



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

OFFICE OF INSPECTIONS

Inspection of Embassy Reykjavik, Iceland

Report Number ISP-I-11-28A, February 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, and organizations by this review.



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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 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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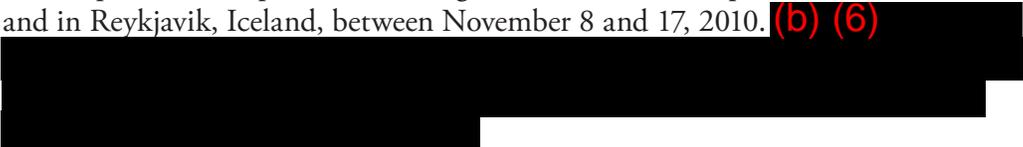
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KEY JUDGMENTS

- A vigorously engaged and highly competent Ambassador leads a small mission with good morale and in focused pursuit of policy progress in a country of continuing, if sometimes under acknowledged, importance to the United States. The deputy chief of mission is deservedly given credit for deft leadership during his 13-month tenure as chargé d'affaires.
- Embassy Reykjavik's substandard physical facilities hamper internal communications. Despite the embassy's efforts to deal with recurring problems in this area, the facilities' shortcomings negatively influence productivity, staff security, public access, consular service, embassy morale, and national image. The OIG team believes that basic maintenance and minor repairs cannot be made adequate to achieve minimum standards and, consequently, that the embassy should explore with the host government an arrangement to swap the chancery and chief of mission residence with suitable buildings.
- Despite the closure of the large U.S. military base at Keflavik in 2006, Iceland remains a strong North Atlantic Treaty Organization (NATO) ally. Remaining bilateral military relationship issues, including base contingency rights, require a permanent U.S. military representative at the embassy and the restoration of Defense attaché coverage for Iceland from a U.S. embassy in a nearby NATO country.
- The influence of the United States and of American culture on Icelanders remains high, even after the closure of the U.S. base at Keflavik. The Ambassador has charged the staff with making public diplomacy an integral part of its efforts.
- Relations among local employees are generally good. However, a severe conflict between two local employees in the general services and regional security offices has strained relations between the two units. This tension has affected the sections' ability to work together, brought out residual antiforeigner sentiments, and hurt morale throughout the mission.

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 Reykjavik, Iceland, between November 8 and 17, 2010. (b) (6)



CONTEXT

A NATO member, Iceland became an independent republic in 1944. With a semi-presidential parliamentary system of government, the president serves as chief of state, and the prime minister is the head of government. The island's location, astride the major air and sea routes in the North Atlantic between North America and Europe, has shaped the bilateral relationship. The United States took over the military base at Keflavik in July 1941 and left it in 2006. The U.S. diplomatic, military, economic, and cultural presence in the country had a widespread effect.

At present, the U.S.-Iceland military agreement dating to 1951 and a Status of Forces Agreement remain in effect. The United States maintains base contingency rights for environmental, maritime, or air emergencies and helps Iceland maintain NATO radar capabilities. U.S. aircraft stop for refueling or repair and make emergency landings in Iceland to offload sick passengers. U.S. ships also stop in Iceland, and strong cooperation exists between the respective coast guards. The two countries are working together to define a new security framework, including issues related to the Arctic region. Iceland's reliance on the United States for conventional military needs, and its position as a NATO ally, conflict with the current Icelandic consensus that no military threat exists against Icelanders. Reflecting the antimilitary perspective of one of the parties in the coalition government, the government formed after the April 2009 elections pledged to eliminate the civilian Icelandic Defense Agency, raising the possibility of NATO losing radar capacity currently maintained by Iceland.

Iceland's geographic isolation, largely undeveloped land, small population (just under 320,000), and small gross domestic product (GDP) (\$12 billion in 2009) may call into question the country's importance to the United States. However, the bilateral relationship remains active in trade, investment, and energy-technology interchange.



Map of Reykjavik, Iceland and its surrounding region.

Source: U.S. Government

External trade and investment were affected by the fallout from Iceland's 2008 financial crisis. The government intervened in the country's three largest commercial banks and set up controls to prop up the local currency. In November 2008 the country signed a major International Monetary Fund (IMF) Stand-By macroeconomic stabilization loan of \$5 billion, which the United States supported and the U.S. Treasury Department monitors closely. Turmoil related to the financial crisis, particularly mortgages and debt negotiations with the United Kingdom and the Netherlands, undercut the country's economic and political stability more than was the case in any other European country. These challenging circumstances have tested the government coalition's unity, strength, and popularity.

Iceland's lack of European Union (EU) membership dictates an active bilateral relationship because the island maintains more sovereignty in economic, commercial, foreign policy, security, and internal judicial matters than do EU members. Nonetheless, the U.S. staff at Embassy Reykjavik is the second smallest in the Bureau of European and Eurasian Affairs (EUR). As the northernmost capital in the world, Reykjavik is isolated and has cold, dark winters that can deter some people from bidding on embassy positions.

Iceland belongs to the European economic area, giving it trade benefits with the European Union in addition to fishing and agriculture. The country's two-way external trade is dominated by members of the European economic area, with the United States a distant partner. Two large U.S. alumina producers help make the United States the leading foreign investor in the country.

The outcome of Iceland's current membership negotiations with the European Union is uncertain due to thorny issues such as fishing, agriculture, and whaling. It is also uncertain whether any deal negotiated with the European Union would be approved in a referendum by the Icelandic population. Separate but related decisions include whether the Icelandic Government would be willing to relinquish sovereignty over monetary policy and its currency to join the relative stability of the euro zone, and whether major euro zone countries would be willing to accept a new member with a heavy per capita debt load.

EXECUTIVE DIRECTION

Embassy Reykjavik's leadership is talented and dynamic. The new Ambassador arrived less than 2 months before this inspection began, yet the OIG team was impressed by his cogent exposition of policy priorities and assessment of the mission resources at hand to advance them. The bilateral relationship was shaped by World War II and Cold War alliances and the hosting of an American base on Icelandic soil for 65 years. The Ambassador recognizes that his challenge will be to change the context of this relationship. A tendency persists for Icelanders to expect U.S. policy to be driven by Cold War zero-sum calculations; i.e., anything that might advantage Russia or China will reliably produce a competing policy by the United States. Cold War reflexes die hard.

The visible symbol of that era was the American base at Keflavik, near Reykjavik, whose closure in 2006 remains an emotional issue in a small country in which three generations of Icelanders were base employees. The relationship must be reshaped to build bilateral cooperation on contemporary issues, including asymmetric security threats, sustainable energy, economic and financial stability, and environmental protection. During this inspection the Ambassador held his first media events. A lengthy TV interview, which had been scheduled for some time, coincided with the eruption of a media crisis surrounding an embassy security program and provided his first exposure to the Icelandic public. The OIG team observed how he mobilized the country team in preparation for this media event. He dealt with the hot issues of local concern (including the misunderstanding of the embassy's surveillance detection program) and was able to press the U.S. policy agenda on bilateral security relations and energy. He spoke in respectable Icelandic in part of the interview. The TV interview was followed by his first print media interview. A full-page story covered the embassy surveillance detection program, bilateral security cooperation, and the financial crisis. Although not groundbreaking, this media coverage portrayed an embassy whose staff members were conducting business with a common purpose, under a confident leader.

The Ambassador's initial interaction with his staff, American and foreign nationals alike, has been very positive. He quickly established personal rapport with section leaders, the sole entry-level officer, and local employees. Typical of his instinct for team building was his apparently spontaneous invitation to a group of local employees to lunch at a famous local restaurant. His personal style, as described by one of his section chiefs, is "laid back"; for example, he has instructed staff not to stand when he enters a room. However, the OIG team was impressed by his natural authority and the breadth of his command over every aspect of embassy operations.

When the Ambassador arrived in September 2010, there had been a hiatus of 17 months between chiefs of mission. Nevertheless, he found a busy embassy, operating efficiently under the steady guidance of a deputy chief of mission (DCM) who had unexpectedly been chargé d'affaires for 13 months. Embassy colleagues' numerical evaluations of the DCM in OIG questionnaires ranked him above average with respect to DCMs inspected by OIG over the past 3 years, with substantially higher than average marks for the majority of performance attributes. Most officers in this 2-year assignment have either extended or requested extensions. The OIG team heard consistently glowing reports of the DCM's tenure as chargé, including from mission staff, senior Department of State (Department) personnel, and the highest levels of the Icelandic Government. He launched a comprehensive campaign to establish contact with government officials, parliamentarians, and media figures, an effort that would later prove invaluable. An economic-coned officer, the DCM provided Department offices and other agencies with a clear set of policy options as Iceland struggled with the political and economic aftermath of the 2008 financial sector collapse, which was perhaps the worst in Europe. This situation was complicated by the fact that protection of the bilateral economic relationship put the United States at odds with our Dutch and British allies, who forced the Icelandic Government to guarantee local deposits made by their citizens. Steady U.S. support for Iceland's IMF rescue package remains a linchpin in our relationship and left the door open for the advancement of other bilateral policy goals, including greater U.S. foreign investment and a bilateral energy cooperation agreement that had been negotiated and was ready for the new Ambassador's signature.

