service or unauthorized use, as required by 12 FAM 644.1. OIG observed several unprotected network devices installed in offices, workshop space, and, in one instance, above ceiling tiles. Without adequate protection in locked enclosures, network devices are vulnerable to accidental or malicious disruption.

Recommendation 23: Embassy Guatemala City should protect its network devices in accordance with the Department standards. (Action: Embassy Guatemala City)

Improper Location of Telecommunications Demarcation Point

The embassy located its demarcation point connecting the embassy's telecommunications systems and the public telecommunication network in the chancery's main telephone frame room. Access to this room is limited to cleared employees. This configuration is contrary to 12 FAH-6 H-651.5.2, which prohibits locating the telecommunications demarcation point in the main telephone frame room where non-embassy workers would need access. IM staff were unaware of this guidance. Locating the public telecommunication equipment in a limited access telephone frame room creates security vulnerabilities when non-cleared internet service provider employees need to work on the public telecommunications system.

Recommendation 24: Embassy Guatemala City should relocate the telecommunications demarcation point outside the limited access main telephone frame room. (Action: Embassy Guatemala City)

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 the Bureau of Diplomatic Security and Embassy Guatemala City.³⁵ The Department's complete response can be found in Appendix B. The Department also provided technical comments that OIG incorporated, as appropriate, into this report.

Recommendation 1: Embassy Guatemala City should track and report to the Department accurate staffing levels needed to plan for the new embassy compound. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that accurate staffing levels are reported to the Department for planning the new embassy compound.

Recommendation 2: Embassy Guatemala City, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should develop and monitor benchmarks for its Bureau of International Narcotics and Law Enforcement Affairs aviation program to improve administrative, technical, and operational capabilities of Guatemala's aviation operations. (Action: Embassy Guatemala City, in coordination with INL)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that benchmarks for the bureau's aviation program are developed and monitored.

Recommendation 3: Embassy Guatemala City should document Contracting Officer's Representative and payment files in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Contracting Officer's Representative payment files meet Department standards.

³⁵ Bureau of Diplomatic Security responses (April 26, 2018) were received on May 7, 2018.

Recommendation 4: Embassy Guatemala City should complete an annual end-use monitoring plan that includes procedures for monitoring defense articles and ensuring separation of duties. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of an annual end-use monitoring plan for monitoring defense articles.

Recommendation 5: Embassy Guatemala City should institute internal controls consistent with Department standards for personal property procured by the International Narcotics and Law Enforcement Affairs Section. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of internal controls for personal property procured by the International Narcotics and Law Enforcement Affairs Section.

Recommendation 6: Embassy Guatemala City should follow Federal Assistance Directive requirements with respect to monitoring and risk assessments in its Public Affairs Section grants. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of monitoring and risk assessments of the Public Affairs Section grants.

Recommendation 7: Embassy Guatemala City should comply with Department standards for management of the American Space. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 American Space managed in accordance with Department standards.

Recommendation 8: Embassy Guatemala City should complete a comprehensive assessment of its warden system and improve the organization and efficiency of warden program operations. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 assessment of the embassy's warden system.

Recommendation 9: Embassy Guatemala City, in coordination with the Bureau of Human Resources, should complete updates to the local compensation plan. (Action: Embassy Guatemala City, in coordination with DGHR)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation. The embassy noted a target compliance date of June 30, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated local compensation plan.

Recommendation 10: Embassy Guatemala City should submit its overdue allowance reports to the Bureau of Administration. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation. The embassy noted a target compliance date of May 15, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of that the overdue allowance reports are submitted to the Bureau of Administration.

Recommendation 11: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Guatemala City, in coordination with OBO)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 seismic evaluations of the embassy's residential properties.

Recommendation 12: Embassy Guatemala City should perform required annual inspections of all work areas and semi-annual inspections of increased risk work areas and operations in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 required annual and semi-annual inspections of work areas.

Recommendation 13: Embassy Guatemala City should require that all chauffeurs and incidental drivers under Chief of Mission authority comply with applicable Department motor vehicle safety requirements. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of that all applicable drivers comply with the Department motor vehicle safety requirements.

Recommendation 14: Embassy Guatemala City should require that Information Systems Security Officers perform duties specified in Department guidance. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 Systems Security Officers performing Department specified duties.

