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**United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General**

Report of Inspection

Embassy Luxembourg, Luxembourg

Report Number ISP-I-11-17A, January 2011

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PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

PURPOSE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. 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 this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



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and the Broadcasting Board of Governors**

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Deputy Inspector General

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KEY JUDGMENTS

- The Ambassador's confrontational management style, chronic gaps in senior and other staffing caused by curtailments, and the absence of a sense of direction have brought major elements of Embassy Luxembourg to a state of dysfunction. These curtailments entail considerable costs to the U.S. Government. Morale among Americans and local staff is very low, and stress levels are high. Most employees describe the Ambassador as aggressive, bullying, hostile, and intimidating, which has resulted in an extremely difficult, unhappy, and uncertain work environment. (b) (6)
[REDACTED]
- Poor management of the front office has aggravated communication within and outside the office and has led to serious inefficiencies. Taskings are arbitrary and erratic, the flow of information is excessively restricted, and the work of embassy staff members is not properly channeled or coordinated.
- The public affairs section is stretched to the breaking point. Tactical, short-term support to the front office consumes available time and resources, preventing the embassy from developing a strategic approach to public diplomacy in support of policy objectives.
- The small and underresourced management section has been absorbed with issues surrounding the official residence, and a move to a temporary residence, resulting in insufficient time to devote to management controls and customer support. (b) (2)
[REDACTED]

Note: All findings and recommendations in this report are based on conditions observed during the on-site review and the standards and policies then in effect. The report does not comment at length on areas where OIG did not identify problems that need to be corrected.

The inspection took place in Washington, DC, between September 7 and 29, 2010, and in Luxembourg, Luxembourg, between October 25 and November 5, 2010. (b) (6)



CONTEXT

Luxembourg, a constitutional monarchy, has been a strong ally of the United States in the post-World War II era and has championed European integration efforts that tracked well with major U.S. foreign policy aims for the region since



Map of Luxembourg, Luxembourg and its surrounding region.
Source: U.S. Government

World War II. Over the centuries, Luxembourg has been located on a geopolitical fault line wedged among present-day France, Germany, and Belgium. Despite its neutrality dating to the 1867 Treaty of London, Luxembourg was invaded and occupied by Germany in both World Wars I and II. Luxembourg gave up its neutrality in 1948 and joined the North Atlantic Treaty Organization (NATO) in 1949. Luxembourg was one of the six founding members of the European Economic Commission in 1957, which evolved to become the 27-member European Union (EU) today. Some of the intellectual input for post-World War II European integration came from the

Belgium-Luxembourg Economic Union (including a currency union), which came into effect in 1922. Luxembourg adopted the euro as its currency in 1999.

Luxembourg statesmen played a key role in advocating European integration. As one of the EU's three co-capitals, with a conglomeration of EU institutions second only to Brussels, Luxembourg is home to several such institutions, including the European Investment Bank, the European Court of Auditors, and the European Court of Justice. The European Commission and Parliament meet in Luxembourg on occasion in their dedicated buildings. Luxembourg's representatives play important roles in EU politics, where they tend to be the spokesmen for its growing number of smaller members.

One of the world's smallest and wealthiest nations, Luxembourg plays a role in international relations, finance, media, and other areas that is disproportionate to its size. Slightly smaller than Rhode Island, with fewer than 500,000 residents, Luxembourg's per capita gross domestic product (GDP) of \$79,600 in 2009 trailed only Liechtenstein and Qatar in the entire world. Financial services account for 28 percent of the country's GDP, and many U.S. financial service firms operate in the country. Over 60 percent of the country's labor force (including at Embassy Luxembourg) are foreign or commute daily from nearby France, Belgium, and Germany. Luxembourg operates radio and TV services that broadcast to European audiences. Europe's largest privately owned broadcast media group, the RTL group, is located in Luxembourg. RTL operates 45 television stations and 31 radio stations in Europe. Luxembourg also serves as the base for Europe's largest satellite operator, the European Society of Satellites.

Grateful for its liberation by American arms in World War II, Luxembourg contributed a small but symbolic number of troops to NATO peacekeeping efforts in the Balkans, Iraq, and Afghanistan. Luxembourg is also an important U.S. ally in the global war on terrorism. As one of the world's largest banking centers, Luxembourg cooperates closely with the United States to combat money laundering and terrorist financing. Economically, Luxembourg is a small but significant market for U.S. exports and investments, with strong commercial ties to the United States and one of the world's most open economies. Embassy efforts to promote these ties require close coordination with the U.S. Mission to the EU and the U.S. Foreign Commercial Service office in Brussels, while embassy consular operations include services to a large American business community.

EXECUTIVE DIRECTION

Embassy Luxembourg is a small, resource-poor mission that has underperformed for the entirety of the current Ambassador's tenure. At present, due to internal problems, it plays no significant role in policy advocacy or reporting, though developments in Luxembourg are certainly of interest to Washington clients and other U.S. missions in the NATO and EU communities. Since the Ambassador's confirmation, most of the senior staff, including two deputy chiefs of mission (DCM) and two section chiefs, has either curtailed or volunteered for service in Kabul and Baghdad. Other U.S. staff members have also departed early. At the time of the inspection, additional members of staff were contemplating curtailing. The OIG team believes and in some cases knows for certain that these early departures are because of the Ambassador's management style. The mission does not provide an environment that nurtures, supports, or trains entry-level or recently tenured officers. Management resources have been skewed toward front office priorities to the detriment of the performance of core responsibilities and the fulfillment of *Foreign Affairs Manual* (FAM) policies and requirements.

The current Ambassador is not responsible for the management cuts in 2008 that crippled general services operations before her arrival. However, the bulk of the mission's internal problems are linked to her leadership deficiencies, the most damaging of which is an abusive management style. She has followed a pattern of public criticism of colleagues, including DCMs, who have not performed to her satisfaction. The team believes that a climate of acute stress exists in the mission, which is especially evident among officers and local staff who have been here more than 3 or 4 months. Those who have questioned or challenged some of the Ambassador's actions state that they have paid a heavy price in the form of verbal abuse and been threatened with dismissal.

This appraisal will not be news to the Bureau of European and Eurasian Affairs (EUR), which has been forthcoming about its concerns regarding management issues at Embassy Luxembourg. (b) (6)

It is unfortunate that an impression is being created among officers and local employees at this mission that this kind of behavior may be routinely tolerated by Department of State (Department) leadership, particularly for noncareer ambassadors.

With the exception of the consular section, toward which the Ambassador is hands-off, there has also been a chronic communications problem between the front office and the rest of the mission. This is partly the natural result of the absence of a permanent DCM at the mission; of the seven permanent and temporary staff who served in this position since the Ambassador's confirmation in November 2009, only one has remained for longer than 6 months. This group includes a DCM who had been in the job for only 4 months, and who the Ambassador decided to replace only weeks before her arrival at the embassy. The situation is further complicated by the fact that the Ambassador maintains total control over her own calendar, which renders the role of the office management specialist ambiguous to the staff and deprives the Ambassador of an important element of the management process. Coordination of access to the Ambassador and of the ordinary flow of information to mission employees is lacking. An even bigger problem is the Ambassador's lack of confidence – or perhaps trust – in her staff, which leads to a near total absence of regular guidance and advance planning. The OIG team found no evidence that the Ambassador used the Mission Strategic and Resource Plan (MSRP) as a management tool. She did not provide a COM statement to the OIG team as required by OIG procedures, making it difficult for the team to assess the Ambassador's policy and program priorities.

The Ambassador believes her major contribution is in the area of public diplomacy. This generally takes the form of responding to representation opportunities in this highly pro-American society or attending diplomatic community events. (The public diplomacy section of this report should be read in this context.) She has had a high school outreach project on the mission's agenda for some months, but its execution has been delayed by a lack of guidance and coordination, for which she accepts no responsibility, as well as the absence of clearly defined project goals.

The OIG team was told that the Ambassador has expressed on various occasions the importance she attaches to the perquisites of a COM. Much of her focus has been on the COM's residence (CMR) and official residence staff. It is the OIG team's judgment that she was correct in criticizing the Department for not insisting on the necessary upkeep of the CMR in past years. Like any taxpayer, she has the right to expect U.S. Government property to be maintained to normal standards. As a result of this situation, she will spend a significant part of her tour in temporary quarters. However, the team believes that too many of the limited resources of this embassy have been allocated to issues related to her personal support. (See the management sections of this report and the classified annex for further discussion.) In addition, the Ambassador cannot afford to spend so much of her own time supervising the repair of the CMR.

It is not possible yet to speak of moving on from past issues. The past is still present. It is clear that the mission needs an experienced DCM in place for a full, regular assignment. It may be difficult to find such an officer, given the experience of other DCMs over the past year, but the instability here is palpable, affects morale, and prevents sustained improvement of mission-wide performance and productivity. The acting DCM is a retired Department management officer at the embassy in “when actually employed” temporary status. She is scheduled to be in Luxembourg until December 2010, when her statutory time/salary limits are reached. She appears to have the confidence of most officers and the Ambassador. Overall, the acting DCM has made a good faith effort to improve morale.

This is a critical juncture for this mission. The OIG team’s unambiguous assessment of the leadership and performance problems at Embassy Luxembourg occurs as the search for a new DCM is under way, there are no senior staffing gaps, and the Ambassador indicates that she wants to start again, saying that she would welcome the Department’s help in resolving the major problems that have beset her first year.

Recommendation 1: The Bureau of European and Eurasian Affairs should send a deputy assistant secretary-level officer to visit Embassy Luxembourg to assist the Ambassador in developing, with the country team, a revised Mission Strategy and Resource Plan that will maximize the mission’s resources and focus its productivity and policy advocacy. The results of this visit should include a memorandum from the Bureau of European and Eurasian Affairs’ Assistant Secretary that details specific management and policy targets that will become part of the work requirements of the Ambassador for the rating period. (Action: EUR)

Recommendation 2: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Human Resources and the Foreign Service Institute, should send a team to conduct a team-building exercise at Embassy Luxembourg aimed at improving internal communication and creating greater mutual confidence and respect between the Ambassador and mission officers. (Action: EUR, in coordination with DGHR and FSI)

Recommendation 3: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Overseas Buildings Operations and the Under Secretary for Management, should clarify and monitor the Luxembourg Ambassador’s limited role in the repair of the official residence. (Action: EUR, in coordination with OBO and M)

There have been no Equal Employment Opportunity (EEO) complaints nor any allegations of discrimination by the American staff.

A classified annex to this report discusses the security aspects of the mission.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL/ECONOMIC SECTION

Despite the downsizing of the political/economic section over the years to the current bare bones minimum, and the curtailment of the previous sole political/economic officer in May 2010 that left a gap in his position of more than 3 months, the section's talented staff members have coped well and maintained internal section morale under difficult conditions described elsewhere in this report. In addition, the curtailment of the sole officer in the section, and the 2-month assignment of the sole local American hire economic/commercial specialist to the front office as a temporary replacement for the DCM's office management specialist who curtailed to take early retirement, basically left the political/economic section with one employee, a local political specialist with no security clearance. If given proper guidance and support from the front office, and not hostility and public criticism, the section is adequately staffed and has enough inherent talent, energy, and drive to meet the basic political/economic and commercial requirements of Washington end users and to conduct local representation of U.S. interests.