The DCM was in charge during a period of remarkable challenges. The WikiLeaks scandal, which drew the world's attention to U.S. action in Iraq and Afghanistan, began with the telegram "Reykjavik 13." Publication of this telegram caused Icelanders, both in and out of government, to question whether their confidential communications with the U.S. Government might appear on the Internet. Then, a month later, U.S. biographic information on Icelandic ministers was leaked via the same channel. The leaked bios, which included candid views on government ministers by some of their colleagues, were especially damaging to the bilateral relationship. The chargé's steady diplomacy with the host government, buttressed by his earlier establishment of a climate of personal trust, helped get U.S.-Iceland relations through an extremely difficult period. The identification of the source of the leak (totally unconnected with Embassy Reykjavik) has relieved some of the bilateral stress for the moment. But there remains plenty of fodder for leftist and nationalist elements, especially important now that Iceland has, for the first time, a totally leftist coalition that does not rely on political alliance with centrists or rightists. It is a weak government and unlikely to cause major shifts in Iceland's policies; however, its traditional "Iceland out of NATO" rhetoric will likely remain an irritant, even as other policy issues take center stage.

The OIG team is impressed by how quickly the Ambassador and DCM have become an effective team. They are not finishing each other's sentences yet, but there is evident mutual respect and, despite the DCM's long tenure as chargé, an apparently very smooth transition into the traditional roles of Chief of Mission (COM) and DCM. Free of his responsibilities as chargé, the DCM can now focus on long-standing management issues that require swift and decisive action. For example, immediately before the OIG inspection, the DCM became aware of a serious local employee dispute that began months earlier and that may have Equal Employment Opportunity (EEO) implications. Now cognizant of this issue, the Ambassador and DCM, with counseling from the OIG team, have already devised a strategy to deal with it.

Another challenge will be the front office's role in improving the physical work environment in Embassy Reykjavik. The chancery is appallingly below standard. (A security annex to this report addresses the facility's capacity for supporting a range of programs.) The chief of mission residence, attached to the chancery, is workable but would probably be rejected by all if there were alternatives. There is no handicap access, and there are no toilet facilities in the representation area. Certain minimum fixes can be achieved in the chancery, and formal recommendations to that effect follow in this report and in its annex. Ultimately, however, the chancery should not be in this building. A mutually satisfactory swap arrangement for the chancery and the residence with host government buildings appears to be possible, although it is not certain whether a cost-neutral solution is feasible, notwithstanding the weakening of the local currency against the dollar since late 2008. The OIG team believes the time is propitious for exploring this possibility in Iceland. (See also the management section in this report for a relevant recommendation on the subject.) Making progress on this front should be a priority item in the work requirements of both the Ambassador and DCM.

There is one entry-level officer at the embassy—the second officer in the information management unit. Although the DCM has been open, accessible, and supportive, no regular mentoring sessions exist.

A classified annex to this report discusses the mission's security program.

POLICY AND PROGRAM IMPLEMENTATION

REPORTING AND REPRESENTATION

Before the arrival of the new Ambassador in September 2010, the chargé and officers in the political and economic sections did an excellent job of reporting on and representing U.S. interests in Iceland. The new Ambassador has strengthened the already strong base of reporting and representation. Washington end users praised the reporting product of the embassy and lauded the efforts of the chargé to represent U.S. interests in the midst of economic, financial, and political crises. Reports on Icelandic progress under the IMF Stand-By Program, the volcanic eruptions in the spring and summer of 2010 that shut down much of European aviation, the Department of Energy's geothermal technology exchange agreement with the Icelandic Government, the prospects for and treatment of U.S. foreign investment, and other topics covered by the embassy were appreciated by Washington.

High-level officials in Washington also praised Embassy Reykjavik's efforts to cope with the WikiLeaks scandal in February 2010, in which U.S. military personnel in Iraq leaked some of the embassy's reporting cables. The release of these cables embarrassed the local government and the embassy, angered local political parties, and called into question the U.S. Government's ability to maintain the confidentiality of bilateral discussions. The document release presumably inhibited subsequent bilateral discussions with the embassy as well as the candidness of embassy officers in their reporting. Over time, the harm caused by the WikiLeaks document release has faded in importance.

The previous public diplomacy officer spent most of her time as the acting DCM during the 17-month absence of an ambassador. With the arrival of a new Ambassador who supports the integration of the public diplomacy effort across all sections, and the arrival of a new, energetic, and experienced public diplomacy officer, the political and economic sections can contribute to and benefit from greater cooperation with the public affairs section. The OIG team made an informal recommendation to this effect in the public affairs section of this report.

SEPARATION OF THE POLITICAL AND ECONOMIC SECTIONS

The political and economic sections, which are each staffed by just one FS-03 officer and a few local employees, have been led by a tandem couple since their arrival in July 2009. Another tandem couple headed the two sections before that. The February 2006 rightsizing report for Embassy Reykjavik supported two separate sections. Over the past decade or more, many small political and economic sections throughout the EUR region and elsewhere in the world have been merged, largely for budgetary rather than policy reasons. Apart from saving money from downsizing, merged sections allow for greater backup among officers and foster a better appreciation for and understanding of each section's respective portfolios.

Despite this trend toward consolidation, the OIG team did not conclude that there was any compelling reason for the two sections to merge now or in the near future. If one of the two officer positions in the two sections were to be downgraded to a lower rank, presumably to an entry-level officer, as a prelude to a possible merger, the embassy would lose one of its few experienced reporting officers. In addition, the current arrangement of two FS-03 officers allows for good management experiences at a midlevel, under an experienced and mentoring front office team. In any case, and to avoid having one spouse supervise another, the two sections must remain separated at least until the end of the tandem couple's tour of duty in July 2012. Another rightsizing report for Embassy Reykjavik will be prepared in January 2011.

Notwithstanding the lack of any compelling reason to combine the two sections, the OIG team urged both sections to seek opportunities for greater cooperation and integration, which would be facilitated by a fixed schedule of joint meetings between all employees in the two sections. The OIG team made an informal recommendation to this effect.

POLITICAL SECTION

The political section chief is flexible and has helped to back up the economic, public affairs, and military representative sections during staffing gaps and also actively supports political-military and law enforcement issues. With the economic section chief, he conducts the bulk of reporting for the embassy. The political section chief supervises a senior local employee and co-supervises a local office management specialist who is shared with the economic and public affairs sections. The OIG team advised the chief to adhere to regularly scheduled staff meetings with his local employees.

Through at least 2003, Embassy Reykjavik was a part of the now-defunct Special Embassy Reporting Program, which was designed to reduce the burden of required reports for small embassies. As in large embassies elsewhere with many U.S. reporting officers, the political section in Reykjavik must prepare the lengthy human rights report, the complex trafficking-in-persons report (Iceland was placed on Tier 2 in 2009), and other required reports that must be completed before the section can work on voluntary, in-depth, and analytical pieces.

In October 2010, the OIG published a report entitled *Inspection of Department-Required and Congressionally Mandated Reports: Assessment of Resource Implications* (ISP-I-11-11). The OIG team gave a copy of this report to the section chief and suggested that he refer to it as much as possible in his efforts to rationalize the burden of required reporting.

Law Enforcement

The embassy's regional security officer is the sole law enforcement officer in Reykjavik, receiving some assistance from the political officer. Some U.S. law enforcement agencies from Embassies London and Copenhagen visit a few times a year for coordination, but none of these law enforcement agencies is accredited to Iceland. A law enforcement working group exists in the embassy, but it rarely meets, given the unlikelihood and difficulty of having all U.S. agency representatives present at the same time. This arrangement appears to be adequate.

ECONOMIC SECTION

The economic section chief manages an active portfolio of economic, commercial, energy, and environmental issues. She also backs up the consular officer. A surprisingly high number of economic section issues affect the bilateral relationship. The chief supervises two local employees and co-supervises a local office management specialist who is shared with the political section. The economic section meets formally at least once a month and informally more often. The economic issues of note included the spring and summer 2010 volcanic eruptions and related embassy efforts; the progress of Iceland under the IMF Stand-By Arrangement, signed in November 2009, and three related visits to Iceland by U.S. Treasury representatives; a potentially ruinous tax on energy consumption for the largest U.S. investments in Iceland; and Iceland's disagreement with U.S. objectives in the International Whaling Commission, given Iceland's continued practice of commercial whaling; and terrorist financing.

Most economic topics are reported nearly exclusively in the local Icelandic language press, and thus embassy reporting on economic topics is appreciated by Washington end users, who are unfamiliar with this language. The U.S.-Iceland Trade and Investment Framework Agreement was signed in January 2009, and the first implementing cooperation forum meeting was held in Iceland in June 2009. The agreement and cooperation forum do not reach the level of commitment of a bilateral investment treaty.

The poor financial health of local banks, reliance on the IMF Stand-By Program to prop up the Icelandic Central Bank and the entire Icelandic economy, and uncertainty regarding the large external debt overhang from the Icesave debt negotiations among the Icelandic, British, and Dutch Governments have inhibited economic and investment progress during the past 2 years. At the height of the crisis, the commercial bank liabilities were 10 times the country's GDP, and the net central government debt grew from 10.3 percent of the GDP in 2007 to 78 percent in 2009. This growth in government debt was due to the IMF loan and the issuance of government domestic bonds to meet its obligations. The bonds recapitalized the three main commercial banks and the Central Bank.