Recommendation 15: Embassy Guatemala City should require its local Information Technology Configuration Control Board to follow Department guidance. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 local information technology configuration control board following Department guidance.

Recommendation 16: The Bureau of Diplomatic Security, in coordination with the Bureau of Information Resource Management and Embassy Guatemala City, should audit the embassy's

Sensitive But Unclassified network to ensure it complies with Department standards. (Action: DS, in coordination with IRM and Embassy Guatemala City)

Management Response: In its April 26, 2018 response, the Bureau of Diplomatic Security concurred with the recommendation.

OIG's Reply: Based on the Bureau of Diplomatic Security's response, OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Bureau of Diplomatic Security's audit of the embassy's Sensitive But Unclassified network.

Recommendation 17: Embassy Guatemala City should inventory, secure, monitor, and register its dedicated internet networks with the Bureau of Information Resource Management. (Action: Embassy Guatemala City).

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that dedicated internet networks are registered with the Bureau of Information Resource Management.

Recommendation 18: Embassy Guatemala City should conduct an assessment of the Bureau of International Narcotics and Law Enforcement Affairs' wireless dedicated internet network based on the National Institute of Standards and Technology Risk Management Framework and implement appropriate controls to protect the information stored on the network. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of an assessment of the Bureau of International Narcotics and Law Enforcement Affairs' wireless dedicated internet network that is based on the National Institute of Standards and Technology Risk Management Framework and implementation of appropriate controls to protect the information stored on the network.

Recommendation 19: Embassy Guatemala City should manage its classified and unclassified Active Directory groups in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 classified and unclassified Active Directory groups are managed in accordance with Department standards.

Recommendation 20: Embassy Guatemala City should implement standard operating procedures for managing its classified and unclassified networks. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 standard operating procedures for managing its classified and unclassified networks.

Recommendation 21: Embassy Guatemala City should conduct annual tests of the information technology contingency plans for unclassified and classified networks in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 test of the information technology contingency plans for the unclassified and classified networks.

Recommendation 22: Embassy Guatemala City should implement a plan for conducting initial and annual refresher information technology contingency training for employees with information technology contingency planning responsibilities. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 training for employees with contingency planning responsibilities.

Recommendation 23: Embassy Guatemala City should protect its network devices in accordance with the Department standards. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 network devices are protected in accordance with Department standards.

Recommendation 24: Embassy Guatemala City should relocate the telecommunications demarcation point outside the limited access main telephone frame room. (Action: Embassy Guatemala City)

Management Response: In its April 26, 2018, response, Embassy Guatemala City 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 telecommunications demarcation point is outside the limited access main telephone frame room.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	Luis Arreaga-Rodas	10/2017
Deputy Chief of Mission	David Hodge	7/2017
Chiefs of Sections:		
Management	Mona Kuntz	9/2014
Consular	Kent Brokenshire	8/2017
Political-Economic	Shawn Flatt	8/2016
INL	Hugo Guevara	9/2017
Public Affairs	Steve Posivak	8/2017
Regional Security	Michael Malamud	11/2014
Other Agencies:		
Department of Defense	Colonel Steven Stanley	7/2017
U.S. Commercial Service	Nicole de DeSilvis	7/2014
U.S. Foreign Agricultural Service	Richard (Todd) Drennan	9/2016
Animal and Plant Health Inspection Service	Roberto Panteleon	6/2015
Peace Corps	Vacant	
U.S. Immigration and Customs Enforcement	Vacant	
U.S. Citizenship and Immigration Services	Suzanne Sinclair-Smith	10/2017
Drug Enforcement Administration	Adam Marcus	11/2017
Federal Bureau of Investigations	James Rubin	7/2016
Millennium Challenge Corporation	John Wingle	7/2017
Centers for Disease Control and Prevention	Vacant	
Tactical Assistance Team	Jesus Romero	7/2017
Force Protection Detachment	Matthew Ellis	8/2017
U.S. Agency for International Development	John Beed	9/2017

Source: Embassy Guatemala City

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between September 5, 2017, and January 17, 2018, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department of State and the Broadcasting Board of Governors.