Front office support to the section should include inviting officers and local employees to accompany the Ambassador as note takers to meetings relevant to their portfolios, as well as communicating what transpired in those meetings that staff cannot attend. However, the Ambassador does not systematically do this. Proper communication from the front office would allow the political/economic section to send appropriate information to Washington audiences via front channel reporting or emails. The front office does, however, place correct emphasis on concise report drafting.

Given Luxembourg's large financial services sector, which includes many U.S. firms, Washington end users are very interested in the embassy's reporting on any potential money laundering and terrorist financing issues. The section chief believes that, despite Embassy Luxembourg's status as a collective address recipient (United Nations, EU, NATO, Organization for Economic Cooperation and Development, and others) of many joint démarche requests from Washington, the section has, during his short tenure, been able to handle this load. The large conglomeration of EU

institutions in Luxembourg has rightfully not overly burdened the section because most of the primary contacts with these institutions are maintained by the U.S. Mission to the EU. Nonetheless, the section should seek any opportunities to coordinate with and facilitate the work of the U.S. Mission to the EU staff.

The last economic officer position was terminated in 2008, leaving just one political/economic officer at the FS-02 level. The section includes one local-hire political assistant and one local-hire economic/commercial assistant who works 4 days a week. The economic/commercial assistant was transferred from the former Foreign Commercial Service office to the political/economic section in 2003, when the Foreign Commercial Service closed its operations in Luxembourg for budgetary reasons. Both local employees in the political/economic section speak several languages. They would benefit from any further training in Washington and elsewhere that could be provided within existing resources. The section chief and the acting DCM recently encouraged the local employees to play a greater role in reporting, which the OIG team encourages.

In theory, the Foreign Commercial Service in Embassy Brussels backstops Embassy Luxembourg, but Luxembourg does not appear to rank high on the commercial service's list of priorities. Department resources for commercial promotion are scarce, with fierce competition for those resources around the world. Nonetheless, the section recently helped promote the sale of over \$3 billion in Boeing aircraft to the local cargo airline, with options for even larger purchases. Opportunities exist for U.S. firms to sell broadcast satellites. Internet companies such as Amazon maintain their European headquarters in Luxembourg.

The political-economic section has minimal staffing with no full-time back up for the political-economic officer. The section has no office management specialist support other than whatever time the DCM's assistant can donate. The consular officer could provide some back up to the political-economic officer. Like her predecessor, the new consular section chief has an interest in participating in some reporting for the political/economic section, especially with respect to the trafficking in persons report and women's issues. The OIG team believes voluntary activities are to be encouraged, but only as time permits, given the officer's primary duties in consular affairs. The team would not support a redesignation of the consular officer's title to that of a consular/economic/political officer, as the embassy has advocated. (See also the consular section.)

Given the aforementioned staffing and resource gaps, and the fact that the political/economic officer arrived just 7 weeks before the start of the inspection, the OIG team believed it was too early to provide a complete evaluation of the officer's and the section's performance. Nonetheless, the section chief struck the inspection team as an energetic, talented, and well-organized individual, with excellent research capabilities. For example, by early September of this year he did a good job of quickly clearing out the long queue

of cables and other démarches that had accumulated during the summer staffing gap caused by his predecessor's curtailment. Before the chief's arrival, the embassy took many months to edit and forward the fairly routine country background notes to Washington end users, missing the deadline by a few months.

In an effort to provide the Ambassador and other embassy staff with a concise daily summary of action messages received from Washington, as well as other cable traffic, the section chief devised an innovative and potentially worldwide best practice by proactively developing a computer macro program to generate automatically from the Department's new cable system (SMART) a "one-click" daily digest of cables received in the previous 24 hours. The program extracts subject lines, classification data, and, if available, summary paragraphs and hyperlinks. The chief then provides the digest in hard copy to the Ambassador each morning (along with printouts of key telegrams) and emails it to select embassy staff. The section chief plans to delegate this task to the Ambassador's or DCM's office management specialist as soon as either is trained to use it. He and the information management officer believe this computer program could be used for similar purposes at other embassies, and they hope to share the idea and macro program code with neighboring embassies and the Department in the coming months.

The inspection team advised the chief to overcome the unfortunate inclination of some Washington readers to downplay the importance of reporting from Luxembourg by focusing much less on strictly Luxembourg issues and more on issues with major U.S., EU, or European interest. The inspectors advised him to compile on a regular basis two separate wrap-up cables of lesser economic and political topics in order to convey to Washington end users basic information that might not otherwise warrant separate cables. Some end users appreciate any reporting based on the local Luxembourgish language press and media because the language is rarely understood in Washington. The section's political assistant and officer spend considerable time preparing for and participating in the Ambassador's daily press briefing, which also serves as a forum for action items (see the public diplomacy section). Any hard-to-identify English-language translations that the political/economic section can locate and forward to Washington would be appreciated by end users there.

Law Enforcement

Most U.S. law enforcement agencies that cover Luxembourg are located in Embassies Brussels and The Hague, and thus there is no regular law enforcement working group meeting in Luxembourg. Embassy Luxembourg's regional security officer would like to set up a quarterly meeting in Luxembourg of all relevant law enforcement agencies, which the OIG team encourages.

PUBLIC DIPLOMACY

A second-tour consular-coned officer with no prior public diplomacy experience leads the public affairs section. At the time of the inspection, the officer, who took the appropriate training courses, had been in country 4 months. The officer supervises a local staff of one full-time employee and one part-time employee. The part-time employee was out for a year on maternity leave, and a temporary replacement was hired to bridge the gap. The section was working reactively in support of the Ambassador. Organizational shortcomings described in the executive direction section of this report led to a focus on short-term front office projects and requests at the expense of necessary work on core programs and basic outreach with key contacts.

During the inspection, staff was working to finalize plans for the Ambassador and select embassy and public affairs staff to tour high schools throughout the country in a typical American yellow school bus. The Ambassador conceived of the project in May, but it had yet to come to fruition. Although the project can be seen as a legitimate example of outreach to a younger audience, the amount of time spent on it has prevented the public affairs officer and the section from concentrating on other, more substantial work, including establishing professional contacts in the media, educational, and cultural sectors; developing an effective alumni network or organization; establishing regularized follow-up with exchange candidates, including those from the International Visitor program; and ensuring that the Fulbright Exchange program is on track and has a robust recruitment process.

The embassy had the rudiments of a strategic plan for public diplomacy on paper, which had been crafted by a previous public affairs officer. However, the plan needed updating and fleshing out, and it had not been used meaningfully to guide the embassy's public diplomacy effort.

Recommendation 4: Embassy Luxembourg should refine and implement its strategic plan for public diplomacy, focusing on the policy objectives articulated in its Mission Strategic and Resource Plan. (Action: Embassy Luxembourg)

Press

Luxembourg is generally sympathetic to the United States and to Americans. Recognition of the U.S. role in liberating the country from the Nazis provides the foundation for a collaborative relationship. Editorial opinion is seldom hostile, and it remains relatively easy to gain a hearing for the U.S. point of view on specific subjects.

American and local press employees spend considerable time on the daily media brief for the Ambassador. Some staff members, including a public affairs local employee, devote about 3 hours a day preparing and conducting the briefing. Because that person is the only one working in press affairs and has numerous other program responsibilities, including World War II commemorative events and the Web page, devoting so much time to the press brief seriously impedes progress on other necessary tasks.

The media briefing is provided orally and tends to devolve into a daily planning and discussion session. There is no written media product, something in which Washington readers expressed interest, particularly for sources in the local language, Luxembourgish. The OIG team believes that a written media product would be useful, and English-language summaries on the Internet appeared to be available as a starting point. The team left an informal recommendation on that subject.

The embassy's Web page is underused. At the time of the inspection, the page was not being regularly updated. A public affairs staff member was responsible for the page, backed up by an employee in the information management section. The public affairs employee received training on the "content management system 2." Although additional training on and more practice with managing Web pages might help improve the page, small staff size presents a challenge. Local employees have numerous responsibilities, making it difficult to devote adequate time to the Web page. In addition, the lengthy absence of an employee in the section has increased the workload of the remaining staff. The OIG team made an informal recommendation on a temporary solution, which is presented in the information management section of this report.

The public affairs officer manages the embassy's Facebook page.

Cultural and Educational Affairs

The exchange programs were functioning reasonably well at the time of the inspection. The embassy sponsors approximately three International Visitors annually. Voluntary Visitor programs are organized infrequently. The public affairs staff members had identified follow-up and an alumni organization as priorities, but small staff size and front office taskings have prevented them from making systematic progress on that front.

Fulbright

Fulbright Luxembourg used to be supported by the U.S. Mission to the EU in Brussels. Some Embassy Luxembourg staff, including a previous ambassador, believed that the U.S. Mission to the EU was giving Luxembourg short shrift by selecting too few Luxembourgish candidates. At the time of the inspection, a 2-year trial arrangement was in place, whereby the public affairs section in Embassy Luxembourg was given responsibility for managing its own program. Staff in public affairs noted that Washington support for them was outstanding, and they felt confident in their ability to make the experiment work. Because the program was still at an early stage, the OIG team was unable to determine whether it would be successful.

Grants

The public affairs officer took the grants training course and has a warrant. The officer has backup and ready guidance available from EUR's Office of Press and Public Diplomacy. Reviewing the grants files, the OIG team found no improper or unauthorized commitments. However, in most instances the files were incomplete and not well organized. A brief visit by an experienced staff member from a nearby embassy, such as The Hague, would benefit the section, and the OIG team left an informal recommendation to that effect.

CONSULAR AFFAIRS

Embassy Luxembourg's small consular section provides the full range of consular services, with the exception of immigrant visas, which are handled by Embassy Brussels. Consular operations are very well run. A regional consular officer based in Frankfurt supports Embassy Luxembourg effectively and visited the consular section in April and October 2010.

Since the last inspection in 2003, the sole consular officer position has been reclassified from entry level to FS-03. The recently arrived incumbent is tenured, as was her predecessor. The position is also no longer a shared consular and political/economic position. However, the embassy's FY 2012 MSRP includes a request to recharacterize the consular position as consular/economic/political to provide additional staffing to the political/economic section. The OIG team does not concur with the embassy's request, as previously discussed in the political/economic section of this report. Rather, the inspectors support the status quo, whereby the consular officer contributes to political reporting on topics such as human rights and trafficking in persons and participates in other mission activities as her consular duties permit.

There are two consular officer-designated backups, both with post-specific consular commissions.

There is no formal training program for new consular officers or backups. Even at small embassies, a written guide with local standard operating procedures should be in place, especially in the event of staffing gaps or extended absences. The OIG team made an informal recommendation in this regard.

Until 2009, when one of the two consular local employees resigned, there were two full-time local employee consular positions. A successor was brought on at 20 hours per week, leaving consular support stretched thin, especially during spring and summer. The OIG team suggested that Embassy Luxembourg review staffing needs with a view to increasing the part-time consular local employee position to at least 24 hours per week and to include 8-hour coverage on at least the 2 days the consular section is open to the public.