Iceland's geothermal development and potential rank very high on a world scale. In addition, Iceland is making advances on hydrogen utilization. The embassy and the Department of Energy seek to utilize Iceland's geothermal energy expertise to bolster scientific and cultural ties. The embassy has worked effectively with various U.S. scientific agencies to strengthen and expand their cooperation with Icelandic counterparts in the area of renewable energy. Iceland's own melting glaciers and its proximity to the Arctic make it a natural partner for discussions on global warming.

Like the political section, the economic section should refer to the recent OIG report on Department-required and congressionally mandated reports and seek every opportunity to consolidate required reporting in order to free up time for more voluntary reports. One possibility would be to ask Washington end users for permission to publish the *Country Commercial Guide* every 2 years vice every year.

Commercial Promotion

The economic section maintains an active commercial promotion program. U.S. exports to Iceland equaled \$225 million in 2009; U.S. imports from Iceland in the same year were \$155 million. U.S. firms are the largest foreign investors in Iceland; at the end of 2009, U.S. direct foreign investment stood at \$880 million. Over the years, the local employee engaged in such matters has worked weekly hours that ranged from 20 hours to the current 40. The incumbent will resign at the end of the year to return to school, and new candidates were under review at the time of the inspection. Embassy Reykjavik is a partner post with the Foreign Commercial

Service in Embassy Stockholm and has the right to collect some U.S. Department of Commerce fees for services provided to U.S. firms. The embassy also receives modest amounts of commercial promotion funding from the Department, including money to pay for 3 years of hosting costs for the Icelandic-American Business Forum Web site and for the local employee's travel to a regional conference in Embassy Riga.

Although no American Chamber of Commerce exists in Iceland, there is a kind of "precursor" organization called the Iceland-America Business Forum; a link to their site is on the embassy's Web page. The consensus within the small U.S. business community has generally been that there is no need for an American Chamber of Commerce because access to the government is good.

POLITICAL-MILITARY ISSUES

To compensate for the termination of all U.S. military positions related to the wrap-up of the closure of the U.S. Naval Air Station at Keflavik in 2006, a permanent military representative position at the embassy was authorized as of September 2009 under the National Security Decision Directive (NSDD)-38 process. But the U.S. European Command (EUCOM) has not yet provided a permanent representative. The temporary duty incumbent arrived in December 2009 for an assignment that originally expired on September 30, 2010, but which was extended through March 2011. EUCOM has committed to keep the position filled only until September 30, 2011.

The incumbent is an Air Force Lieutenant Colonel on a reservist assignment. Most of his duties involve follow-up activity connected with the now-defunct U.S. air base at Keflavik, approximately 40 miles from Reykjavik. He also handles flight clearances for U.S. military and state aircraft and coordinates maintenance operations for U.S. equipment turned over to Iceland when the base closed. Notifications of such flights by the U.S. Government are requested by the Icelandic Government but can be waived in cases in which lead time is inadequate. The Icelandic Government also recently specified in a diplomatic note that flight clearances are not needed. However, since issuance of the diplomatic note, two military flights encountered difficulties that required considerable embassy involvement to resolve. The military representative also oversees a small foreign military sales program for some new and spare parts related mainly to the radar facility, and a small International Military Education and Training budget that primarily involves the Icelandic Defense Agency, which was created in 2008, and the Icelandic Coast Guard. The military representative also cooperates with the embassy's political officer on political-military reporting and analysis.

The OIG team identified two issues that merit attention. First, the military representative believes that the issue of his chain of command inside and outside the embassy is unclear. He recognizes he is under COM authority; however, most of his daily orders come from EUCOM, which also funds his position. The OIG team believes this issue should be easy to resolve and made an informal recommendation that the embassy and EUCOM draft a joint set of work requirements for the military representative. Second, a more important question involves broader Department of Defense support for the bilateral relationship. Since the Defense Intelligence Agency unilaterally terminated Defense attaché coverage for Reykjavik from Oslo in 2010, there has been no Defense attaché coverage for Embassy Reykjavik. Following the Supreme Allied Commander for Europe's recent visit to the embassy, there appears to be an informal agreement that coverage will be restored.

RECOMMENDATION 1: Embassy Reykjavik, in coordination with the Bureau of European and Eurasian Affairs, should request that the Department of Defense reestablish Defense attaché coverage for Embassy Reykjavik from a U.S. embassy in a nearby North Atlantic Treaty Organization country. (Action: Embassy Reykjavik, in coordination with EUR)

RECOMMENDATION 2: Embassy Reykjavik, in coordination with the Bureau of European and Eurasian Affairs, should make a formal request to the Department of Defense that the military representative position at Embassy Reykjavik, which has received National Security Decision Directive – 38 approval, be staffed permanently in order to handle the bilateral military liaison duties and that a regionally based temporary duty backup system be put in place by the Department of Defense to provide support to the military representative during periods of leave or illness. (Action: Embassy Reykjavik, in coordination with EUR)

Grindavik Radio Transmitter Facility

After the closure of the U.S. military base in 2006, the U.S. Navy continued to operate a naval radio transmitter facility in the nearby town of Grindavik. The facility, which provides a communication function for the U.S. military, is supervised by a single American contractor. The current contractor is a retired U.S. veteran who was brought in years ago under the base's previous authority. However, this individual is preparing to retire, and restaffing his position presents some challenges.

The U.S. Navy would prefer to hire another contractor or government employee to operate the transmitter facility. The U.S. Navy would also prefer that this individual operate independently from the embassy and not fall under COM authority. They cite the existing Status of Forces Agreement as a basis for this approach. Nonetheless, the OIG team believes that this plan raises significant logistical, operational, political, and public relations concerns for the embassy, particularly in the areas of visas, customs, health care, housing, furniture, travel, and financial transactions. In addition, an independent appointment of this kind might generate political and public relations sensitivities with the Icelandic coalition government, which includes elements that question NATO membership. These concerns would be reduced significantly if the incoming employee operated under COM authority. The embassy could then provide the necessary logistical and diplomatic support to the individual.

RECOMMENDATION 3: Embassy Reykjavik, in coordination with the Bureau of European and Eurasian Affairs and the Office of Management, Policy, Rightsizing and Innovation, should ask the Department of Defense to request National Security Decision Directive – 38 authority for the new supervisory employee at the U.S. Navy’s radio transmitter facility in Grindavik, Iceland, which would entail that employee being brought under Chief of Mission authority and would require the Department of Defense’s subscription of at least the embassy’s basic package of International Cooperative Administrative Support Services for that person. (Action: Embassy Reykjavik, in coordination with EUR and M/PRI)

PUBLIC AFFAIRS SECTION

The Ambassador has a clear understanding of public diplomacy and has communicated to the mission his intention to use its resources to advance the policy agenda. He has also stressed the importance of putting a human face on the mission as a way to achieve this goal. Early efforts appeared to endorse that emphasis. He writes a blog, featured on the embassy’s home page, which has drawn positive reviews from Icelanders. In his first major television interview, he fielded tough questions on sensitive issues while managing to convey a policy message on security and energy.

A capable and experienced public affairs officer leads a small section that runs efficiently and smoothly. Communication and coordination among the officer and the two local employees are strong. At the time of the inspection, the public affairs officer had been in place for 3 months. Her arrival closed a lengthy period of staffing

gaps in the section, including a year when a previous incumbent had served as acting DCM. The new officer immediately tackled a number of organizational shortcomings that had developed in the interregnum. She also began positioning the section to work strategically in support of Mission Strategic and Resource Plan (MSRP) objectives. Because talented local staff members were relatively new to the work, the public affairs officer took steps to facilitate training opportunities for them.

Although bilateral relations remain cordial, and interest in American culture is universal, opposition to specific U.S. policies presents a public diplomacy challenge. With a small staff and limited resources, the embassy has to work strategically to build public support for policy objectives. Although the MSRP provides overall guidance, a more detailed public diplomacy strategy that focused on specific audiences with specific themes and identified appropriate roles and responsibilities for mission officers would serve the mission well. With a new Ambassador firmly in place, the timing is right for such an undertaking. The OIG team made an informal recommendation on that subject.

Coordination between the public affairs section and the political and economic sections was less than ideal. Although staff members, including local employees, from both sections participate in the daily press brief, the three sections would benefit from regular contact, including joint planning for events and programs. The OIG team made an informal recommendation to that effect.

Press and Information

The public affairs officer is the mission spokesperson and coordinates with the front office as needed. The Ambassador and DCM are responsive to recommendations from the public affairs section. Media monitoring appears to be efficient and includes a daily brief for the Ambassador. Media reporting to Washington is timely and well directed to interested readers.

The local employee in the press section maintains the embassy's Web page, which is refreshed regularly and features information, including that for consular affairs, that is useful and pertinent. The embassy was in the process of hiring a third local employee, whose major duties will include reinforcing the embassy's presence in the social media. Iceland has the second-highest per capita usage of Facebook in the world. Staff had plans for incorporating locally produced video material as well.

Staff members in the public affairs section were aware of the Bureau of International Information Programs' resources but had not recently drawn on them for publications, Web chats, or digital video conferences. The webmaster frequently mines the America.gov Web site and points to articles of interest on the embassy's page. During the inspection, the public affairs officer discussed the need to increase usage of the Bureau of International Information Program's products, especially publications.