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

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

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 185 interviews, and reviewed 398 questionnaires completed by American and locally employed staff.

APPENDIX B: MANAGEMENT RESPONSES

UNCLASSIFIED
U.S. Embassy Guatemala

April 26, 2018

UNCLASSIFIED

THRU: WHA – Acting AS Francisco Palmieri
TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections
FROM: Guatemala – Ambassador Luis Arreaga
SUBJECT: Response to Draft OIG Report – Inspection of Embassy Guatemala

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

OIG Recommendation 1: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations, should track and report to the Department accurate staffing levels needed to plan for the new embassy compound. (Action: Embassy Guatemala City, in coordination with OBO

Management Response: On November 22, 2017, Management emailed M/PRI requesting a new staffing revalidation, M/PRI provided an 11/24/2017 response indicating that the NEC construction cable did not allow for an out-of-cycle review. On 1/11/2018, Management followed up again by email, and on 1/12/2018, via telecon, M/PRI provided recommendations to handle this issue, but did not agree to a revalidation. On 3/22/2018, Post formally requested a revalidation of staff numbers via 18 Guatemala 258. On 4/18/2018, M/PRI responded via email, advising that OBO had requested a Table Revision. On 4/24/2018, Post provided a updated table revision, but post continues to clarify information with M/PRI to finalize their review.

On 11/3/2017, OBO sent 17 State 110544, advising of the NEC project award. On 1/29/2018, Post sent a response, 18 Guatemala 82, advising of the shortfall in desks. OBO sent a response on 2/16/2018 (18 State 15282), advising post that the NEC would move forward with 462 desks. Post responded on 3/22/18 with 18 Guatemala 262, which provided a suggested solution to the desk issue, utilizing growth space, reconfiguring some collaboration spaces (Post attached actual space plans to this cable) and rectifying shortfalls in the CAA space. Post believes addressing the issue at this time will have minimal cost and no time delays, whereas waiting until after occupancy would exponentially increase cost and disruption. From Post's viewpoint, a reconfiguration of the CAA after occupancy would be cost-prohibitive.

Post continues to work with OBO and WHA Bureau to find a solution.

OIG Recommendation 2: Embassy Guatemala City, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should develop and monitor benchmarks

for its Bureau of International Narcotics and Law Enforcement Affairs aviation program to improve administrative, technical, and operational capabilities of Guatemala's aviation operations. (Action: Embassy Guatemala City, in coordination with INL)

Management Response: Post agrees that appropriate benchmarks are critical for the Bureau of International Narcotics and Law Enforcement Affairs in Guatemala's (INL-G) revived aviation program to operate effectively and improve administrative, technical, and operational capabilities. Uncertainty in available funding, combined with the Department's hiring freeze, significantly delayed the process to bring on-board a Senior Aviation Advisor (SAA) to manage the program's implementation. The new SAA has been hired and is projected to arrive at Post on 1 May 2018; the INL-G Director will ensure the SAA prioritizes development and coordination of sufficient benchmarks to ensure the success of the program.

As a point of clarification, the helicopters were nationalized in 2013, with limited benchmarks for ongoing U.S. government/INL support. The benchmarks did include the installation of refueling sites at points around the country; that task was completed in late 2016. Other benchmarks for program success under a nationalization plan envisioned in the 2009 Letter of Agreement were not met. Also, the helicopter crash mentioned in the draft report occurred on 24 August 2016.

The point of contact for this recommendation is Theresa Meyer, INL-G Deputy Director.

OIG Recommendation 3: Embassy Guatemala City should document Contracting Officer's Representative and payment files in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: Agreed. With the lifting of the hiring freeze for local staff, at least, INL-Guatemala (INL-G) is moving forward with hiring two dedicated staff to serve as Contracting Officer Representatives/Grant Officer Representatives to ensure proper documentation and payment for contracts and grants – a move agreed to by the Embassy Front Office and blocked by the hiring freeze. INL-G anticipates having the new local employees in place within the next six months (subject to classification, recruitment, screening, and on-boarding). An experienced personal services contractor to provide training, staff development, and oversight to local staff in this new role remains on hold pending further information on the Strategic Hiring Initiative.

The point of contact for this recommendation is Whitney S. Wiedeman, INL Management Officer.