Embassy Luxembourg's consular workload is quite modest, though more complex than the numbers alone might indicate. It includes roughly 1,100 nonimmigrant visa cases and half that number of passport cases. Third country nationals account for roughly three quarters of the visa applicant pool. The bulk of passport and citizenship cases come from American citizens who work in Luxembourg but reside in neighboring Belgium, France, or Germany, and find Embassy Luxembourg to be much more convenient than embassies or consulates in their countries of residence. Special consular services consist mostly of notariats and the occasional death.

Visas Viper procedures are in accord with Department requirements, though they fell somewhat between the cracks during the turnover of and gap between consular officers. Visas Viper messages are copied to regional law enforcement agencies at nearby posts. The OIG team suggested that the consular officer also reach out to these regional representatives in advance of monthly Visa Viper meetings to solicit their input.

The consular section has actively engaged host country officials on the steps necessary to ensure Luxembourg's compliance with the Implementing Recommendations of the 9/11 Commission Act of 2007 and its continued status as a visa waiver country.

Although special consular services cases are rarely emergency in nature, Embassy Luxembourg needs to be prepared for a disaster or major casualty, such as an airplane crash. The consular sections of the embassy duty book and the emergency action plan are substantively in good shape. However, they are a bit thin on necessary emergency contacts, and some of those are out of date. The OIG team recommended that the

embassy update and expand contact lists to include airline, airport, hotel, and other relevant organizations, such as the Miami University of Ohio and the American Chamber of Commerce. The inspectors left an informal recommendation to that effect.

The consular portion of Embassy Luxembourg's Internet site is up to date and informative. It includes a link to the Department's October 3, 2010, travel alert for Europe. However, under U.S. citizen services (travel information), the link is not readily apparent. The OIG team informally recommended that travel alerts and warnings be prominently displayed on the embassy's home page.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2010 (\$)
State – D&CP	11	1	6	18	1,519,470
State – ICASS	2		13	15	2,740,600
State – Public Diplomacy	1		2	3	244,400
State – Diplomatic Security	2		12	14	1,185,736
State – Marine Security	6			6	56,850
State – Representation					19,700
State – OBO					941,869 (7400 + 7901) 1,500,204 (7902)
NAMSA	2			2	-
ABMC	2			2	-
Totals	26	1	33	60	8,208,829

MANAGEMENT SECTION OVERVIEW

Embassy Luxembourg's management section is facing heavy and often unreasonable demands from the executive office and lingering problems caused by the absence of effective leadership under the previous management officer and numerous short-term DCMs. A 2008 reduction in force devastated general services and badly hurt facilities management. The management section is struggling to stay afloat. The apparent nonstop requirements from the Ambassador, which were somewhat deflected by the acting DCM; the front office's failure to prioritize requirements; and an apparent lack of support for, or understanding of, the operations of the

section have resulted in a lack of planning, poor communication within the section, and compromised customer service. Although not all units within the section are affected equally by front office requirements, an increase in stress levels among staff and an inability to focus on the many improvements already identified by the new management officer are common denominators. Front office demands have also left the management officer with insufficient time to properly supervise the financial management and human resources staff.

The talented and hard-working management officer, a second-tour generalist in his first management tour, arrived at Embassy Luxembourg in June 2009 as the general services officer. Within 6 months he had assumed many of the duties of the management officer, and in July 2010 he was formally assigned to the position when his predecessor curtailed after only 11 months. The new general services officer, a second-tour specialist, arrived 1 week before this inspection began. The information management officer arrived in April 2010.

The Frankfurt Regional Service Center visited Embassy Luxembourg in April 2010 to review the section and make recommendations on its resources and organizational structure. The center's report included 28 recommendations, several of which are repeated in this report. A demanding Ambassador; lack of prioritization from the front office; heavy summer turnover in American staff, including a number of early departures by American officers; and lack of local staff have prevented the management officer from implementing all but a few of these recommendations.

As discussed in the executive direction section of this report, morale among embassy employees – both local and American – is low. Those who deal directly with the demands from the executive office are under even greater stress. Six American employees have left Embassy Luxembourg early, including two DCMs, the sole political/economic officer, a management officer, an information management specialist, and an office management specialist. All were on 36-month tours and left between 22 and 32 months early. A psychiatrist from the regional medical office visited Embassy Luxembourg in June 2010.

Recommendation 5: The Office of Medical Services should send medical professionals to Embassy Luxembourg to evaluate morale and stress levels of staff and to provide a written assessment to Department of State managers in the Bureau of European and Eurasian Affairs and the Bureau of Human Resources. (Action: MED)

The OIG team learned during the inspection that the Ambassador had brought to the staff's attention that her appointment letter from the President gave her the right to read any email messages that originated at Embassy Luxembourg. In the psychological atmosphere of the embassy, some interpreted this as a direct warning that she would have access to messages to OIG or other Department offices. At the exit briefing, the OIG team confirmed to the Ambassador and the country team that Department employees can have no expectation of privacy in their electronic communications on U.S. Government equipment. This is reconfirmed each time an employee logs in on U.S. Government computers, and the policy is expressly spelled out in 5 FAM 723. However, the FAM is equally clear that neither Department nor embassy management has limitless access to employees' email accounts just by virtue of their positions. Department regulation 5 FAM 724 c. states that auditing of an employee's network activity or workstation use, which includes but is not limited to electronic communication, Internet access, local disk files, and server files, may be performed only when there is suspicion that improper use of U.S. Government equipment has occurred. Even then, a supervisor must obtain the concurrence of a reviewing official; at an embassy, that official is the DCM. A supervisor must also explain why review of a subordinate's emails is needed, and the DCM must approve, in writing, an audit of the employee's email accounts. The results of that review must be returned to the DCM for further action, if needed.

Since not all embassy staff was present at the exit briefing, there is a need to clarify this policy within the mission.

Recommendation 6: Embassy Luxembourg should issue a formal policy that explains Department of State rules and regulations concerning access to employee electronic records and the circumstances under which embassy management may access these records. (Action: Embassy Luxembourg)

In a section where staff members tend to handle multiple tasks, good communication is crucial. However, as previously noted, communication among the different units within the management section is poor, which hinders the staff's ability to provide high-quality customer service and keep tasks and projects on track. The previous management officer did not hold regular staff meetings, nor were there many written policies or procedures in place. His replacement told inspectors that he had been able to hold only a few meetings due to the excessive demands from the front office. Now that the new general services officer has arrived, he should immediately begin holding regular meetings for the management staff. He and his staff have begun working on written standard operating procedures and have issued some management notices regarding policies. However, completion of this project has

been put on hold as staff deal with front office requirements and the unexpectedly heavy turnover due to curtailments. The OIG team made informal recommendations regarding these items.

The Regional Service Center in Frankfurt has offered to facilitate a one-day off-site to help improve communication and coordination within the section. Although this would mean closing the section for one day, it is an important step toward improving productivity.

Recommendation 7: Embassy Luxembourg, in coordination with Regional Service Center Frankfurt, should hold a 1-day off-site for all members of the management section. (Action: Embassy Luxembourg, in coordination with RSC Frankfurt)

In addition to poor communication within the embassy, communication back to the Department has, at times, been insufficient. The mission has not always provided EUR with adequate notice or adequate supporting information when the COM plans to be absent from the country. Department guidance in Diplopedia, 2 FAM 160, and 3 FAH-1 H-1425 requires that ambassadors wishing to travel out of their country of assignment for any length of time, whether for personal or official purposes, should receive written approval from the appropriate bureau in advance of the trip. Embassies are instructed to seek approval as soon as the need for travel is known and no later than 7 days beforehand. This information is necessary in light of changing global events and because of the embassy's or Department Operations Center's need to be able to contact ambassadors and DCMs in emergency situations.

The OIG team reviewed all documentation the mission provided to EUR for the Ambassador's 14 trips, totaling 48 days of absence from the mission during her 11-month tenure. The mission always provided the projected dates of travel and the name of the officer in charge during the Ambassador's absence. Additionally, the mission generally provided requests 7 days in advance and stated which days were personal and which official. However, the requests often left out the projected itinerary and accurate contact information. The OIG team has learned that the Ambassador did not always provide this information before leaving the country. According to EUR, accurate contact information would include the Ambassador's official BlackBerry® number or cell phone number – provided those devices remained on – or a hard-line phone number.

Recommendation 8: Embassy Luxembourg should implement procedures to provide all travel information required by the Department of State whenever the Chief of Mission requests to be absent from the country. (Action: Embassy Luxembourg)

The embassy's 2010 ICASS (International Cooperative Administrative Support Services) customer satisfaction scores were mixed, with more than half below the previous year's scores. The overall ICASS average was above the EUR and worldwide averages, but the score for the basic package was below both the EUR and worldwide averages and also lower than at any time since 2005. In addition, many of the local employees are unaware of the ICASS service standards.

Recommendation 9: Embassy Luxembourg should post the International Cooperative Administrative Support Services uniform customer service standards on the embassy's intranet site and develop a strategy for supervisors to work with staff to meet these standards. (Action: Embassy Luxembourg)

FINANCIAL MANAGEMENT

Financial management operations at Embassy Luxembourg are mixed. The local staff members are very knowledgeable and effective. In fact, they have carried financial management operations. Satisfaction with financial management services scored higher than any other administrative services on OIG's customer survey. The section also fared well on the ICASS customer survey. The OIG team did hear some complaints, but most were about services that the mission no longer provides (accommodation exchange) or payments that were delayed because mission staff had not provided adequate supporting documentation, including for representation vouchers and personal value-added tax claims. The supervisory financial management specialist has worked in the section for 7 years and, before that, at the Paris Financial Regional Center. The cashier has been at the mission for 26 years, and the recently hired voucher examiner, who also performs some human resources duties, is equally effective.

Problems in financial management operations stem from operations that generally fall to American staff, including proper planning and communication with other embassy sections and within the management section itself, adequate attention to management controls, and effective use of Department funds. As discussed earlier,

some of these problems were due to turn over in the DCM and management officer positions. The OIG team was also told that the previous management officer struggled to meet the demands of the position and had a strained relationship with the front office. The local staff is encouraged by the engagement and accomplishments of the new management officer.

Representation, Travel, and Training Plans

The mission has lacked formal representation, travel, and training plans. Although the local financial specialist maintained a running tally of representation funds used last year, there was no overall plan or allocation by section. A formal plan, discussed in 3 FAH-1 H-3244, should be initiated by polling all section heads to determine needs, after which the events and funds would be prioritized. This strategy would result in better use of limited funds. The management section, for example, could have benefited from receiving more than the \$200 it used in FY 2010.

At the end of FY 2010, the mission scrambled to use up its representational funding by bulk purchasing \$3,400 in wine and liquor on September 29. Although 3 FAM 3246.3-5 authorizes the bulk purchase of reasonable amounts of American wine for representational purposes, 3 FAM 3246.3-6 b. states “In no case, however, is the post authorized to use excess year-end funds to purchase wine, invitations, or other representation supplies and materials that are not a bona fide need of that fiscal year.” Because this wine did not arrive until FY 2011, it could not be considered a bona fide need of FY 2010. In addition, 3 FAM 3246.3-2 states that only American wine and invitation cards can be purchased in advance. The advance purchase of other liquor is not allowed. A formal representation plan would have helped avoid this issue.