Cultural Affairs and Educational Exchanges

The small exchange program works without significant glitches. The mission nominated four international visitors in the past year. Staff faces a constant challenge of finding promising candidates who have little knowledge of the United States, because Icelanders tend to travel there and often have ties with Americans. The public affairs officer was looking into the possibility of developing voluntary visitor programs, which the embassy has not sponsored in recent years.

A bilateral commission directs the Fulbright exchange program, which includes an appropriate mix of scholars and students. Two vigorously engaged embassy employees sit on the board as ex officio members; the consular officer is the treasurer. A Fulbright alumni organization was formed 2 years ago. During the inspection, the group hosted a high-profile dinner at which the Ambassador spoke, as did a well-known Icelandic politician who once served as Ambassador to the United States.

While the team was in Reykjavik, the executive director of the Fulbright Commission announced her decision to leave the position. Simultaneously, the Bureau of Educational and Cultural Affairs raised the possibility of closing the Fulbright Commission because of decreased funding from the Icelandic Government and other issues and proposed transferring management of the program to the public affairs section. The OIG team believes that keeping the commission alive would be the better alternative. The small staff in public affairs already has multiple responsibilities; adding Fulbright to its portfolio could affect the embassy's ability to perform other core public diplomacy functions. In addition, the commission does a fine job of advising students; an active board works to identify ideal candidates; and, in the wake of the 2006 base closure, there is a need to assure the Government of Iceland of continuing U.S. support.

Grants and Administrative Matters

During the inspection, the public affairs officer was close to resolving a problem of inaccurate and outdated position descriptions for the two local employees working with the Regional Support Center in Frankfurt.

The public affairs officer drew the OIG team's attention to serious deficiencies in the grants files. Approximately 50 grants, going back 5 years, had not been technically closed out. A review of the files confirmed that many were incomplete. In some cases a budget had not been included. In others, no documentation of award specifics existed. The OIG team did not find improper use of funds; rather, it was a question of consistently poor documentation.

The current public affairs officer is warranted to handle grants. She also sent the local employee responsible for maintaining the grants files for mandatory training. Grants

written since the arrival of the new officer met Department requirements and standards. She has also spent considerable time and effort attempting to clean up the files and close out old grants. In some cases, awards may be able to be converted to “fixed obligation grants” consonant with guidance from the Bureau of Administration. In view of the volume of problematic grants files, the small staff size, and the pressing major duties incumbent upon the public affairs officer, the OIG team believes that temporary support is required to finish the job.

RECOMMENDATION 4: Embassy Reykjavik, in coordination with the Bureau of Administration, should hire a temporary employee to work under the public affairs officer’s direction to close out open grants. (Action: Embassy Reykjavik, in coordination with A)

CONSULAR AFFAIRS

Embassy Reykjavik’s small consular section provides the full complement of consular services. Consular operations are very well run. A regional consular officer based in Frankfurt supports Embassy Reykjavik effectively and last visited the consular section in August 2010. The third-tour consular officer provides excellent leadership for and guidance to the section’s four local employees.

Consular Management

To avoid a lengthier gap between her predecessor’s departure and her arrival, the consular officer did not take the Foreign Service Institute’s first-time section chiefs or fraud prevention courses, nor did she have time to consult with Bureau of Consular Affairs (CA) offices. She has taken a wide range of online courses but would benefit from additional exposure to current CA thinking and guidance. Just before the OIG team left Reykjavik, she was accepted as a participant in the European consular leadership development conference, scheduled to be held in Athens in January 2011. In spring 2011 she also plans to take the basic leadership skills course required for promotion to FS-02. The embassy will fund her attendance. The OIG team made an informal recommendation that she attend the course and take advantage of being in Washington to schedule 2 days of consultations in CA.

Although consular workspace is sufficient, public space is inadequate due to the chancery’s overall physical limitations, as identified in the key judgments and management section of this report. The waiting room has space for only five chairs,

and these are so close to the interviewing booths that any conversation is easily overheard. There is no privacy booth.

As much as 50 percent of the telephone calls directed to the consular section are reportedly dropped, have quality problems (echo and/or low volume), or encounter busy signals. This problem negatively affects the consular section's otherwise high level of public service. There is a formal recommendation regarding Embassy Reykjavik's telephone system in the information and technology section of this report. Given the embassy's phone limitations, the OIG team suggested that even more emphasis be placed on using consular section electronic communications whenever possible.

The consular content on Embassy Reykjavik's Internet Web site is first rate. Key items of public interest are prominently displayed on the home page, including the Department's travel advisory for Europe and the electronic system for travel authorization required for travelers under the Visa Waiver Program.

Two embassy officers have been designated as consular backups. Although one has a post-specific consular title, the inspectors determined that the prime backup for the past 2 years does not. He has requested a consular title, but, in the meantime, the inspectors advised him that he should not do any consular work.

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 case of staffing gaps or extended absences. The OIG team made an informal recommendation in this regard.

Although three and a half local employee positions may seem more than necessary in relation to the embassy's consular workload, one local employee also serves as the embassy's switchboard operator. During slower seasons, the consular chief is promoting consular cross-training. The inspectors suggested that consular staff might also be made available to occasionally perform other duties in the embassy as time permits.

Visas

Embassy Reykjavik's visa workload is relatively light and manageable. The biggest ongoing workload concern involves the electronic system for travel authorizations. Although highly educated and Web savvy, the Icelandic public is still often confused about the process and how to complete the form. The absence of a printable confirmation that the authorization has been approved and remains valid for 2 years is also of concern for Icelandic travelers. This issue remains despite extensive consular outreach efforts and clear instructions on the embassy's Web site.

Visas Viper meetings are chaired monthly by either the DCM or the Ambassador, and reporting messages are quickly sent to the Department. The DCM designated the consular chief as Visas Viper Program coordinator during the inspection. There are no other law enforcement agencies represented at the embassy. The OIG team made an informal recommendation that the consular officer reach out to regional law enforcement representatives in advance of monthly Visas Viper meetings to solicit their input and then copy them on the reporting cable to the Department.

Embassy Reykjavik has actively engaged host country officials on the steps necessary to ensure that Iceland continues to be compliant with the implementing recommendations of the 9/11 Commission Act of 2007 and remains a visa waiver country.

American Citizens Services

Iceland's mid-Atlantic location and seismic characteristics have direct implications for American citizens services.

Keflavik International Airport is a common location for commercial airliners to offload passengers who encounter medical emergencies over the Atlantic. During FY 2010, the embassy was notified of 20 such incidents involving American citizens, half of whom required consular assistance. These cases are time consuming not only because of the distance involved — the airport is approximately 30 miles from Reykjavik — but also because airline staff often lead ill passengers and their relatives to believe that the American embassy will cover necessary expenses.

To its credit, Embassy Reykjavik has participated in two recent crisis management exercises: a Foreign Service Institute digital video conference exercise in 2009 that focused on civil disorder, swine flu, and bomb threat scenarios; and a consular-officer-developed tabletop exercise in February 2010 that simulated on an Icelandic cruise ship fire off the coast. As recommended in the security annex, the OIG team believes the embassy should next participate in a crisis management exercise tied to a volcano eruption and/or earthquake. The inspectors also suggested that the embassy try to identify several wardens in outlying areas.

The consular officer has completed 75 percent of a top-to-bottom rewrite of the consular portion of the embassy duty book. What has been written so far is excellent.

Fraud Prevention

Iceland is a low-fraud post, with a low refusal rate. Nevertheless, Embassy Reykjavik might want to consider conducting a validation study focused on its third-country applicants, who make up approximately 16 percent of the nonimmigrant visa workload. The embassy's semiannual fraud prevention report was submitted on time.

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	9		8	17	797,798
State – ICASS	1		22	23	1,677,000
State – Public Diplomacy	1		2	3	214,300
State – Diplomatic Security	1		4	5	350,153
State – Representation					21,000
State – OBO					302,508
State – CA			1	1	47,000
Defense Attaché Office	1			1	N/A
Totals	13		37	50	3,409,759

MANAGEMENT OVERVIEW

The section is generally running well and received above average scores in most areas in both the 2010 customer satisfaction survey and the OIG questionnaires. However, operations are hampered by the mission's inadequate and aging buildings and infrastructure. The management officer, who has a background in construction, has been forced to focus much of his attention on the physical needs of the chancery. The management section has three American direct-hire employees: the management officer, who handles financial management, human resources, general services, and facilities management; an information management officer; and an information management specialist. The facilities manager at Embassy Oslo is required to make quarterly visits to Reykjavik.

The management section has eight local employees, including four in general services/facilities management, two in financial management, and one each in human resources and information management. Although financial management and human resources are adequately, if leanly, staffed, additional support is needed in the other two units. As noted previously and discussed in more detail in the facilities section of this report, the chancery is an aging warren of offices and staircases. The facility has been neglected over the years, and it is difficult to see how one part-time

maintenance employee, no matter how capable, could adequately maintain the buildings. In its FY 2012 MSRP, the embassy requested an additional local employee to handle maintenance, general services, and information management duties. Embassy management plans to ask for this position in the FY 2011 budget and has discussed it with EUR but has yet to raise it with the local International Cooperative Administrative Support Services (ICASS) council.