OIG Recommendation 4: Embassy Guatemala City should complete an annual end-use monitoring plan that includes procedures for monitoring defense articles and ensuring separation of duties. (Action: Embassy Guatemala City)

Management Response: Agree to the recommendation, with clarifications.

- INL-G has maintained a written end-use monitoring (EUM) plan since 2015. The 2017 plan was developed by the INL-G Management team, and provided to the inspectors during the visit. The EUM team achieved the target of over 50% of items monitored, more than tripling 2016's totals, and more than quadrupling the number of first-person inspections by USG personnel.
- All defense articles were accounted for in the 2017 EUM report. Three items (defective night-vision goggles) did not meet recommended safeguards for storage (behind only one locked door, rather than two), and that is being remedied in 2018, not later than 30 April 2018.

- Prior to the inspection, efforts were underway to properly tag and account for all items that had previously been mismarked based on a misunderstanding of the guidance. That was particularly true for nationalized aviation equipment. INL/A was responsible for tracking items during the aviation project's operational period, and no handover was made at nationalization, leaving INL-G staff unaware that they were responsible for continuing EUM. That has been corrected, with all items tagged by 15 November 2017 and entered into the 2017 report.
- INL-G makes a separation of duties for property management controls. Initial receipt in Ariba of foreign assistance goods for payment is handled by a single INL-G employee, who then enters the items into the ILMS EUM system to generate EUM labels. Those items are tagged for EUM with those labels by a different employee. The items are then donated to the host government through a project implementation letter or other formal donation mechanism signed by a foreign service officer or a U.S. personal services contractor, with final receipt taken by a host government official. EUM is a team effort performed by nearly all program and many administrative staff from INL-G in order to achieve the stated target of at least 50% of all commodities inventoried nationwide annually. No donation items are stored longer than is necessary for the host government to take receipt. INL-G policy now includes a requirement that no employee conduct EUM at a given site in consecutive years to ensure that items are observed by multiple employees. Retirement of goods from the EUM list requires notification to the INL-G Director or a designee. Since 1 March 2018, the Embassy GSO has agreed to begin tagging all non-expendable property (NXP) items and recording them in the ILMS Asset Management system (ILMS-AM) for inventory purposes – this was not done previously and is discussed in greater detail below. Additionally, future deliveries of program development and support fund (PD&S) items requiring NXP tracking will pass through the GSO receiving clerk to receive ILMS-AM numbers. Disposal of any PD&S items is managed by the INL-G Logistics Coordinator, in coordination with GSO for auction or destruction.

The point of contact for this recommendation is Whitney S. Wiedeman, INL-G Management Officer.

OIG Recommendation 5: Embassy Guatemala City should institute internal controls consistent with Department standards for personal property procured by the International Narcotics and Law Enforcement Affairs Section. (Action: Embassy Guatemala City)

Management Response: Agreed, with a clarification. As noted above, prior to 1 March 2018, Embassy General Services Office (GSO) was not receiving items purchased with PD&S funds into the ILMS system, to include adding NXP tags and tracking on annual inventory where appropriate. That will now occur.

All PD&S items were properly acquired using appropriate authorities. INL-G respectfully requests the Inspector General withdraw or rephrase the statement to the contrary. The items were never listed as program property; however, they were listed in the ILMS EUM database to ensure there was accountability in the absence of the proper procedure through Embassy GSO. This was also not done to avoid ICASS charges, as mentioned in the draft report, but instead because of a lack of adequate communication between GSO and INL-G that is now remedied with an INL-G Management Officer in place to ensure proper processes are followed in coordination with Embassy management components. INL-G is subscribed to ICASS property management services – a head count charge that is paid whether the service is performed or not – and has long had items recorded in the Embassy ILMS-AM inventory and tracked each year – since at least 2012.

The point of contact for this recommendation is Whitney S. Wiedeman, INL-G Management Officer.