Recommendation 10: Embassy Luxembourg should report to the Bureau of Resource Management the fiscal irregularity regarding the advance purchase of wine and liquor, conduct a full review of the circumstances surrounding the payment, and submit a final report of investigation to the Bureau of Resource Management that includes information on any restitution obtained. (Action: Embassy Luxembourg, in coordination with RM)

Formal travel and training plans were not used in FY 2010. Recently, the financial management section sent the head of each embassy section a budget questionnaire, requesting that staff outline travel and training needs for the next fiscal year. The management officer stated that those budget submissions would be used to create travel and training plans.

Recommendation 11: Embassy Luxembourg should create and implement formal representation, travel, and training plans that reflect the prioritized needs of sections based on anticipated outcomes. (Action: Embassy Luxembourg)

Communication

Local employees in the financial management section have not always been kept informed of decisions and events that have budgetary implications. Although at most embassies adequate budget planning and fund management falls to American financial management or management officers, turnover in American staff at this mission left most of those responsibilities to the local staff. Although very capable, those employees have not always been included in or informed of decisions that affect the budget. For example, local and American staff members have not always known in advance about visits by other agencies. This created additional work because, in at least one case, no one at the embassy obtained a funding strip from the agency that sponsored the visit. In this case, the embassy had to use its own funds for procurements and then reconcile and be reimbursed after the fact. The financial management staff also did not always know that warehouse staff from Brussels was visiting Luxembourg to move furniture in and out of residences. Embassy Luxembourg pays travel and overtime costs for Brussels staff by using blanket authorizations. In a few cases, travel obligations were exceeded. Employees stated that communication has improved since the general services officer took over as management officer. As noted earlier, the OIG team left an informal recommendation that the section hold regular meetings, during which mission-wide decisions from the front office and other sections that have budgetary implications be passed to the financial management staff.

Representation and Official Residence Expenditures

Financial management employees have given multiple briefings to the Ambassador and the office management assistant on official residence expenses (ORE) and representation regulations and procedures, and the acting DCM has been briefed at least once. The staff put together a guide for the Ambassador that outlined requirements, and the current management officer issued a representation policy on October 21, 2010. The Department's ambassadorial seminar also has an ORE segment, though it is only 45 minutes long. Despite these briefings, ORE and representation documentation sent to the financial management section continues to fall short of requirements as outlined in 4 FAM 443.4 d. (1). For example, the section recently

received a request for representation reimbursement that did not include the necessary guest names. Generally, the DCM, management officer, Ambassador's assistant, or residence manager would initially assist a new ambassador with ORE and representation procedures. However, frequent staffing gaps in the DCM and management officer positions, as well as the Ambassador's assistant's unfamiliarity with these procedures, have made it difficult to provide such assistance. Additionally, shortly after the Ambassador arrived, the residence manager retired after 33 years of service in the CMR. The financial management staff believes that the newly hired residence manager is gaining a good grasp of ORE and representational procedures, which should relieve the Ambassador's assistant of some of these responsibilities.

Excessive and Improper Payments

The previous management officer and acting DCM certified some payments that the inspectors consider to be either excessive or improper.

Residence Manager and Chef Interviews

After the residence manager retired and the CMR's cook was fired, the mission placed ads in local newspapers and conducted numerous interviews for both positions. After learning about a professional school in Switzerland that trained employees to work in places such as Buckingham Palace, the Ambassador and then-general services officer flew to the school to interview candidates. One of those candidates was offered a position several months after the interview but had already taken a new job. The Ambassador finally selected a residence manager who had been found through local advertisements and a chef who was identified by another embassy. They both started work in September 2010.

According to 3 FAH-1 H-3252.8-2, missions that wish to employ a household staff member from outside the country must certify in writing that there are no local employees available. In addition, travel expenses related to official residence staff from outside the country are prohibited, unless the certification is approved by the appropriate bureau. In this case, neither the mission nor the Ambassador had prior approval to search outside Luxembourg for official residence staff. The mission paid approximately \$1,200 in program funds for the Ambassador's travel and \$1,200 in ICASS funds for the general services officer's travel. EUR was notified of the purpose of the trip only 1 day in advance, even though Department regulations and standard procedures require at least 7-days advance notice. According to certified travel vouchers, the purpose of the trip to Switzerland was for "management meetings." The previous management officer certified both of these payments. The general services officer's travel in connection with this trip clearly falls outside ICASS

operations, and it is questionable whether these travel costs are an appropriate use of program funds given that 3 FAH-1 H-3252.2 clearly states that CMR staff are not mission employees. They are employees of the chief of mission in whose home they work. The expense also seems excessive, given that the mission did not first interview the candidates via digital videoconferencing. According to 4 FAM 414, “the certifying officer is personally liable to repay the amount of any illegal or improper payment resulting from their certification.” Department regulation 4 FAM 374 defines a fiscal irregularity as an improper certification and requires that the mission notify the Bureau of Resource Management as soon the probability of a fiscal irregularity exists.

Recommendation 12: Embassy Luxembourg should report to the Bureau of Resource Management the fiscal irregularity regarding travel to Switzerland to interview potential Chief of Mission residence staff, conduct a full review of the circumstances surrounding the payment, and submit a final report of investigation to the Bureau of Resource Management that includes information on any restitution obtained. (Action: Embassy Luxembourg, in coordination with RM)

Mattress Purchase for Chief of Mission Residence

The Ambassador purchased a new queen-size bed and box springs shortly after arriving in Luxembourg. The OIG team was told that the Ambassador was not pleased with the condition of the CMR mattress, and preferred a queen bed to the king-size bed already provided. According to 15 FAM 722 a., the Bureau of Overseas Buildings Operations (OBO) funds furniture, furnishings, and appliances for representational residences, including those for the CMR. The embassy sought OBO approval to reimburse the Ambassador for the mattress purchase first in December 2009 and again in August 2010. On both occasions, the acting director of OBO’s Office of Residential Design and Cultural Heritage informed the mission that the Department would not reimburse this purchase, as the queen-size mattress was a personal choice.

Despite this guidance, the acting DCM in October 2010 certified a voucher reimbursing the Ambassador for the cost of the mattress out of program funds. Foreign Service officers who do not wish to use mattresses provided by missions typically ship their own mattresses as part of their allowable household effects or pay for beds out of their personal funds. Certification of this voucher violated guidance and should be repaid. As noted previously, certification officers are personally liable for repaying the amount of any illegal or improper payment resulting from their certification.

Recommendation 13: Embassy Luxembourg should report to the Bureau of Resource Management the fiscal irregularity regarding reimbursement for the Ambassador's queen-size mattress, conduct a full review of the circumstances surrounding the reimbursement for said item, and submit a final report of investigation to the Bureau of Resource Management that includes information on any restitution obtained. (Action: Embassy Luxembourg, in coordination with RM)

As mentioned in earlier sections, mission employees have spent considerable time educating the executive office on what is allowable under Department regulations. Officers, primarily those with certification authority, have in some cases violated Department guidance. The embassy has three certifying officers. At times, when one would decline to certify a voucher, another would be asked to do so and, in at least some cases, complied. Given the poor management controls in effect at FY 2010 year end and the disregard for Department guidance, all vouchers certified by American officers need to be reviewed. Certification officers located in the Charleston post support unit or at the Frankfurt Regional Support Center would be in a good position to perform this function.

Recommendation 14: The Bureau of Resource Management, in coordination with Embassy Luxembourg, should review the appropriateness of FY 2010 certifications performed by American officers and report any additional fiscal irregularities as required. (Action: RM, in coordination with Embassy Luxembourg)

Installation of Media Services in Residences

Section 4.4 of the mission's housing handbook provides for reimbursement for the connection and installation of satellite dishes and/or armed forces network services. Although the handbook states that subscription services are to be borne by the employee as a personal expense, Department funds were used to procure the dishes and decoders. Average costs for the purchase and installation of a satellite dish is \$1,200. According to 5 FAM 571, Department funds may be used to purchase and install media services only in the residences of the principal officer, DCM, and public diplomacy officers, due to their official positions and duties. The issue of other officers' receiving such equipment was raised in the report by the Regional Support Center in Frankfurt. Management staff told inspectors that they immediately stopped this practice when the support center brought it to their attention.

However, this change in policy has never been formalized in either the housing handbook or a management notice. The OIG team left an informal recommendation on this matter.

Remote Voucher Processing

The management officer and DCM have certification authority, as does the local financial specialist. The current management officer appropriately spot-checks the financial specialist's certifications, and the section maintains impeccable voucher records. Staff from the Regional Support Center recommended that the mission outsource voucher processing to the Charleston Financial Services Center's post support unit. Transferring this activity would not result in any position cuts, but it would free up some of the voucher examiner's time for training so that she could assume additional cashiering and human resources responsibilities. The voucher examiner would continue to translate, match, and scan documentation to Charleston. Because this mission will likely never have an American financial management officer position, transferring voucher processing could provide better management controls over large payments, as generalists currently certifying payments over \$50,000 do not necessarily have much certification experience.

At the time of the inspection, no one from the mission had contacted Charleston's post support unit to inquire about or initiate remote voucher processing. Some at the mission argue that the time saved would not be worth the cost per voucher that Charleston would charge. According to Charleston, remote voucher processing works best when mission general services and financial management units are fully functioning. Although the mission's financial unit is fully functioning, general services is not, as discussed in the general services section of the report. Although remote voucher processing would likely save the mission valuable staff time and could improve controls over large payments, it would work best after a reorganization of general services and associated retraining.

Recommendation 15: Embassy Luxembourg should contact the Bureau of Resource Management's post support unit to determine the cost and feasibility of providing remote voucher processing and initiate that function if appropriate. (Action: Embassy Luxembourg, in coordination with RM)

Cashiering Operations

Cashiering operations are effective. The current management officer conducts random monthly cash verifications as required. When the mission discontinued accommodation exchange services in 2009, the Bureau of Resource Management also reduced the cash advance. The class B cashier believes that the advance is now too low, given the need to provide money to the subcashiers, and results in more frequent trips to the bank. A cashier monitor from Charleston is planning to visit Embassy Luxembourg. The OIG team informally recommended that the embassy request that the cashier monitor review the mission's cash advance and also walk the newly promoted management officer through the cash reconciliation process.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SYSTEM

In addition to the Department, there are only two other agencies, both small, based in Luxembourg (American Battlefield Monuments Commission, under COM authority, and the NATO Management and Supply Acquisition unit, not under COM authority). Both of these agencies have signed up only for the basic services package. As they do not receive other services, the majority of the members of the embassy's ICASS council are from the Department, including the regional security officer, the public affairs officer, and the management officer, all of whom are voting members. The management officer cannot be a voting member, as his section provides all the ICASS administrative services in Luxembourg. When the inspectors raised this issue, he stated that he would immediately act only in his ex officio role.

The ICASS council does not have a budget committee, as required by the Washington Interagency ICASS council and Department regulation 6 FAH-5 H-012.7 a. The Washington ICASS council strongly encourages local employees, as well as a representative of the consular section, to participate in the budget committee. At small posts such as Luxembourg, all members of the ICASS council can also sit on the budget committee, if they so desire.