RECOMMENDATION 5: Embassy Reykjavik should seek the approval of the local International Cooperative Administrative Support Services council for an additional local employee, as discussed in the FY 2012 Mission Strategic and Resource Plan (Action: Embassy Reykjavik)

The management officer, a third-tour officer in his first management position, did not receive training in either financial management or human resources before coming to Reykjavik more than 2 years ago. He is scheduled to begin a new assignment in summer 2011. Both the financial management specialist and human resources assistant are extremely capable, and the management officer has learned on the job what he needs to know to supervise the units. But in a section where one person is required to handle such varied and complex responsibilities, a lack of formal training is a disservice to both the employees and the mission.

RECOMMENDATION 6: The Bureau of European and Eurasian Affairs should provide to incoming management officers at Embassy Reykjavik the necessary training, including in financial management, human resources, and general services, so that they can perform their required duties adequately. (Action: EUR)

Management section employees appear to work well together, but relations between the general services and regional security offices are extremely difficult. The OIG team received multiple complaints about a regional security office local employee that depict an angry and intolerant person. The situation has been exacerbated by recent actions by the general services local employee involved and some of his office colleagues, and it now appears to be affecting morale throughout the embassy. Both the management officer and regional security officer were aware of this long-standing conflict but failed to take adequate steps to resolve the issue. In addition, the embassy's senior leadership was not aware of the depth of the problem until shortly before the OIG visit. Although both of the local employees involved are lauded as extremely capable, their conflict has, on occasion, affected both units' ability to respond quickly to time-sensitive issues. Senior management is now addressing this issue. The OIG

team made a recommendation to provide mission-wide training on EEO principles (see quality of life section of this report).

Embassy Facilities

Embassy Reykjavik consists of three former apartment buildings, one house, and a set of garages that have been cobbled together with tunnels to form the chancery and chief of mission residence. The chancery buildings, constructed between 1904 and the 1930s and purchased by the U.S. Government in 1951, are under maintained, poorly configured, and substandard. The infrastructure, including the water pipes and electrical and telephone lines, is aging and unreliable. There is no setback from the street, nor are there adequate sprinklers or fire escapes. The buildings are below standards for seismic activity, a significant risk in this volcanically active country. Neither the chancery nor the chief of mission residence meets standards for accessibility under the Americans with Disabilities Act. Visa applicant interviews can be overheard by the guards, the receptionist, and other applicants. There are no bathroom facilities in the reception/visa interview area. Located in a residential neighborhood, the embassy has a poor relationship with its neighbors, who resent embassy security procedures.

Numerous upgrades have been made over the years, but on an erratic and ad hoc basis, and often with little or no regard for the capability of the underlying infrastructure to support the upgrade. Information about past upgrades is spotty at best, and the current staff is unaware of what changes have been made or even the location of many of the cables and wires. The controlled access area is severely inadequate, with the regional security officer housed in a room only slightly larger than a closet. The chancery has several narrow staircases and numerous small steps leading from one level to another and will never meet Americans with Disabilities Act requirements.

The Bureau of Overseas Buildings Operations (OBO) has scheduled a major \$8.5 million rehabilitation of the chancery buildings in FY 2014. Funding has yet to be made available for this project, however. In addition, any changes to the outside of the building or in areas that are visible to the street must be approved by all embassy neighbors as well as by the city of Reykjavik. Neighborhood opposition has already stalled a planned 2004 perimeter security upgrade, and there is no reason to believe that the neighbors will be more approving of the proposed rehabilitation project. In fact, neighbors have raised the issue of the planters, used as barriers, located outside the chancery, contending that the embassy must seek annual approval to retain these structures.

In 2005, the embassy and OBO proposed selling the property and purchasing another chancery and chief of mission residence. However, they were unable to meet the Department's requirement that the transaction be cost neutral, and the project

was abandoned. The current management officer has located several potential sites for a new embassy, but even with the country's current and severe economic slump, finding a cost-neutral solution could be extremely difficult.

The DCM has met with an official from the Ministry of Foreign Affairs to discuss the effect the embassy and its operations have on its neighbors. At that meeting, the idea of a building swap was discussed in general, with the official stating that the idea could be pursued.

RECOMMENDATION 7: Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of European and Eurasian Affairs, should explore with the Government of Iceland the possibility of a swap of the chancery and chief of mission residence with suitable buildings and land. (Action: Embassy Reykjavik, in coordination with OBO and EUR)

The chief of mission residence is reasonably well maintained, although it also does not meet Americans with Disabilities Act requirements. When the newly arrived Ambassador hosted a reception at which one of the attendees was wheelchair bound, five guards had to carry the wheelchair and occupant into the residence and up a flight of stairs to the representational area. As any move to a new building would be several years away at best, changes to accommodate handicapped visitors in the current residence should be pursued to allow easier access by persons who cannot climb stairs..

RECOMMENDATION 8: Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should install a chair lift on the staircase leading into the representational section of the chief of mission residence. (Action: Embassy Reykjavik, in coordination with OBO)

The representational area of the chief of mission residence does not have bathroom facilities. There is a bathroom located near the front entrance, but this is inaccessible to anyone in a wheelchair. The installation of a chair lift, as described in Recommendation 8, along with a ramp to traverse the two steps leading to the bathroom, would make this area more accessible. However, some remodeling to enlarge the door and reconfigure the interior would still be needed.

RECOMMENDATION 9: The Bureau of Overseas Buildings Operations should design and fund a project to remodel the front entrance bathroom in the chief of mission residence so that it is accessible to wheelchair-bound visitors. (Action: OBO)

FINANCIAL MANAGEMENT

Financial management operations are effective. The unit received high scores on OIG's customer satisfaction survey and on the most recent ICASS customer survey. The mission has also been well funded in program, public diplomacy, ICASS, and representation categories over the past few years. This was a welcome change from 2008, when the mission had to request emergency funding for a salary increase in the wake of the country's financial crisis.

The unit is staffed by a local financial specialist and a cashier/voucher examiner. The financial specialist is knowledgeable and experienced. He has been with the embassy for almost 30 years and has served on the EUR's local staff Executive Corps. He is also one of a select group of local staff worldwide who test and provide feedback on proposed changes to the Department's accounting system. The cashier/voucher examiner has been with the mission for approximately 5 years and started as a consular cashier.

The management section has had difficulty in engaging mission section heads on the budget and year-end planning. Additionally, formal travel and training plans are not in place for most sections. This situation has not caused problems primarily because the mission has been well funded and officers' requests are generally approved. However, the funding outlook for FY 2011 is uncertain, and the mission needs to implement processes for gathering and prioritizing budget, travel, and training needs. The OIG team made an informal recommendation to that effect.

The mission provides accommodation exchange services to employees. Although these services were necessary during the financial crisis, the OIG team was told that the banking sector has stabilized and that services are now provided only for employees' convenience and to improve morale. According to 4 FAH 3 H-361.2 and 2004 Department telegram 241359, when satisfactory local commercial banking facilities, ATMs, or currency exchange businesses are available, mission personnel should normally be required to use those facilities. The COM determines whether accommodation exchange services will be provided. Discontinuing accommodation exchange services could free up the cashier/voucher examiner to perform other duties.

RECOMMENDATION 10: Embassy Reykjavik, in coordination with the Bureau of Resource Management, should evaluate the adequacy of local banking facilities and, if appropriate, discontinue the provision of accommodation exchange services. (Action: Embassy Reykjavik, in coordination with RM)

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The embassy's ICASS council rarely meets, as there is only one non-Department agency at Embassy Reykjavik. The council, which also acts as the budget committee, consists of three voting members from the Department and the single Department of Defense employee. The management officer and DCM are nonvoting, ex officio members. Even though there appear to be few, if any, issues regarding the ICASS budget, the council should still meet, as required by 6 FAH-5 H-012.7 a. to formally approve the budget and vote on any requests for new positions or other major issues.

RECOMMENDATION 11: Embassy Reykjavik should hold regular meetings of the International Cooperative Administrative Support Services council. (Action: Embassy Reykjavik)

HUMAN RESOURCES

Human resources operations are generally effective. The management officer serves as the human resources officer, one local employee staffs the unit, and the mission receives human resources support from the Regional Support Center in Frankfurt. The unit's operations have changed dramatically over the past 3 years. Before the financial crisis, the mission had difficulty retaining good staff because higher paying jobs were available on the local economy. This explains the mission's relatively inexperienced workforce – only 3 of the mission's 37 local staff has been working for more than 20 years, 2 have 7 years of experience, and the remaining 32 have been with the mission for 5 years or less. Up until the crisis, the local staff spent considerable time posting advertisements for new applicants and arranging interviews. Since then,

there has been much less turnover, and the mission has been able to address some long-standing deficiencies.

The mission recently organized its personnel files and reviewed and updated a number of position descriptions, although those for general services and information management are still pending. The OIG team left an informal recommendation regarding this matter. In September 2010, the Bureau of Human Resources, Office of Overseas Employment, conducted a compensation survey and expected to have the results in the second quarter of FY 2011. In August 2010, a specialist from Frankfurt visited the mission and found that the management officer and local human resources assistant were managing the human resources portfolio in an outstanding manner. The only services mission staff complained about were opportunities for family member employment and local compensation issues.