OIG Recommendation 6: Embassy Guatemala City should follow Federal Assistance Directive requirements with respect to monitoring and risk assessments in its Public Affairs Section grants. (Action: Embassy Guatemala City)

Management Response: PAS accepts the OIG's recommendation and has already taken steps to address it. PAS now completes a risk assessment form for each new grant, creates a monitoring plan, and uses standard Department forms to document monitoring. The PAS Management Assistant has created a system utilizing automatic reminders to ensure timely completion of grant monitoring reports. She has also worked retroactively to document monitoring of prior grants. In previous grants, monitoring did regularly occur, but was not properly documented. The public diplomacy officer will conduct training in May 2018 with all locally employed staff on the culture team regarding grant monitoring. The alumni coordinator has successfully completed Grants Officer Representative (GOR) training and the PAS management assistant will be completing a GOR training update in May 2018 and applying for the GOR certificate. PAS will look for the opportunity to send an additional locally employed staff to GOR training in 2018 to expand our capacity to monitor grants and more widely disperse responsibility to avoid overloading the management assistant.

OIG Recommendation 7: Embassy Guatemala City should comply with Department standards for management of the American Space. (Action: Embassy Guatemala City)

Management Response: PAS accepts the OIG's recommendation and has taken steps to address it. PAS reinforced the responsibility for outreach and liaison with the Instituto Guatemalteco Americano (IGA), our binational center, in the position description of our recently-hired cultural affairs specialist. PAS has already held one collaborative program hosted at IGA. However, PAS is not encouraged that IGA will achieve the minimum standards of independent and collaborative U.S.-themed programming in the short term that will allow it to maintain a "Tier 1" rating under IIP guidelines. We informed IGA executive leadership of the guidelines and did not receive definitive assurances that IGA will seek to meet them. We also plan to raise this issue with the leadership of IGA's board of directors in an attempt to encourage compliance with the minimum standards.

OIG Recommendation 8: Embassy Guatemala City should complete a comprehensive assessment of its warden system and improve the organization and efficiency of warden program operations. (Action: Embassy Guatemala City)

Management Response: The number of active wardens in Guatemala increased over a period of several years, resulting in a total of 161 as of October 1, 2017. Upon basic review, the consular section could not definitively confirm who among our wardens could be relied upon to carry out duties in a crisis.

Post has culled the number of wardens to 108, and expects to further reduce this number to 50 or fewer by July, 2018.

Post first tested the warden system in compliance with the annual requirement in December 2017 and also in January 2018 to assess our wardens' continued willingness to serve. Over 50 of the 161 wardens did not respond. As a result, we removed those from the active list, thus reducing the total number to 108 as of February 1, 2018.

Post then scheduled a workshop in Antigua, the first since 2016, on April 19, 2018. Thirty wardens attended and reconfirmed their willingness to serve. To further reduce the total number, Post will arrange a second workshop in June or July 2018. Post will invite wardens who did not attend the April workshop to take part in the second one and sign an updated memorandum of agreement. Those who do not attend will be removed from the list of active wardens.

Post is confident that in this manner the number of active wardens can be reduced to 50 before June 30, 2018. Post will also continue to maintain accurate rolls and avoid an unjustifiable increase of wardens in the future.

OIG Recommendation 9: Embassy Guatemala City, in coordination with the Bureau of Human Resources, should complete updates to the local compensation plan. (Action: Embassy Guatemala City, in coordination with DGHR)

Management Response: As of April 2018, Post's Human Resources Office has updated and submitted to HR/OE 16 of 18 sections of the LCP. Five of these updated sections are awaiting review and approval by HR/OE, including one that has been waiting since October 2016. Post will finalize the remaining two sections and submit them no later than June 30, 2018. Additionally, Post will continue follow-up with HR/OE for the authorization to revise the five pending sections which were previously submitted.

OIG Recommendation 10: Embassy Guatemala City should submit its overdue allowance reports to the Bureau of Administration. (Action: Embassy Guatemala City)

Management Response: Management is updating the Hardship Differential Report and a draft will be circulated to Country Team no later than May 15, 2018.

Management contracted with two EFMs to conduct the Living Pattern Survey and develop the Cost-of-Living Allowance (COLA) survey. The survey was due on April 20, 2018, but slow response to the Living Pattern Questionnaire has held this up. Post extended the contract deadline, and expects to submit this report by no later than May 15, 2018.