Recommendation 16: Embassy Luxembourg should establish a budget committee to oversee the International Cooperative Administrative Support Services council budget process. (Action: Embassy Luxembourg)

Although the ICASS council meets regularly, minutes are no longer being issued. The council should ensure that minutes are kept and posted on the embassy's Share-Point intranet site. The OIG team made an informal recommendation to that effect.

HUMAN RESOURCES OPERATIONS

Human resources operations are adequate. The unit received average scores on OIG and ICASS surveys, with lower scores for equity in the awards program and for family member employment opportunities. Staff from the Regional Support Center visited the mission in April 2010 and found no issues related to American operations. One local human resources specialist, who has been at the mission for 30 years, staffs the unit. A recently hired voucher examiner is also being trained to take over some human resources duties.

The mission's numerous curtailments since October 2009 have kept the human resources specialist busy, as many of his responsibilities relate to checking new staff in and out of the embassy and working with the host government. He also assisted with advertisements for the CMR residence manager, housekeeper, and chef positions. All computer-aided job evaluation system responsibilities were transferred to the Regional Support Center a few years ago. The OIG team received no complaints about that support. The human resources specialist still advises mission employees on the effects duty changes will likely have on local staff grades. Last year, the mission conducted a review of all position descriptions. Although all mission supervisors certified that position descriptions were accurate and complete, the OIG team found that those in the general services unit need to be reviewed and updated, as discussed in the general services section of the report.

Staff in both the human resources and financial management units assists newly assigned direct-hire Americans with requirements specific to Luxembourg. The mission's voucher examiner assists American employees in obtaining reimbursement for value-added taxes on certain personal purchases. The voucher examiner collects invoices and submits them to the Ministry of Foreign Affairs. The Luxembourg Government has strict invoice submission requirements. For example, the invoice must contain the name of the Foreign Service officer, rather than that officer's spouse. American officers frequently provide invoices that do not meet submission requirements. Although these requirements are outlined in the welcome packet, they are not provided elsewhere.

Recommendation 17: Embassy Luxembourg should post on its internal Web site all information contained in the mission's welcome packet, including a management notice outlining procedures for obtaining value-added tax reimbursements and for establishing local bank accounts. (Action: Embassy Luxembourg)

The mission has not had an effective awards program for over a year. The last awards ceremony was held in late 2009. The current management officer constituted an awards committee in August 2010 and issued a management notice with committee procedures. The OIG team informally recommended that the embassy issue a mission-wide notice or message outlining the awards employees can receive, initiate regular calls for award nominations, and hold regular awards ceremonies.

Several embassy employees complained to the inspectors that the cost of living allowance report, completed within the past year, is inaccurate and incomplete. The newly arrived general services officer contacted the Department's Office of Allowances during her first week at the embassy to request that the embassy be allowed to submit a corrected cost of living survey. This request has been approved.

Local employees claimed a total of 962 hours of overtime and another 428 hours in compensatory time in the past year. Many local employees, particularly in the general services unit, told inspectors that they either do not report or underreport their overtime hours. Many would accept compensatory time in lieu of overtime but, because of a heavy workload, have problems taking their regular vacation time. According to 3 FAM 7352 a., overtime for local employees should be authorized only as an emergency measure and should be kept to a minimum. A reorganization of general services is planned and should reduce the amount of overtime worked. As overtime pay is required under the embassy's local compensation plan, employees working overtime should be compensated.

Recommendation 18: Embassy Luxembourg should establish a procedure to adhere to its local compensation plan so that local employees are compensated for overtime work that has been approved in advance. (Action: Embassy Luxembourg)

The OIG team was told that, until recently, requests for annual leave have not always been approved in a timely manner. This delay cost one employee approximately \$600 in additional airline ticket costs, and others have been unable to make plans until a few days before the scheduled leave date. Although 3 FAM 3412 states

that supervisors have an obligation to consider the needs of the office before approving annual leave, it does not grant supervisors the authority to deny or cancel leave for arbitrary or capricious reasons. Additionally, guidance suggests that leave be scheduled well in advance to assist both the manager and the employee in meeting work demands. Delaying approval of leave requests without valid reasons lowers staff morale. The OIG team left an informal recommendation that the embassy issue a mission-wide notice reminding all supervisors, including the Ambassador, of leave procedures.

Locally Employed Staff

Local employees at Embassy Luxembourg do not have a local committee, and representatives of the staff meet rarely, if at all, with the Ambassador or DCM to discuss issues of interest to the local staff. During her 11-month tenure, the Ambassador, at the urging of the management officer, has held one town hall meeting, in August 2010, for local employees. The management officer has held three town hall meetings with local staff to discuss their concerns and to encourage them to form a committee. In addition, he continues to schedule monthly meetings with local employees to improve communication between them and embassy management.

More than half of the embassy's local employees live outside Luxembourg and commute there each day. The Government of Luxembourg has determined that employees of diplomatic missions who work in Luxembourg but live outside the country and are not Luxembourg citizens are exempt from paying value-added tax on purchases. This decision has split the local staff community, as Luxembourg residents and citizens are required to pay this tax. As a result, the embassy has delayed implementing this decision.

Recommendation 19: The Office of the Legal Adviser, in coordination with the Bureau of Human Resources, should advise Embassy Luxembourg on whether to implement the Government of Luxembourg's decision regarding a value-added tax exemption for local employees who are not residents or citizens of Luxembourg. (Action: L, in coordination with DGHR and Embassy Luxembourg)

GENERAL SERVICES OFFICE

The 2008 reduction in force devastated the general services unit and left only one local employee to handle procurement, housing, property, and receiving duties. The embassy's sole driver – who is the COM driver – maintained the vehicle records. One vacant position was refilled later in 2008; the other, in October 2009. Shortly before this inspection, the Washington ICASS council increased the embassy's budget and the embassy's ICASS council authorized hiring two additional local employees. The newly arrived general services officer spent her first week meeting the staff and reviewing the unit's procedures. Since then, however, she has been almost completely absorbed with the Ambassador's move to the temporary CMR and the start of repairs to the permanent CMR.

During the inspection, the unit continued working in crisis mode. There is no clear structure within the unit, and the work done by the employees often bears little resemblance to their position descriptions. As several employees said, whoever is in the office does whatever needs to be done. This has exacerbated the state of confusion that is apparent within the unit, reduced the quality of customer service, and made it extremely difficult to ensure the completion of work requests. The management officer and the Frankfurt Regional Service Center have developed an initial proposal to reorganize the unit, but the frequent, often unreasonable, and nonprioritized demands of the Ambassador and acting DCM, as well as the large summer turnover and extensive end-of-year procurements, have left little time for staff discussion of the best way to move forward. Unless such time is provided, the problems cited in the Regional Support Center's report and in this inspection will remain unresolved.

Recommendation 20: Embassy Luxembourg should provide sufficient planning time for the general services staff to discuss, develop, and implement a reorganization plan for the general services unit. (Action: Embassy Luxembourg)

Both general services and facilities management staff members are slow to communicate with their customers and often fail to keep them informed of the status of requests. In many cases, this problem can be traced back to the employees' heavy workload. However, customers deserve clear lines of communication. When determining how best to reorganize the unit, the staff should keep in mind the importance of communication and customer service.

Procurement

The embassy has one local employee who handles both procurement and housing responsibilities. Another employee has been designated as a part-time procurement clerk, but in reality he spends less than 10 percent of his time on this task. The responsibility for requests by the executive office has fallen particularly hard on the procurement/housing staff member. During one 6-week period earlier in 2010, he spent 80 to 90 percent of his time searching for a temporary CMR. In late summer, he and several other staff members, as well as the management officer, spent several days locating and purchasing an umbrella for the CMR patio. These and other front office demands forced the procurement/housing employee to delay making regular purchases and attending to other housing issues. Just before the end of FY 2010, he and other management employees spent 24 straight hours (the management officer spent 32 hours), followed several days later by another 22-hour day, completing end-of-year procurements. With the help of staff throughout the mission, who solicited the necessary quotes and other information, they processed 160 purchase orders and spent more than \$270,000 in the last 2 weeks of the fiscal year. While the inspectors believe that the embassy staff did the best they could to ensure that the procurements were handled correctly, a spot check of the procurement and budget files showed some potential problems. These issues are discussed more fully in the management controls and financial management sections of this report.

The embassy handles all procurements as purchase orders, and only one blanket purchase agreement is used with any regularity. These agreements, if used properly, can reduce the number of purchase orders and save both time and money. It appears that the insistence on purchase orders began as a way to ensure that procurements were completed properly. The procurement employee and the general services officer should review the procurement procedures, including blanket purchase agreements and petty cash purchases, to reduce the number of purchase orders processed. The unit should publicize procurement requirements and ensure that the staff using petty cash or blanket purchase agreements understand, and follow, procurement regulations. In addition, the team noted that the procurement/housing employee is the only staff member who has been issued a purchase card. The inspectors made informal recommendations regarding these issues.

The procurement unit has issued three formal contracts. (The local guard contract is handled in the Department.) One local employee is the contracting officer's representative for two of these contracts. The procurement/housing employee is the representative for the shipping contract; however, as he no longer handles the shipping portfolio, it would be prudent to transfer this responsibility to the employee who deals most directly with the contractor. In addition, none of the contracting

officer's representatives has been officially designated. The OIG team made an informal recommendation regarding these issues.

The procurement files are incomplete, and the procurement/housing employee has had little time, due to other frequent and more urgent requirements, to ensure that they are complete and properly maintained. He also does not receive information on the final payment of vouchers, which limits his ability to close out purchase orders. The financial management unit should provide him with read-only access to COAST – the Department's system to provide online accounting and prepare budget reports – so he will have easy access to this information. The inspectors made an informal recommendation to that effect.

Housing

As noted previously, the procurement/housing employee spent virtually all of his time over a 6-week period searching for a temporary CMR. He and other members of the general services staff worked with real estate agents and his contacts in Luxembourg, Belgium, Germany, and France to find landlords who were willing to rent a suitable temporary residence during the 6-month renovation of the permanent CMR. He and the management officer screened 200 residences and visited 30-40 houses and apartments in Luxembourg. Two officials from Embassy Brussels also traveled to Luxembourg to assist with the search. Based on the Ambassador's requirements, all but four residences were deemed unsuitable; the Ambassador rejected all four. A suitable residence was located in July 2010 with the active participation of the acting DCM. Two months later, the end-of-year procurements consumed virtually all of the procurement/housing employee's time as well as that of the management officer. Unfortunately, due to a lack of planning on the part of the front office – and a consequent lack of time to plan on the part of the general services staff – the Ambassador made a number of requests during her move to the temporary CMR that could not be resolved immediately, despite the almost constant efforts of the general services officer and the procurement/housing and shipping/receiving local employees.

The unit manages 16 short-term lease residences in addition to the CMR. A housing board was reconstituted in August 2010 after a lapse of more than 1 year. Both embassy Americans and general services local employees seem pleased with how the board has already improved the housing assignment process.