Eligible Family Member Employment

In OIG's workplace and quality of life survey, opportunities for family member employment received one of the lowest scores – 2.2 out of 5. The community liaison officer position had remained vacant for many years because of a lack of interested eligible family members. In early 2010, the mission received permission to hire a local staff temporarily for this position. The timing of the advertisement and selection was unfortunate, as it left an interested eligible family member who arrived in June without a position. Although the community liaison officer position has just been re-advertised and an eligible family member is likely to be hired, the OIG team believes the mission could have been more proactive in contacting incoming eligible family members to gauge their interest. Work in Iceland is difficult to come by, given the language barrier and increased unemployment on the local economy. The OIG team made an informal recommendation that the mission review its position descriptions to determine whether the language requirement can be removed from any other vacant position description and the position opened to eligible family member applicants.

Local Compensation

The Icelandic Government has requested that local mission staff pay a social security contribution that is normally paid by employers in country. In the past, the mission had been exempt from paying this contribution, and local staff received certain benefits without contributing. The contribution covers benefits such as unemployment, parental leave, disabilities, and a small percentage of miscellaneous categories such as hospitalization assistance. The host government has raised this issue several times over the years, but only after the 2008 financial crisis did they begin pursuing it in earnest. In September 2010, a specialist with the Regional Support Center Frankfurt determined that these contributions were paid by all comparator companies and

several foreign embassies, including the Canadian Embassy. The mission estimates the social security contribution could cost \$120,000 per year.

According to the Frankfurt specialist, the Icelandic Government has provided the mission with a grace period for these contributions until spring 2011, when the next payment is due. The Department has not yet committed to paying all or part of the contribution. According to the mission, the Bureau of Human Resources, Office of Overseas Employment, has reviewed this issue and has passed it on to the Office of the Legal Adviser. In the meantime, some local employees are worried that they will be responsible for paying this contribution if the mission does not. One employee expressed concerns about being billed retroactively for benefits received in the past.

RECOMMENDATION 12: The Office of the Legal Adviser, in coordination with the Bureau of Human Resources and Embassy Reykjavik, should determine whether the embassy will be responsible for all or part of the Government of Iceland-mandated social security contributions. (Action: L, in coordination with DGHR, and Embassy Reykjavik)

Locally Employed Staff Committee

The embassy's locally employed staff committee and the DCM have met twice since his arrival in August 2009. The DCM has also held four town hall meetings with local staff to discuss a number of local compensation issues, as well as other topics raised by the employees. The Ambassador held one town hall meeting shortly after he arrived. To improve communication even further, the DCM is in the process of scheduling with the committee regular, quarterly meetings, complete with agendas and minutes.

GENERAL SERVICES AND FACILITIES MANAGEMENT

The general services/facilities management unit is very leanly staffed by four talented local employees who work well together. With the exception of facilities management, the unit is adequately staffed to handle its normal responsibilities. If one of the four employees is on leave or in training, however, work is delayed, which in turn affects customer service. Despite this staffing issue, the 2010 customer satisfaction survey for general services activities is, with one exception, higher than both the EUR and worldwide averages. Customer satisfaction is well below both the EUR and worldwide averages in facilities management. The OIG questionnaires mirror these results.

One employee has been in general services for 26 years, whereas the other three have been in the unit for approximately 4 years. The Ambassador's driver handles motor pool, property, and warehouse responsibilities. The maintenance employee takes care of shipping and receiving and is the backup driver; and the third employee handles procurement, housing, and travel. The supervisor coordinates the section's work and assists with all areas as needed.

The inspectors found no issues in the travel unit, and all documents appeared to be in order. The embassy is scheduled to implement E2 Travel Solutions in early 2011.

Procurement

At the embassy's request, a member of the Foreign Service National Executive Corps visited Reykjavik in June 2010 to review procurement operations and provide training. She stated that overall the section was working well but left several recommendations, some of which have already been implemented. The financial management center now provides information on final payments to vendors so that the procurement employee can properly close out the files. Purchase orders appear to be properly documented, and the purchase card statement is reconciled monthly. The embassy has only one formal contract.

The embassy has several blanket purchase agreements with local vendors, but all requests to buy items from these vendors, no matter how small, must be approved individually and in advance. This adds an additional burden to both the general services and financial management staff. Bulk funding of the blanket purchase agreements would reduce the number of vouchers the financial management center processes while at the same time speed up small procurements and improve customer service. The OIG team made an informal recommendation to this effect.

Businesses in Iceland prefer either debit or credit cards to cash. The embassy's procurement agent uses her government purchase (credit) card for local purchases, but a large percentage of the remaining local purchases are paid for in cash. As there are no subcashiers, all petty cash payments are processed by the financial management center. The implementation of a bulk-funded debit card program to replace cash payments for local purchases would, if properly managed, lower the number of vouchers processed while at the same time improve customer service. The OIG team made an informal recommendation regarding on this subject.

Housing

In addition to the government-owned chief of mission residence, the embassy has 11 short-term leased residences. The recent economic collapse in Iceland has increased the number of rental properties available, which has allowed the embassy to lease

higher-quality apartments and houses at lower costs. The embassy recently reorganized and expanded its interagency housing board to bring it into compliance with 15 FAM 212.2-2(B). With only two agencies represented at the embassy, a housing board is not a requirement; however, management employees believe it is working well and has helped improve transparency in the housing assignment process.

The embassy does not regularly conduct predeparture surveys of the residences to check for damage caused by the occupants or their pets, for which the employees are financially responsible. The embassy has, on occasion, had to pay for damages that should have been covered by employees.

RECOMMENDATION 13: Embassy Reykjavik should develop, publish, and implement a policy regarding predeparture residential surveys to determine the condition of residences and assess the appropriate charges for any damage caused by occupants. (Action: Embassy Reykjavik)

Motor Pool

The Ambassador's driver is also the motor pool supervisor. He has the required training to drive armored vehicles. The backup driver, however, has been driving armored vehicles for 3 years without an accident, but has yet to receive the required training. The regional security officer contacted the Bureau of Diplomatic Security shortly before this inspection to enroll the backup driver in training but had yet to receive a response.

RECOMMENDATION 14: Embassy Reykjavik, in coordination with the Bureau of Diplomatic Security, should enroll the Ambassador's backup driver in the Armored Vehicle Driver course. (Action: Embassy Reykjavik, in coordination with DS)

The embassy motor pool consists of nine vehicles, of which three are available for self-drive by employees who are not members of the general services or facilities staff. This arrangement appears to be adequate. Although the vehicles had "fasten seatbelt" signs in the front of each vehicle, they were difficult to see from the rear seats. The motor pool supervisor installed additional signs shortly after this was brought to his attention. Furthermore, drivers or passengers did not always sign the trip ticket when using the vehicle, as required by 14 FAH-1 H-814.1-1 a. This requirement was also not included in the embassy's motor pool policy. This procedure was tightened up as

soon as it was raised by the inspectors, but it still needs to be included in the written policy. The OIG team made an informal recommendation to that effect.

The main set of vehicle keys are kept with the local guards at Post One, and the motor pool supervisor has the spare set in a lockbox in his office. When the embassy is closed, the motor pool supervisor is unable to enter the facility and must check out keys from the guards. The embassy key-control policy requires that all employees have a trip ticket to receive keys from the guards. As written, this policy does not provide exceptions for the motor pool supervisor and backup driver to get keys when they are required to drive on short notice, and thus it should be rewritten. The OIG team made an informal recommendation to address this issue.

The motor pool supervisor recently returned from the Smith System safe driving training course and is scheduled to begin providing this training to mission staff shortly after the conclusion of this inspection. All embassy drivers, including Americans who drive embassy vehicles, will be required to take this training.

Property Management, Receiving, and Warehouse

The embassy's warehouse, located approximately 5 miles from the chancery, is small, but clean, and reasonably well organized. Only the property management employee, general services supervisor, and management officer have unescorted access to the warehouse; however, a visitor's log was not being kept. The staff began using one shortly after the inspectors raised the issue. There is no room inside the warehouse for a receiving area, so items remain in shipping containers until they are entered into the warehouse inventory. This system appears to work well. Most smaller items are delivered directly to the chancery, either through the pouch or by local vendors. There is no secure receiving area in the chancery, so items are kept unopened near the mail room or, if the boxes have been opened, in the locked facilities tool room until they are processed.

RECOMMENDATION 15: Embassy Reykjavik should provide a small, secure receiving area in the chancery and store all items delivered there until they are properly documented and received. (Action: Embassy Reykjavik)

The expendable supply room, located in the chancery, is small, but clean, fairly well organized, and with few outdated or unneeded supplies. However, regular, unannounced spot checks of both expendable and nonexpendable property inventories were not being conducted as required in 14 FAM 411.2-2 c.

RECOMMENDATION 16: Embassy Reykjavik should perform regular, unannounced spot checks of both the expendable and nonexpendable property inventories. (Action: Embassy Reykjavik)

The receiving clerk has never received proper training and is unsure as to what paperwork is required and how best to complete it. Despite this, the records appear, for the most part, to be complete. In addition, he and other members of the general services staff never received sufficient training in WebPASS, which the embassy uses to track procurement and receiving. The WebPASS records are cluttered with files that the staff is unable to delete.