OIG Recommendation 11: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations, should perform seismic evaluations of its residential properties in accordance with Department standards. (Action: Embassy Guatemala City, in coordination with OBO)

Management Response: The Facility Management (FM) Office accepts the recommendation. FM, in coordination with the OBO Natural Hazards program, has developed a scope of work (SOW) for seismic inspections, and has vetted a list of local qualified structural engineers to conduct these inspections. GSO has prepared a request for quotations (RFQ), which includes the prepared SOW. FM, GSO, and OBO are preparing for an OBO Seismic Team to visit Guatemala later in FY18 to conduct the bulk of the seismic inspections. GSO will then complete the remaining seismic inspections through a RFQ.

OIG Recommendation 12: Embassy Guatemala City should perform required annual inspections of all work areas and semi-annual inspections of increased risk work areas and operations in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: The Facility Management Office (FM) is currently conducting formal inspections of all office buildings annually and increased risk areas, semi-annually. Inspections

were conducted in the buildings used by DHS-ICE, APHIS, USAID, and INL from December 2017 through March 2018.

OIG Recommendation 13: Embassy Guatemala City should require that all chauffeurs and incidental drivers under Chief of Mission authority comply with applicable Department motor vehicle safety requirements. (Action: Embassy Guatemala City)

Management Response: The embassy concurs with the recommendation and has completed the following steps to mitigate and resolve the recommendation:

- The embassy has issued a management notice instructing all agencies that all chauffeurs and incidental drivers under Chief of Mission (COM) authority must complete OBO/SHEM mandated Smith System driver safety training and the requisite medical certifications.
- The COM does not allow any USG employee to drive an official vehicle until the required certifications are completed. GSO now maintains this information on a post Sharepoint site with the expiry dates.
- All drivers of official vehicles must carry their certification along with their embassy badge showing their Smith System and health certification information. Employees without these certifications are not allowed to drive an official vehicle.
- GSO hosted a regional train-the-trainer Smith System training in Guatemala in April 2018. In addition to providing recertification for the embassy's three certified Smith System instructors, the three weeks of courses also included the requisite armored vehicle trainer training. Post has begun the process of using these instructors to train ALL drivers of armored vehicles.
- Post issued a second management notice, approved by the Deputy Chief of Mission, equiring all sections and agencies under COM authority to report all the names of the professional chauffeurs and incidental drivers to GSO on an annual basis.

OIG Recommendation 14: Embassy Guatemala City should require that Information Systems Security Officers perform duties specified in Department guidance. (Action: Embassy Guatemala City)

Management Response: Post Information Resource Management (IRM) team accepts the recommendation and has appointed new ISSOs for the Classified and Unclassified networks. The newly appointed ISSOs are performing their duties as specified by in Department guidance. The Information Systems Officer is designated as the CLASSNET ISSO, and the Information Management Specialist is designated as the OPENNET+ ISSO.

OIG Recommendation 15: Embassy Guatemala City should require its local information technology configuration control board to follow Department guidance. (Action: Embassy Guatemala City)

Management Response: Post IRM team accepts the recommendation and has fully reestablished the Post Information Technology Change Control Board (ITCCB) as of November 2017. Post's ITCCB has already begun approving and denying requests based on Department guidelines.

OIG Recommendation 16: The Bureau of Diplomatic Security, in coordination with the Bureau of Information Resource Management and Embassy Guatemala City, should audit the embassy's Sensitive But Unclassified network to ensure it is in compliance with Department's standards. (Action: DS, in coordination with IRM and Embassy Guatemala City)

Management Response: Post IRM team accepts the recommendation. Post's OPENNET ISSO contacted the Regional Computer Security Office and Engineering Security Office (San Salvador) via email and have confirmed a upcoming visit scheduled for 06/08/2018 to conduct this audit.

OIG Recommendation 17: Embassy Guatemala City should inventory, secure, monitor, and register its dedicated internet networks with the Bureau of Information Resource. (Action: Embassy Guatemala City)

Management Response: Post IRM accepts the recommendation. Post has contacted the Regional Computer Security Office and Engineering Security Office, registering the DIN via email on 2/12/2018, and a detailed report was sent on 3/12/2018. Post has also registered the DINs networks in the Departments Imatrix website and has purchased Department approved firewall software to secure the network.