Every embassy experiences a normal turnover in American staff as employees rotate to their next assignments and their replacements arrive. The departure of the additional six Americans who curtailed, the arrival of their replacements, and the already heavy workload handled by the procurement/housing employee and the two

members of the facilities management unit, left little time for planning. The staff was not always provided, and on occasion did not widely share, information on who was arriving or departing, and when. Some American employees left Luxembourg as soon as they finished packing out, leaving no time for a predeparture inspection of their residences. Few meetings were held to share information, determine a priority list, or schedule appointments. The new general services officer, who arrived after the summer turnover season, understands the importance of planning to ensure that both departing and arriving employees have a smooth transition.

At the time of inspection, the DCM's residence, located several miles from the chancery, had been vacant for approximately 2 months, since the departure of the last permanently assigned DCM. The current acting DCM, who does not have a car, is living in an apartment located much closer to the embassy. The management office decided to continue to lease this residence, as embassy staff was unsure when a permanent DCM would be assigned. Department regulations allow a leased residence to remain vacant for up to 90 days before being terminated (6 FAH-5 H-481.3 a. (4)). The management office plans to ask OBO for guidance regarding this residence before the end of the 90-day period.

The embassy's housing handbook, which should be reviewed and reissued annually, was last updated in December 2006. The OIG team made an informal recommendation regarding this lapse.

Property Management, Warehousing, and Shipping and Customs

One general services employee manages the procurement, storage, and distribution of expendable supplies. The expendable supply storage area is clean and well organized but is not segregated from the rest of the items, including the old equipment and maintenance supplies that are also kept there. (b) (2)

Four employees have keys to the room, making it virtually impossible to maintain control over supplies. In addition, unannounced spot checks of the expendable supply inventory have not been done.

Recommendation 21: Embassy Luxembourg should install separate, locked areas in the supply room for expendable supplies and maintenance materials, restrict access to accountable officers, and conduct regular, unannounced spot checks of the expendable supply inventory. (Action: Embassy Luxembourg)

The embassy purchases its supplies from local companies and the General Services Administration in Washington. Products in Luxembourg tend to be more expensive than in neighboring countries, and shipping items from the United States can be both time consuming and costly. The embassy should consider taking part in the expendable supply contract negotiated by EUR, which should save the embassy both time and money. The OIG team made an informal recommendation to this effect.

Embassy Brussels provides warehouse and inventory services for Embassy Luxembourg. This arrangement appears to work well, and embassy employees have adapted to the time it takes for the Brussels warehouse staff to deliver or remove furniture. Brussels staff maintains the inventory of Luxembourg's nonexpendable property. The inventory shortages were well under the 1 percent maximum allowed by the Department. Embassy Brussels warehouse staff have the same clearance as Embassy Luxembourg's local staff. However, the Ambassador has requested that Brussels staff be escorted by Luxembourg staff whenever they are working in the CMR, which creates an unnecessary burden on already overworked staff.

Recommendation 22: Embassy Luxembourg should stop the practice of using local embassy staff to escort cleared Embassy Brussels warehouse staff while they are working in the Chief of Mission or any other American residence. Such escort duties should be handled by official residence employees or American residents, respectively. (Action: Embassy Luxembourg)

Receiving is handled by the shipping and customs clerk, who stores items in his locked office until he is able to complete the receiving procedures. Items ordered from the United States are delivered through the embassy pouch and are stored in the pouch room until they can be brought to the annex or otherwise processed. At times, staff removes ordered items from the pouch room before they have been processed, forcing the shipping and customs clerk to track down the items in order to approve the invoice for payment. He is continuing to work with embassy offices to reduce this problem.

Motor Pool

The embassy motor pool consists of one full-time COM driver, one backup driver who is also the supply clerk, and 10 vehicles. All other employees generally drive themselves as needed to official appointments. All vehicles have a copy of the daily vehicle use record form OF-108, but not all employees sign this form for every trip, as required by Department regulations (14 FAH-1 H-814.1-1 a.). The OIG team made an informal recommendation regarding this issue.

The COM driver is regularly on duty for more than 10 hours each day. In addition, he is on call over the weekends. Department regulations require that no driver work more than 10 hours per day in order to avoid fatigue and prevent accidents (Motor Vehicle Safety Management Program requirements referenced in 15 FAM 910 and on the Office of Safety, Health, and Environmental Management's Web site).

Recommendation 23: Embassy Luxembourg should modify the schedule for the Ambassador's driver and use a second driver as needed so that driver work schedules do not exceed 10 hours per day. (Action: Embassy Luxembourg)

Travel

Until the recent introduction of the E2 electronic travel program, the general services officer handled all travel requests for the embassy. Hotel reservations for visitors are handled by the telephone operator/mail room clerk, Employees are now doing most of their own travel reservations through E2, although not without problems. The program is not user friendly. The E2 trainers provided classes when the program was installed, but even though this training was mandatory, only two people – both in the management section – attended. The embassy should provide a user guide and additional E2 training and require that all embassy staff attend. The OIG team made an informal recommendation to that effect.

FACILITIES MANAGEMENT

Before the 2008 reduction in force, the facilities management unit had one maintenance supervisor and three maintenance workers. The staff now consists of two maintenance workers/handyman to maintain the chancery, CMR, and management annex. They also handle emergencies and some minor repairs at the 16 short-term leased residences and coordinate other repairs with the landlords. When both employees are out of the office – as was the case for 6 weeks in spring 2010, when both employees were sick – only emergency repairs can typically be handled, and most of them by people working outside their area of expertise. In fact, some embassy employees indicated that they have simply stopped submitting work orders because the work was never completed. The facilities staff no longer provides preventive maintenance for office facilities and residential equipment, due primarily to a lack of time and expertise. Without a viable preventive maintenance program, facility and equipment problems are often not discovered until they become serious and expensive to resolve.

Recommendation 24: Embassy Luxembourg should develop and implement a preventive maintenance program for all office buildings and embassy-owned equipment at the residences. (Action: Embassy Luxembourg)

The regional facilities manager at Embassy Brussels visits Luxembourg monthly. He is occasionally accompanied by a local employee to help inspect the facilities and make those repairs that can be done immediately. The facilities manager receives good support from OBO, which has allowed him to fix many of the problems he discovered during his first visit to the chancery and CMR in late 2008, including numerous electrical, plumbing, air conditioning, and fire alarm issues, as well as recurring water damage. The facilities manager will leave Brussels in summer 2011, however, and there is no guarantee that his replacement will visit Luxembourg as frequently. Without facilities management employees who have the expertise to identify problems quickly and correctly and take the necessary action, the building could once again fall into disrepair.

Fire inspectors from OBO, who visited Embassy Luxembourg less than 2 months before this inspection, were unable to locate any final acceptance test records, instructions, or maintenance records for the sprinkler system. In addition, embassy maintenance staff was never trained to inspect, test, or maintain this system.

Recommendation 25: The Bureau of Overseas Buildings Operations should verify that Embassy Luxembourg's sprinkler system works properly, provide instructions on its operation, and train embassy staff to inspect, test, and maintain the system. (Action: OBO)

The OBO fire inspectors also noted that the embassy does not have a fire extinguisher program and that extinguishers are not being inspected on a regular basis. In addition, several employees told the inspectors that they have neither fire extinguishers nor smoke detectors in their residences. Although the embassy has a program for employees to bring in their residential fire extinguishers for inspection, inspectors were told that it is not enforced.

Recommendation 26: Embassy Luxembourg should develop and implement a program so that all fire extinguishers in office spaces are checked regularly, all residences have a sufficient number of fire extinguishers and smoke detectors, and employees have their residential extinguishers checked by the maintenance staff annually. (Action: Embassy Luxembourg)

(b) (2)



Recommendation 27: (b) (2)

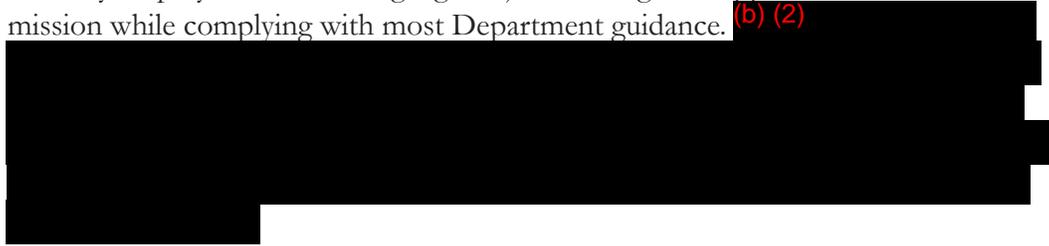


For the past several years, OBO has given Embassy Luxembourg \$62,000 per year for maintenance and repair of the chancery and CMR. In FY 2010, the embassy received only \$26,000. Because of a major leak that occurred in summer 2010, OBO was, at the time of the inspection, beginning a \$1.5 million project to upgrade the plumbing, electrical, and telecommunication systems and to install a new water line in the CMR. The project also entails remodeling two bathrooms to make them hand-icapped accessible. An OBO project manager based in Brussels is in charge, with the assistance of a part-time local engineer. The Ambassador is keenly interested in the remodeling of the bathrooms at the CMR and has stated her desire to approve the materials used in these rooms. Normally, all such changes are approved by OBO's Office of Residential Design and Cultural Heritage and not by the occupant at the time. There appears to be some conflicting guidance on how much the Ambassador can be involved in this project. The OIG team made a recommendation regarding this issue in the executive direction section of this report.

The embassy has very little storage space. The maintenance staff is currently storing a small amount of chemicals in its office. These chemicals need to be moved into an approved storage container. The inspectors made an informal recommendation regarding this issue.

INFORMATION MANAGEMENT

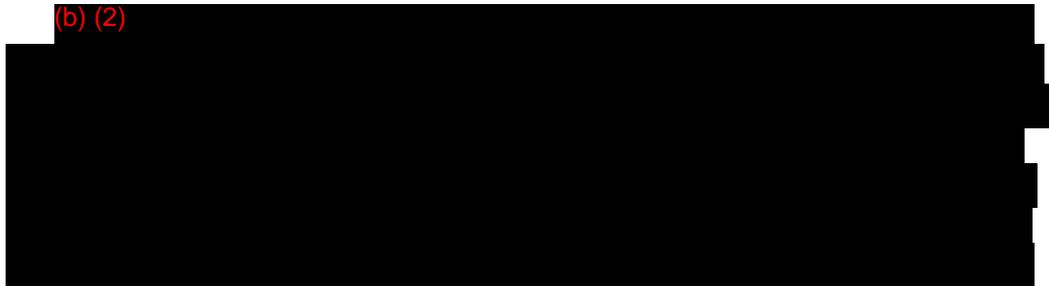
Embassy Luxembourg's information management unit is well regarded by embassy employees and is doing a good job meeting the support needs of the mission while complying with most Department guidance. (b) (2)



The unit has a small staff of just two direct-hire American information management specialists and three local employees. The previous information management officer curtailed. The current information management officer has overall management responsibility for the unit and supervises the American information management specialist, who in turn supervises three local staff members. Two of the local employees provide administrative and operational support for the sensitive-but-unclassified OpenNet system. The third local employee serves as both the telephone operator and the mail room clerk. The information management unit supports the 78 unclassified OpenNet users with 52 workstations. Besides the OpenNet network, the embassy also operates a classified local area network and a dedicated Internet network and provides mail, pouch, and telephone services.