RECOMMENDATION 17: The Frankfurt Regional Service Center, in coordination with Embassy Reykjavik, should send a member of the Foreign Service National Executive Corps to provide training and support in receiving, WebPASS, and related operations. (Action: RSC Frankfurt, in coordination with Embassy Reykjavik)

Facilities Management

As previously mentioned, the facilities management staff consists of one local employee whose duties span both facilities and general services. The facilities manager at Embassy Oslo has regional responsibilities for Embassy Reykjavik. Oslo's new facilities manager, who arrived there in April 2010, has visited Embassy Reykjavik once, in July 2010. He is scheduled to return in December 2010. OBO's policy is that regional facilities managers should visit their constituent embassies at least quarterly. Both Embassy Reykjavik and Embassy Oslo are aware of this policy, but there is no memorandum of understanding in place that spells out the facilities manager's responsibilities.

RECOMMENDATION 18: Embassy Reykjavik, in coordination with Embassy Oslo, should develop and adhere to a memorandum of understanding that details the support Embassy Reykjavik will receive from Embassy Oslo's regional facilities manager. (Action: Embassy Reykjavik, in coordination with Embassy Oslo)

The lone local facilities employee, who has a background in carpentry and masonry, is responsible for maintaining the chancery and chief of mission residence. He also handles emergencies and some minor repairs for the embassy's short-term leased residences. The chief of mission residence appears to have been reasonably well maintained and is in good shape. The same cannot be said of the chancery, however. As already noted, the embassy buildings and infrastructure are aging, have been poorly maintained over the years, and require frequent repairs. Two of the other general services employees, as well as the management officer, help with maintenance, and the embassy hires outside contractors for electrical work or larger, more complicated repairs.

The management officer acts as the mission's occupational, safety, and health officer. The embassy has approved training for the local maintenance employee, who is the assistant safety and health officer, but it has yet to be scheduled. As American officers transfer regularly, and not all of them receive the necessary training before arriving at the embassy, it is crucial that the safety assistant be trained. This training will also allow him to conduct periodic safety training for embassy employees. The OIG team made an informal recommendation regarding this issue.

INFORMATION MANAGEMENT

The information management unit is barely meeting the operational and support requirements of the embassy, due mostly to the poor maintenance of the information system's infrastructure over the years. The OIG inspection revealed a significant backlog of issues, including basic record keeping; the installation of computer and network equipment without the removal of excess wiring; and missing or incomplete system and standard operating procedures documentation. These issues hamper the unit's effectiveness and ability to meet the ever-expanding business needs of its customers and the Department. Since June 2010, the information management section has operated at full staff with three employees: two cleared American direct-hires and one American local employee. The unit supports approximately 50 users on the unclassified OpenNet system and approximately 15 users on the classified system, along with the telephone system, mail and pouch services, radios, and a dedicated Internet network. The OIG questionnaire and ICASS survey results were slightly below average, but complaints about the telephone system were a recurrent theme throughout the inspection.

Many of the problems the unit faces are related to the building and its infrastructure. The chancery's telecommunication and support systems are a patchwork of wires, cables, and heating/air conditioning systems that have been installed or upgraded at various times over the past 50 years. These modifications were never compiled into

a central database. In some instances, new electrical and data wiring appear to have been added without removing the old ones. This lack of historical knowledge of the chancery's telephone and network modifications makes troubleshooting and correcting communication issues especially difficult.

Much of the computer and telephone equipment is located in what appear to be janitor closets that were converted into ad hoc switch rooms for the data and telephone circuits. These switch rooms contain a multitude of disorganized and tangled wires and cables that are routed through the walls seemingly at random. Although the staff is aware of these issues, it has been focused on meeting the day-to-day operational needs and handling the Department's new online applications. Fixing the backlog of unfinished projects may require either additional staffing or overtime hours.

A lack of information about the installed data and voice lines in the embassy compound was raised by the newly arrived Ambassador during the OIG introductory meeting. The Ambassador had received mixed messages about a fiber optic high-speed Internet line to the residence. The information management staff was unaware of any such line, other than that used as an alternate for the OpenNet system, whereas an employee of a local telecommunications provider said his previous employer had installed such a connection in the residence. The information management unit has been unable to find records showing that the fiber line was ever installed or that they had been billed for the installation. While continuing to research this issue, the information management staff has installed a digital subscriber line to allow the Ambassador to connect to the Internet.

RECOMMENDATION 19: The Bureau of Information Resource Management, in coordination with the Bureau of Overseas Buildings Operations, should send a team to Embassy Reykjavik to analyze and document the embassy's full physical and logistic telecommunications topologies. (Action: IRM, in coordination with OBO)

A seriously unreliable telephone system constitutes a major problem throughout the embassy. Users complain about frequent problems receiving phone calls, as well as dropped calls, periods of silence during calls, and an inability to transfer calls. The problems with the phone system increased dramatically after the phone switch was upgraded in March 2010. The embassy's wiring is of various types and generations, and electrical grounding issues exacerbate the problem. The situation is so serious that the consular section and other sections use U.S. Government cell phones to conduct business.

RECOMMENDATION 20: The Bureau of Information Resource Management should identify and correct issues with the telephone systems, including the branch exchange system, wiring, and electrical grounding issues. (Action: IRM)

The embassy is not using a help desk application to capture and track information management service requests. With the need to support only 50 users on the unclassified OpenNet system and 15 on the classified system, the information management staff believed that a help desk system was unwarranted. However, without a system to capture and track service requests, it is impossible to ensure that requests are completed in a timely manner. Moreover, not having a record of the service requests makes prioritizing resource usage, analysis of staffing needs, and identification of recurring systems and telephone problems difficult.

RECOMMENDATION 21: Embassy Reykjavik should implement a help desk system for employees to use to enter and track service requests. (Action: Embassy Reykjavik)

The unclassified and classified computer rooms do not have emergency power-off switches. According to 12 FAM 629.4-3 b., the embassy's information management officer, in coordination with the general services officer, must place an emergency power-off switch outside the main door of each computer room. Without a conveniently located emergency power-off control switch, problems in the computer room could cause injuries or damage to equipment.

RECOMMENDATION 22: Embassy Reykjavik should install an emergency power-off switch outside the doors to the unclassified and classified computer rooms. (Action: Embassy Reykjavik)

The embassy lacks documentation and standard operating procedures on such basic information management tasks as setting up new accounts, creating disk images for the unclassified and classified workstations, and conducting system back-ups. Additionally, the unclassified contingency plan needs to be completed per 12 FAM 622.3-2.

RECOMMENDATION 23: Embassy Reykjavik should develop information management systems documentation and standard operating procedures and update the unclassified contingency plan as required by Department of State regulations. (Action: Embassy Reykjavik)

In the past 6 months, Embassy Reykjavik has conducted only one emergency and evacuation radio test with its ultra-high-frequency handheld radios. Absent a COM waiver, radio checks are to be done twice each month as mandated by 5 FAH-2 H-732.4. All American direct-hire households are issued a radio upon arrival. Since the embassy is a lock-and-leave post and does not have a Marine security guard detachment, the information management unit is responsible for conducting radio checks.

RECOMMENDATION 24: Embassy Reykjavik should conduct regular radio checks twice each month with the embassy's direct-hire American staff. (Action: Embassy Reykjavik)

The Department uses the iPost application to determine how well each mission is doing in maintaining its individual unclassified, OpenNet local area network. In reviewing Embassy Reykjavik iPost scores, the OIG team noted low scores in vulnerability, patch, standard operating environment, and antivirus categories. Although configuration errors can cause low scores to be reported, the OIG team believes that the embassy's information management staff has not been paying sufficient attention to maintaining and keeping current with Department updates for the OpenNet system. During the inspection, the embassy's information management staff contacted the Bureau of Information Resource Management's help desk and began troubleshooting and addressing these issues. The OIG team informally recommended that the embassy's information management staff continue to work closely with the bureau to resolve the underlining issues and improve the embassy's OpenNet configuration and cyber-security posture.

Embassy Reykjavik does not have an automated application to reconcile and charge embassy staff for personal phone calls. Instead, the information management staff manually reviews all monthly telephone charges, enters them into a database, and then separates by individual those calls that exceed the minimum reimbursement amount. This manual review process takes several hours to complete each month. Given the unit's backlog of work and the need to complete critical day-to-day operational duties, the OIG team believes that the embassy should begin using an automated call accounting system, which would give the unit more time to better

manage its core responsibilities. The OIG informally recommended that the information management unit acquire and implement an automated call accounting system, several of which are available and in use within the Department.

QUALITY OF LIFE

Equal Employment Opportunity/Federal Women's Program

As noted previously, two employees in the regional security and general services offices are involved in a long-standing conflict that has yet to be resolved. Although the problem started over work-related issues, it has grown to include derogatory statements about foreigners, immigrants, and Muslims. Inspectors also heard of derogatory statements made about the inability of foreign-born employees to speak Icelandic or to work well with Icelandic Government officials. Iceland is a homogeneous country in which only 6 percent of the residents are foreign-born. The embassy has 37 local employees, all but 2 of whom are native Icelanders, of Icelandic descent, or American citizens. Due to the troubling nature of comments made about non-native embassy employees, the OIG team believes that EEO training for all embassy employees is vital.