OIG Recommendation 18: Embassy Guatemala City should conduct an assessment of the Bureau of International Narcotics and Law Enforcement Affairs' wireless dedicated internet network based on the National Institute of Standards and Technology Risk Management Framework and implement appropriate controls to protect the information stored on the network. (Action: Embassy Guatemala City)

Management Response: Post IRM accepts the recommendation and has reported the INL-G wireless DIN via email on 2/12/2018. A detailed report was sent for review to Diplomatic Security on 3/12/2018. Post is currently awaiting disposition instructions from the Engineering Security and Regional Computer Security Offices in Ft Lauderdale.

OIG Recommendation 19: Embassy Guatemala City should manage its classified and unclassified Active Directory groups in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: Post IRM accepts the recommendation. In November 2017, Post IRM performed a complete review of Active Directory group membership on the classified and unclassified networks and improved security in accordance with Department Standards.

OIG Recommendation 20: Embassy Guatemala City should implement standard operating procedures for managing its classified and unclassified networks. (Action: Embassy Guatemala City)

Management Response: WHA/Embassy Guatemala City/IRM accepts the recommendation and has updated and modernized our classified and unclassified standard operating procedures which have existed since the last OIG inspection and as living documents are maintained continuously. Cyber security, Event Logs and ISSO check sheets are now processed daily, results are posted on Embassy Guatemala's SharePoint site <https://usdos.sharepoint.com/sites/guatemala/ISC/Lists/Server%20logs%20check/AllItems.aspx>.

OIG Recommendation 21: Embassy Guatemala City should conduct annual tests of the information technology contingency plans for unclassified and classified networks in accordance with Department standards. (Action: Embassy Guatemala City)

Management Response: Post IRM agrees with OIG's above recommendation. On April 19, 2018, IRM conducted a tabletop exercise, successfully testing Post's IT contingency plans and

making eleven updates to the plan. In March 2018, an IT contingency test included a satellite internet test which demonstrated capability to provide wireless internet access to handheld mobiles running on battery.

OIG Recommendation 22: Embassy Guatemala City should implement a plan for conducting initial and annual refresher information technology contingency training for employees with information technology contingency planning responsibilities. (Action: Embassy Guatemala City)

Management Response: Post IRM agrees with OIG's above recommendation and in April 2018 conducted a tabletop exercise, testing Post's IT contingency plan successfully. During the exercise, IT staff were given their official designations and provided training in their responsibilities.

OIG Recommendation 23: Embassy Guatemala City should protect its network devices in accordance with the Department standards. (Action: Embassy Guatemala City)

Management Response: Post IRM agrees with OIG's above recommendation and all network devices are now protected, either in a DS-approved locked server room or in DS-approved network switch cabinets.

OIG Recommendation 24: Embassy Guatemala City should relocate the telecommunications demarcation point outside the limited access main telephone frame room. (Action: Embassy Guatemala City)

Management Response: Post IRM agrees with the above recommendation. Considering the physical layout and the age of the facility, IRM is working with the Facility Manager to explore the option of building an outside facility to house an outside demarcation point. Post will also ask the DS/ESO from San Salvador to review the current demarcation arrangement and make recommendations to mitigate this issue. Post notes that a New Embassy Compound is now under construction, with an expected move-in date for 2022.




United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

April 26, 2018

INFORMATION MEMO TO INSPECTOR GENERAL LINICK - OIG

FROM: DS – Christian J. Schurman, Acting 
SUBJECT: Bureau of Diplomatic Security response to the Office of Inspector General (OIG)
Inspection of Embassy Guatemala City, Guatemala (ISP-I-18-16, April 2018)

Below is the Bureau of Diplomatic Security's response to recommendation 16 of the subject report.

Recommendation #16: The Bureau of Diplomatic Security, in coordination with the Bureau of Information Resource Management and Embassy Guatemala City, should audit the embassy's Sensitive But Unclassified network to ensure it is in compliance with Department's standards. (Action: DS, in coordination with IRM and Embassy Guatemala City)

DS Response (04/26/2018): DS concurs with Recommendation #16; however, requests the OIG provide clarification as to the specific functional requirements of an audit. Currently, DS Regional Cybersecurity Officers (RCSOs) perform semi-annual Computer Security Assessments (CSAs), while IRM ISSO personnel conduct routine audits per FAM directives. DS can also leverage its matrix of network security monitoring, vulnerability scanning, and threat analysis programs to help address the issues that form the basis for this recommendation.