The section's ICASS scores and the OIG survey questionnaire results were above average and reflect a customer service orientation. Although the executive office can be demanding and often requires an immediate response, the OIG team did not observe any negative effects on the section's ability to meet the needs of its other customers. The first-time, but experienced, information management officer arrived in April 2010. He is a strong manager who is also very technically capable and customer focused. However, not all of the unit's employees are as technically able or customer oriented, which has somewhat hindered the effectiveness of the unit. The information management officer is aware of this and is taking steps to improve staff performance.

(b) (2)



(b) (2)

Recommendation 28: (b) (2)

The embassy has one part-time telephone operator who sometimes is unavailable to assist callers. The telephone system is automated and allows callers who know their party's extension to dial it directly. However, if callers require assistance when the operator is unavailable, they are unable to leave a voicemail message. Consequently, some calls received during normal business hours go unanswered. The OIG team could not determine the volume of unanswered calls, but several complaints were noted. Given embassy staffing levels, it could be difficult to justify a full-time switchboard operator.

Recommendation 29: Embassy Luxembourg should modify or upgrade the existing call system to better manage telephone calls when no telephone operator is on duty. The enhanced system should enable callers to reach their party more easily or leave a message in a general voicemail box for possible follow-up. (Action: Embassy Luxembourg)

The embassy's Internet and intranet sites have limited information and do not appear to be updated regularly. Because of the embassy's small staff, there are limited resources available to update and maintain the Web sites. The inspectors believe that embassy personnel would likely benefit from introductory and supplemental training on SharePoint, the application platform for the Web site. Normally, the public affairs section is responsible for managing the Internet site, but the section is currently too short staffed to devote any time to this task. With the exception of the consular section's details, the information provided on the embassy's intranet site is minimal and, in some cases, out of date. As an interim measure, the OIG team informally recommends that the local information management staff assist with the content management of both Web sites.

QUALITY OF LIFE

EQUAL EMPLOYMENT OPPORTUNITY/FEDERAL WOMEN'S PROGRAM

The management officer assumed duties as the EEO counselor immediately before this inspection but had yet to receive any training. No EEO complaints were received at the embassy during the management officer's tenure. However, the embassy was not filing the monthly report with the Department's Office of Civil Rights (S/OCR) as detailed in S/OCR's materials provided to all EEO counselors during the mandated 32-hour training. The front office had not discussed EEO issues with the staff or at country team meetings. Only minimal information regarding EEO was posted in the chancery or annex, and no embassy-specific information was included. The OIG team was unable to confirm that a management notice had been issued that explained how to file EEO complaints. The person designated as the Federal Women's Program coordinator had not been informed of the designation. Along with the formal recommendation below, the team left an informal recommendation covering other EEO issues.

Recommendation 30: Embassy Luxembourg, in coordination with the Bureau of European and Eurasian Affairs, should provide the Equal Employment Opportunity counselor with the required training. (Action: Embassy Luxembourg, in coordination with EUR)

No local employee had been designated as an EEO liaison. The Department encourages, but does not require, embassies to appoint EEO liaisons as a way to provide them with the information and assistance they would need should an EEO issue arise. The embassy's EEO counselor can, once he receives training, assist the EEO liaison with needed training. The OIG team made an informal recommendation to this effect.

COMMUNITY LIAISON OFFICE, SCHOOLS, AND MEDICAL UNIT

Embassy Luxembourg's community liaison office coordinator/nurse position was eliminated in 2008 as part of the reduction in force that also abolished several other positions. The embassy intends to request a 20-hour-per-week community liaison position as part of the midyear ICASS budgeting process. The addition of this position will improve morale by providing the information newcomers need to better acclimate themselves to living overseas. This position would also be responsible for coordinating the embassy's sponsorship program for new arrivals, which received mixed reviews from the staff. The OIG team endorses any embassy request to reestablish a community liaison office coordinator position at Embassy Luxembourg.

(b) (2) and (b) (6)

The headmaster described relations between the school and the embassy as "wonderful." Parents appear to be very pleased with the school. Aside from the assistance received toward the application of shatter-resistant window film, the school has not expressed any interest in applying for U.S. Government grants. As a result, there is no admissions priority for U.S. Government dependents. Because of increasing numbers of applicants, and until completion of a planned physical upgrade at the school, parents applying late in the summer or midyear might encounter difficulties in enrolling their children. So far, however, the school has been able to accommodate all embassy children who have applied. There are several alternative schools available.

The embassy has no medical unit and has had no nurse on staff since 2008. On a recent visit, the regional medical officer determined that care at the local hospitals was good. Most operators manning the Luxembourg emergency line speak enough English to direct callers appropriately. The embassy has recently made an arrangement with a local physician to act as medical adviser to mission employees. They can reach him on his cellular phone as needed but are not obliged to consult him.

MANAGEMENT CONTROLS

Embassy Luxembourg listed three significant deficiencies in the 2010 COM management controls statement of assurance: improper transport of cash, insufficient staffing, and the space utilization/fire and life safety environment. The inspectors also determined that the procedures used in the FY 2010 end-of-year procurements lacked the necessary management controls and that insufficient information on unauthorized obligations has been provided to staff.

The Government of Luxembourg will refund the value-added tax paid on gasoline purchases only if the invoice is greater than 240 euros. The embassy has arranged with a gasoline company to provide gas cards to American employees. The company then sends a consolidated monthly bill to the embassy so that embassy American employees will qualify for the value-added tax refund. (b) (2)

In embassies with an employee association, which Luxembourg does not have, the association often handles this type of program. Embassy management is exploring options to improve this procedure, including seeking assistance from the Department's Office of Foreign Missions.

Insufficient staffing levels appear to have been remediated with the approval to hire two employees in the general services unit. Once those employees have been hired, trained, and become familiar with their duties, the embassy can reevaluate whether additional staff will be needed.

This report and the September 2010 OBO fire report detail several fire issues that need to be addressed. The 12-minute walk between the chancery and the annex, albeit inconvenient, does not appear to unduly hamper embassy operations. Embassy management may wish to request that an OBO space planner visit Luxembourg to determine how best to improve working conditions and work flow in the chancery.

The general services unit had developed a procurement plan, complete with deadlines, to avoid a rush of last-minute procurements. As noted previously, however, embassy management asked for and received additional funds only 2 weeks before the end of the fiscal year, and several management employees and the management officer worked more than once through the night to complete the purchase requests.

A limited review of the procurement files shows many of them to be incomplete, and the inspectors questioned the appropriateness of some of the procurements, including a bulk purchase of wine and liquor. As already noted, processing such a large number of procurement actions in a short amount of time while working extraordinarily long hours leaves little room for adequate management controls. The team made a formal recommendation in the financial management section to address this issue.

On a number of occasions, mission employees have made purchases without first ensuring that funds were available and valid obligations in place. Department regulation 4 FAM 085.3 prohibits employees from incurring obligations without first ensuring the availability of funds and the presence of valid obligations. Although the mission reports that unauthorized commitments have occurred only on low-dollar-value procurements, it has not initiated ratification procedures outlined in and required by 14 FAH-2 H-132.2. In August 2010, the mission issued a funds control policy and the management officer has talked to embassy staff about unauthorized obligations. However, the policy does not describe ratification procedures. The OIG team left an informal recommendation that the management officer hold a meeting with all mission section heads to describe ratification procedures and to ensure that the funds control policy is understood.

The inspectors found no management control issues in the consular section.

RECOMMENDATIONS

Recommendation 1: The Bureau of European and Eurasian Affairs should send a deputy assistant secretary-level officer to visit Embassy Luxembourg to assist the Ambassador in developing, with the country team, a revised Mission Strategy and Resource Plan that will maximize the mission's resources and focus its productivity and policy advocacy. The results of this visit should include a memorandum from the Bureau of European and Eurasian Affairs' Assistant Secretary that details specific management and policy targets that will become part of the work requirements of the Ambassador for the rating period. (Action: EUR)

Recommendation 2: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Human Resources and the Foreign Service Institute, should send a team to conduct a team-building exercise at Embassy Luxembourg aimed at improving internal communication and creating greater mutual confidence and respect between the Ambassador and mission officers. (Action: EUR, in coordination with DGHR and FSI)

Recommendation 3: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Overseas Buildings Operations and the Under Secretary for Management, should clarify and monitor the Luxembourg Ambassador's limited role in the repair of the official residence. (Action: EUR, in coordination with OBO and M)

Recommendation 4: Embassy Luxembourg should refine and implement its strategic plan for public diplomacy, focusing on the policy objectives articulated in its Mission Strategic and Resource Plan. (Action: Embassy Luxembourg)

Recommendation 5: The Office of Medical Services should send medical professionals to Embassy Luxembourg to evaluate morale and stress levels of staff and to provide a written assessment to Department of State managers in the Bureau of European and Eurasian Affairs and the Bureau of Human Resources. (Action: MED)

Recommendation 6: Embassy Luxembourg should issue a formal policy that explains Department of State rules and regulations concerning access to employee electronic records and the circumstances under which embassy management may access these records. (Action: Embassy Luxembourg)

Recommendation 7: Embassy Luxembourg, in coordination with Regional Service Center Frankfurt, should hold a 1-day off-site for all members of the management section. (Action: Embassy Luxembourg, in coordination with RSC Frankfurt)

Recommendation 8: Embassy Luxembourg should implement procedures to provide all travel information required by the Department of State whenever the Chief of Mission requests to be absent from the country. (Action: Embassy Luxembourg)

Recommendation 9: Embassy Luxembourg should post the International Cooperative Administrative Support Services uniform customer service standards on the embassy's intranet site and develop a strategy for supervisors to work with staff to meet these standards. (Action: Embassy Luxembourg)

Recommendation 10: Embassy Luxembourg should report to the Bureau of Resource Management the fiscal irregularity regarding the advance purchase of wine and liquor, conduct a full review of the circumstances surrounding the payment, and submit a final report of investigation to the Bureau of Resource Management that includes information on any restitution obtained. (Action: Embassy Luxembourg, in coordination with RM)

Recommendation 11: Embassy Luxembourg should create and implement formal representation, travel, and training plans that reflect the prioritized needs of sections based on anticipated outcomes. (Action: Embassy Luxembourg)

Recommendation 12: Embassy Luxembourg should report to the Bureau of Resource Management the fiscal irregularity regarding travel to Switzerland to interview potential Chief of Mission residence staff, conduct a full review of the circumstances surrounding the payment, and submit a final report of investigation to the Bureau of Resource Management that includes information on any restitution obtained. (Action: Embassy Luxembourg, in coordination with RM)

Recommendation 13: Embassy Luxembourg should report to the Bureau of Resource Management the fiscal irregularity regarding reimbursement for the Ambassador's queen-size mattress, conduct a full review of the circumstances surrounding the reimbursement for said item, and submit a final report of investigation to the Bureau of Resource Management that includes information on any restitution obtained. (Action: Embassy Luxembourg, in coordination with RM)

Recommendation 14: The Bureau of Resource Management, in coordination with Embassy Luxembourg, should review the appropriateness of FY 2010 certifications performed by American officers and report any additional fiscal irregularities as required. (Action: RM, in coordination with Embassy Luxembourg)

Recommendation 15: Embassy Luxembourg should contact the Bureau of Resource Management's post support unit to determine the cost and feasibility of providing remote voucher processing and initiate that function if appropriate. (Action: Embassy Luxembourg, in coordination with RM)