Attachment:

Tab – Draft Inspection Report of Embassy Guatemala City, Guatemala

UNCLASSIFIED

Approved: DS – Christian J. Schurman, Acting [CJS]

Analyst: DS/MGT/PPD – Peggy Brown, 571-345-2743

Cleared:

DS/EX – WTerrini	OK
DS/EX/MGT – MScherger	OK
DS/MGT/PPD – MScherger	OK
DS/MGT/PPD – LLong	OK
DS/CTS – MHolland	OK
M – JBucha	OK
M/PRI – MSchild	OK
IRM – AGandy	OK
WHA/EX – RPeterson	OK

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	21	0	6	27	1,853,974
Consular	24	0	25	49	2,560,206
ICASS	16	0	112	128	9,799,997
INL	18	1	34	53	45,854,500
Public Diplomacy	4	0	11	15	1,124,860
Diplomatic Security	7	0	10	17	604,590
Marine Security	9	0	4	13	197,670
Overseas Buildings Operations	2	0	0	2	3,325,969
President's Emergency Plan for AIDS Relief (PEPFAR)	1	0	2	3	482,153
Subtotal	102	1	204	313	65,803,919
Department of Agriculture					
Foreign Agriculture Service	2	0	4	6	389,291
Animal and Plant Health Inspection Service	5	0	37	42	28,962,798
Capacity Building and Development	1	0	1	2	115,790
Subtotal	8	0	42	50	29,467,879
Department of Commerce					
Foreign Commercial Service	1	0	3	4	19,199
Subtotal	1	0	3	4	19,199
Department of Defense					
Defense Attaché Office	6	0	3	9	195,580
Military Assistance and Training Group	23	1	6	30	34,200,900
Force Protection Detachment	3	0	3	6	278,250
Tactical Assistance Team	2	0	0	2	8,200
Subtotal	34	1	12	47	34,682,930
Department of Justice					
Drug Enforcement Administration	10	0	3	13	Unavailable
Federal Bureau of Investigation	2	0	2	4	Unavailable
Subtotal	12	0	5	17	
Department of Homeland Security					

Agency	U.S.			Total Staff	Funding (\$)
	U.S. Direct-hire Staff	Locally Employed Staff	Foreign National Staff		
Citizenship and Immigration Services	3	0	4	7	438,662
Immigration and Customs Enforcement	4	0	5	9	663,424
Subtotal	7	0	9	16	1,102,086
Department of Health and Human Services					
Centers for Disease Control and Prevention	9	0	17	26	1,352,630
Subtotal	9	0	17	26	1,352,630
USAID	36	0	92	128	137,286,238
Peace Corps	3	0	3	6	3,651,298
Millennium Challenge Corporation	1	0	2	3	225,000
Total	213	2	389	604	273,591,179

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

ABBREVIATIONS

COR	Contracting Officer's Representative
DCM	Deputy Chief of Mission
DIN	Dedicated Internet Network
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICASS	International Cooperative Administrative Support Services
ICS	Integrated Country Strategy
INL	Bureau of International Narcotics and Law Enforcement Affairs
ISSO	Information Systems Security Officer
LE	Locally Employed
NEC	New Embassy Compound
OBO	Bureau of Overseas Buildings Operations

OIG INSPECTION TEAM MEMBERS

Richard LeBaron, Team Leader
Arne Baker, Deputy Team Leader
Steve Begin
Amy Bliss
Jill Derderian
Martha Fikru
Sergio Lagares
Charles Rowcliffe
Paul Sanders
Richard Sypher
Alexandra Vega
Jonathon Walz
Colwell Whitney



HELP FIGHT FRAUD. WASTE. ABUSE.

1-800-409-9926

[OIG.state.gov/HOTLINE](https://oig.state.gov/HOTLINE)

If you fear reprisal, contact the
OIG Whistleblower Ombudsman to learn more about your rights:
WPEAOmbuds@stateoig.gov

oig.state.gov

Office of Inspector General • U.S. Department of State • P.O. Box 9778 • Arlington, VA 22219