Recommendation 16: Embassy Luxembourg should establish a budget committee to oversee the International Cooperative Administrative Support Services council budget process. (Action: Embassy Luxembourg)

Recommendation 17: Embassy Luxembourg should post on its internal Web site all information contained in the mission's welcome packet, including a management notice outlining procedures for obtaining value-added tax reimbursements and for establishing local bank accounts. (Action: Embassy Luxembourg)

Recommendation 18: Embassy Luxembourg should establish a procedure to adhere to its local compensation plan so that local employees are compensated for overtime work that has been approved in advance. (Action: Embassy Luxembourg)

Recommendation 19: The Office of the Legal Adviser, in coordination with the Bureau of Human Resources, should advise Embassy Luxembourg on whether to implement the Government of Luxembourg's decision regarding a value-added tax exemption for local employees who are not residents or citizens of Luxembourg. (Action: L, in coordination with DGHR and Embassy Luxembourg)

Recommendation 20: Embassy Luxembourg should provide sufficient planning time for the general services staff to discuss, develop, and implement a reorganization plan for the general services unit. (Action: Embassy Luxembourg)

Recommendation 21: Embassy Luxembourg should install separate, locked areas in the supply room for expendable supplies and maintenance materials, restrict access to accountable officers, and conduct regular, unannounced spot checks of the expendable supply inventory. (Action: Embassy Luxembourg)

Recommendation 22: Embassy Luxembourg should stop the practice of using local embassy staff to escort cleared Embassy Brussels warehouse staff while they are working in the Chief of Mission or any other American residence. Such escort duties should be handled by official residence employees or American residents, respectively. (Action: Embassy Luxembourg)

Recommendation 23: Embassy Luxembourg should modify the schedule for the Ambassador's driver and use a second driver as needed so that driver work schedules do not exceed 10 hours per day. (Action: Embassy Luxembourg)

Recommendation 24: Embassy Luxembourg should develop and implement a preventive maintenance program for all office buildings and embassy-owned equipment at the residences. (Action: Embassy Luxembourg)

Recommendation 25: The Bureau of Overseas Buildings Operations should verify that Embassy Luxembourg's sprinkler system works properly, provide instructions on its operation, and train embassy staff to inspect, test, and maintain the system. (Action: OBO)

Recommendation 26: Embassy Luxembourg should develop and implement a program so that all fire extinguishers in office spaces are checked regularly, all residences have a sufficient number of fire extinguishers and smoke detectors, and employees have their residential extinguishers checked by the maintenance staff annually. (Action: Embassy Luxembourg)

Recommendation 27: (b) (2) [Redacted]

Recommendation 28: (b) (2) [Redacted]

Recommendation 29: Embassy Luxembourg should modify or upgrade the existing call system to better manage telephone calls when no telephone operator is on duty. The enhanced system should enable callers to reach their party more easily or leave a message in a general voicemail box for possible follow-up. (Action: Embassy Luxembourg)

Recommendation 30: Embassy Luxembourg, in coordination with the Bureau of European and Eurasian Affairs, should provide the Equal Employment Opportunity counselor with the required training. (Action: Embassy Luxembourg, in coordination with EUR)

INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

Public Affairs

Considerable staff time is devoted to preparing for and providing a daily media brief to the Ambassador. The briefing is oral, and Washington readers expressed interest in receiving a written summary.

Informal Recommendation 1: Embassy Luxembourg should consider enhancing the oral media brief with a written product that can be distributed to Washington readers, taking advantage of English-language summaries that may be available.

The grants files are incomplete and disorganized. A brief visit by an experienced local employee to train staff and put the files in order would solve the problem. The local employee in Embassy The Hague who handles grants has the right experience.

Informal Recommendation 2: Embassy Luxembourg should request a short visit from a local employee in a nearby embassy who is experienced in grants management and can train staff and organize the files.

Consular Section

There are no written training materials for new or backup consular staff. The Bureau of Consular Affairs provides guidance on training on the Department intranet.

Informal Recommendation 3: Embassy Luxembourg should develop a written training program for new or backup consular staff that includes local standard operating procedures.

Contact lists in the consular portions of the embassy duty book and the emergency action handbook are out of date and do not include some information that might be necessary in a mass casualty or terrorist situation.

Informal Recommendation 4: Embassy Luxembourg should update its duty book and emergency action plan consular contact list and include points of contact at the airport, airlines, hotels, and relevant organizations.

Travel alerts and warnings are hard to find on the embassy's public Web site.

Informal Recommendation 5: Embassy Luxembourg should prominently display on its home page any travel alerts or warnings.

Management Section

The management officer has yet to begin holding regular meetings for the management staff. This lack of communication has caused problems within the section, especially for financial management, which is not always informed of decisions that have budget implications.

Informal Recommendation 6: Embassy Luxembourg should initiate regular management meetings, during which mission-wide decisions made at country team or other venues that affect the section are passed on to the appropriate management staff.

The management section has few written policies and procedures.

Informal Recommendation 7: Embassy Luxembourg should write and issue standard operating procedures for the management section.

Until spring 2010, the embassy paid for the purchase and installation of satellite dishes and decoders for embassy Americans. Although this practice has now stopped, a management notice has yet to be issued, and this policy is still in the housing handbook.

Informal Recommendation 8: Embassy Luxembourg should revise its housing handbook, lease agreements, and standard make ready procedures to bring the mission into compliance with regulations regarding the purchase and installation of television satellites and decoders.

The class B cashier's advance was reduced significantly when accommodation exchange services were discontinued, but it may now be too low. Additionally, the management officer, who does not have a background in financial management, was just given responsibility for performing cashier verifications. Cashier monitors from Charleston plan to visit the embassy during the next few months.

Informal Recommendation 9: Embassy Luxembourg should request that the Bureau of Resource Management cashier monitors review the mission's cash advance to ensure that it is sufficient and walk the newly promoted management officer through proper cashier verification procedures.

Minutes of ICASS council meetings are not being kept or issued.

Informal Recommendation 10: Embassy Luxembourg should keep minutes of the International Cooperative Administrative Support Services council meetings and post them on the embassy's SharePoint intranet page.

The embassy has no written policy on mission awards.

Informal Recommendation 11: Embassy Luxembourg should issue a mission-wide notice or message outlining the awards that mission employees are eligible to receive.

The mission has not held an awards ceremony in over a year, nor has it regularly called for nominations.

Informal Recommendation 12: Embassy Luxembourg should institute procedures so that award nominations are solicited and ceremonies are held regularly.

Requests for annual leave have not always been approved in a timely manner. Department regulation 3 FAM 3412 suggests that leave be scheduled well in advance and not denied for arbitrary or capricious reasons.

Informal Recommendation 13: Embassy Luxembourg should issue a notice to all supervisors, including the Ambassador, that outlines the proper procedures for the request and approval of paid absences.

All procurements at Embassy Luxembourg are handled as purchase orders, and only one blanket purchase agreements is used regularly.

Informal Recommendation 14: Embassy Luxembourg should review its procurement procedures, including blanket purchase agreements and petty cash purchases, with the goal of reducing the number of purchase orders processed, and publicize the procurement requirements.

The procurement/housing employee is the only person at the embassy with a purchase card, but he does not have the time to use it to make local purchases.

Informal Recommendation 15: Embassy Luxembourg should consider whether a second purchase card holder should be designated to expand the use of the card for local purchases.

The embassy has not officially designated its contracting officer's representatives. In addition, the representative for the embassy's packing and shipping contract does not deal with this contractor.

Informal Recommendation 16: Embassy Luxembourg should designate in writing the contracting officer's representatives for its formal contracts.

The procurement section does not receive information on final voucher payments. This information is needed to properly close out procurement files.

Informal Recommendation 17: Embassy Luxembourg should provide the procurement section with read-only access to COAST, the Department's system to provide online accounting and prepare budget reports.

The embassy's housing handbook was last updated in 2006.

Informal Recommendation 18: Embassy Luxembourg should update and reissue its housing handbook.

Embassy Luxembourg purchases most supplies from local companies or through the General Services Administration, rather than using the region's expendable supply contract.

Informal Recommendation 19: Embassy Luxembourg should investigate and, if economically feasible, begin using the expendable supply contract negotiated by the Bureau of European and Eurasian Affairs.

Not all embassy employees are signing the Daily Vehicle Use Record (OF-108) form when driving or riding in embassy vehicles.

Informal Recommendation 20: Embassy Luxembourg should require that passengers in, and employees who self-drive, official vehicles complete the Daily Vehicle Use Record after each trip.

Embassy employees are responsible for handling their own travel requests under the E2 Solutions electronic program. Training was provided when E2 was implemented, but only two people attended.

Informal Recommendation 21: Embassy Luxembourg should provide user guides and additional training on E2 Solutions and require that all embassy staff attend.

The embassy maintenance staff is storing a small amount of chemicals in its office.

Informal Recommendation 22: Embassy Luxembourg should provide the maintenance staff with an approved storage container to be used for all chemicals required for staff use.

Embassy Luxembourg lacks up-to-date and robust Internet and intranet sites.

Informal Recommendation 23: Embassy Luxembourg should, as an interim measure, dedicate some of its information management resources and staff to assisting with the content management of the embassy's Internet and intranet sites.

Several procedures required for compliance with EEO regulations were not in place at the time of the inspection.

Informal Recommendation 24: Embassy Luxembourg should address deficiencies in its Equal Employment Opportunity program by posting required information, issuing a management notice on procedures, ensuring front office involvement, and informing and training the Federal Women's Program coordinator as needed.

Embassy Luxembourg does not have a local employee EEO liaison, as encouraged by the Department.

Informal Recommendation 25: Embassy Luxembourg should appoint and train a local employee Equal Employment Opportunity liaison.

The embassy's funds control policy does not include ratification procedures for unauthorized obligations and is unclear as to what approvals are needed for procurements less than \$500.

Informal Recommendation 26: Embassy Luxembourg should revise its funds control policy to include ratification procedures and a clearer explanation as to the procurements that would not require advance approval from contracting and financial management staff.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Cynthia Stroum	12/09
Acting Deputy Chief of Mission	Sandra Cecchini	6/10
Chiefs of Sections:		
Management	Jonathan Fischer	6/09
Consular	Carla Nadeau	8/10
Political/Economic	Ashley Bagwell	8/10
Political-Military	John Breen	8/10
Public Affairs	Kareen Thorne	6/10
Regional Security	Kirby Rosenbluth	6/08
Other Agencies:		
American Battlefield Monuments Commission	Scott Desjardins	7/10

ABBREVIATIONS

COM	Chief of Mission
CMR	Chief of Mission residence
DCM	Deputy chief of mission
EEO	Equal Employment Opportunity
EU	European Union
EUR	Bureau of European and Eurasian Affairs
FAM	Foreign Affairs Manual
GDP	Gross domestic product
ICASS	International Cooperative Administrative Support Services
IRM	Bureau of Information Resource Management
MSRP	Mission Strategic and Resource Plan
NATO	North Atlantic Treaty Organization
OBO	Bureau of Overseas Buildings and Operations
OIG	Office of Inspector General
ORE	Official residence expenses

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