RECOMMENDATION 25: The Office of Civil Rights, in coordination with Embassy Reykjavik, should provide training in Equal Employment Opportunity principles for all embassy employees. (Action: S/OCR, in coordination with Embassy Reykjavik)

The embassy's EEO counselor, who until shortly before the inspection was unaware of the ongoing conflict, has not provided training for local or American staff. Several local staff members, in fact, told inspectors that they were unfamiliar with EEO principles and did not know the name of the EEO counselor, even though that information is posted in the chancery. The EEO counselor, who has held the position since April 2010, told inspectors that she issued an EEO management notice approximately 1 month before the inspection. At the same time, she also began submitting the required monthly reports to the Secretary'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. Although she would like to hold training, she has yet to find the time to do so. Until such time as more formal training can be scheduled, the embassy's EEO counselor should hold regular events to discuss EEO principles. The OIG team made an informal recommendation to this effect.

The EEO counselor has asked the embassy's locally employed staff committee to nominate a local employee to handle the duties of EEO liaison. The committee has yet to do so. Embassy management and the EEO counselor should work with the

committee to select an employee to act as EEO liaison for the local staff. The EEO counselor has the training materials needed for this position. The OIG team made an informal recommendation regarding this issue.

There is no Federal Women's Program coordinator, as there are fewer than six American female employees assigned to the embassy.

Community Liaison Office, Schools, and Medical Unit

The community liaison officer position at Embassy Reykjavik was abolished in the 1990s and then refunded approximately 7 years ago. Until the 2010 summer transfer season, there had been no eligible family members interested in the position. In early 2010, the embassy requested a waiver to hire a dual national for 6 months, and an Icelandic-American citizen was hired to work 20 hours per week beginning in September. By the time of the inspection, she had already laid the groundwork for a successful program, with such initiatives as an embassy newsletter and a newcomers' briefing. A vacancy announcement for the community liaison position closed during the inspection. There was one eligible family member applicant.

There are only five Embassy Reykjavik school-age dependents among the American staff. Educational opportunities are limited, especially at the middle and high school levels. (b) (6)

(b) (6) One parent described the school as excellent; another was more reserved. The school has insufficient critical mass to recruit the best teachers, and small class size forces some shifting among grades for certain subjects. The Department rates (b) (6) as inadequate, a rating that provides parents with the option of sending their children to boarding school. In FY 2010, the school received \$32,000 in salary and training grants from the Department.

Although there are no English-language middle schools in Reykjavik, Hamrahlio College offers both a high school diploma and the international baccalaureate in English. No embassy dependent has attended the school in recent years, and the Department has not evaluated its adequacy. The Department's educational officer advised the OIG team that he plans to visit the school during his scheduled trip in spring 2011.

The embassy has no medical unit, but a local medical advisor is available as needed. Support from the regional medical unit in London is very responsive. According to the regional medical officer, although diagnostic capabilities are available, routine or nonemergency cases may have lengthy waits for diagnosis and treatment. The depth of specialty resources varies, although quality of services is generally excellent. That said, mission management told the OIG team that a phrase characterizing Iceland as “a good place to have babies” had been removed from Embassy Reykjavik’s post report.

MANAGEMENT CONTROLS

The 2009 OBO safety, health, and environmental management report listed a number of recommendations, the majority of which the embassy has now completed. Embassy staff continues to work on the remaining issues. The 2010 COM management controls certification also states that the embassy has corrected previously reported weaknesses in its procurement system. Despite its small size, the embassy carefully maintains separation of duties.

Mission employees receive a 10 percent hardship differential. Although the mission properly terminates differential pay when employees leave for their onward assignments, the embassy has not terminated differential pay when employees travel temporarily to the United States on travel orders or leave. Department of State Standardized Regulations Chapter 500, Section 530, addresses the circumstances under which differential allowance should be terminated, as well as exceptions. Also, under 4 FAH-3 H-533.10-3, employees bear responsibility for verifying the correctness of their earnings and leave statements, reporting periods of ineligibility for post differential, and making restitution to the embassy for any overpayment.

RECOMMENDATION 26: Embassy Reykjavik should develop and implement standard operating procedures for starting and terminating the post differential allowance whenever an employee transfers or travels away from post. (Action: Embassy Reykjavik)

Failure to stop the differential allowance almost certainly has resulted in overpayment to employees. The embassy must take action to correct past errors and reconcile the indebtedness that ensued. Regulations such as 4 FAM 493.1 outline the embassy's responsibility to make the initial collection effort.

RECOMMENDATION 27: Embassy Reykjavik should identify and collect reimbursement from relevant employees for any overpayment of post differential allowances during the past year. (Action: Embassy Reykjavik)

As noted by the Regional Support Center Frankfurt, a number of unauthorized commitments have occurred, not all of which have been ratified as required in 14 FAH-2 H-132.2. According to mission staff, all of the unauthorized commitments

were for low-value purchases. In October 2010, the mission issued a management notice on “Incurring Financial Obligations” that reminded employees not to make purchases without prior approval from the management officer. The notice also cautioned employees that they can be held personally responsible for payments if prior approval is not obtained. The management notice did not, however, outline ratification procedures. The OIG team made an informal recommendation that the mission follow ratification procedures for all future unauthorized commitments and also circulate a notice twice a year to remind employees of ratification procedures and the need to avoid unauthorized commitments.

Consular Management Controls

The consular section is accessed through a Dutch door with a Simplex lock. The upper level is left open during the day and, in theory, anyone can reach over and unlock the door. The consular officer has line of sight over consular operations only when her solid wood door is fully open. In accordance with 7 FAH-1 H-644.1, access to the consular section should be limited and controlled. Consular processing should be within line-of-sight supervision of a consular officer whenever possible.

RECOMMENDATION 28: Embassy Reykjavik should replace the consular section’s Dutch door with a full-size door that includes a Simplex lock, a glass window, and, if desired, a buzzer. The embassy should also replace the consular officer’s existing office door with one that has a glass window to permit line-of-site supervision of consular processing. (Action: Embassy Reykjavik)

The accountable consular officer for fees has completed the two online courses required by 7 FAH-1 H-733.1 c. However, the alternate accountable officers registered for the courses only during the inspection. The OIG team verified inventories for immigrant and nonimmigrant visa foils, as well as for consular reports of birth, American passports, and passport foils. Visa adjudication review is in compliance with Department regulations.

FORMAL RECOMMENDATIONS

RECOMMENDATION 1: Embassy Reykjavik, in coordination with the Bureau of European and Eurasian Affairs, should request that the Department of Defense reestablish Defense attaché coverage for Embassy Reykjavik from a U.S. embassy in a nearby North Atlantic Treaty Organization country. (Action: Embassy Reykjavik, in coordination with EUR)

RECOMMENDATION 2: Embassy Reykjavik, in coordination with the Bureau of European and Eurasian Affairs, should make a formal request to the Department of Defense that the military representative position at Embassy Reykjavik, which has received National Security Decision Directive – 38 approval, be staffed permanently in order to handle the bilateral military liaison duties and that a regionally based temporary duty backup system be put in place by the Department of Defense to provide support to the military representative during periods of leave or illness. (Action: Embassy Reykjavik, in coordination with EUR)

RECOMMENDATION 3: Embassy Reykjavik, in coordination with the Bureau of European and Eurasian Affairs and the Office of Management, Policy, Rightsizing and Innovation, should ask the Department of Defense to request National Security Decision Directive – 38 authority for the new supervisory employee at the U.S. Navy's radio transmitter facility in Grindavik, Iceland, which would entail that employee being brought under Chief of Mission authority and would require the Department of Defense's subscription of at least the embassy's basic package of International Cooperative Administrative Support Services for that person. (Action: Embassy Reykjavik, in coordination with EUR and M/PRI)

RECOMMENDATION 4: Embassy Reykjavik, in coordination with the Bureau of Administration, should hire a temporary employee to work under the public affairs officer's direction to close out open grants. (Action: Embassy Reykjavik, in coordination with A)

RECOMMENDATION 5: Embassy Reykjavik should seek the approval of the local International Cooperative Administrative Support Services council for an additional local employee, as discussed in the FY 2012 Mission Strategic and Resource Plan (Action: Embassy Reykjavik)

RECOMMENDATION 6: The Bureau of European and Eurasian Affairs should provide to incoming management officers at Embassy Reykjavik the necessary training, including in financial management, human resources, and general services, so that they can perform their required duties adequately. (Action: EUR)

RECOMMENDATION 7: Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of European and Eurasian Affairs, should explore with the Government of Iceland the possibility of a swap of the chancery and chief of mission residence with suitable buildings and land. (Action: Embassy Reykjavik, in coordination with OBO and EUR)

RECOMMENDATION 8: Embassy Reykjavik, in coordination with the Bureau of Overseas Buildings Operations, should install a chair lift on the staircase leading into the representational section of the chief of mission residence. (Action: Embassy Reykjavik, in coordination with OBO)

RECOMMENDATION 9: The Bureau of Overseas Buildings Operations should design and fund a project to remodel the front entrance bathroom in the chief of mission residence so that it is accessible to wheelchair-bound visitors. (Action: OBO)

RECOMMENDATION 10: Embassy Reykjavik, in coordination with the Bureau of Resource Management, should evaluate the adequacy of local banking facilities and, if appropriate, discontinue the provision of accommodation exchange services. (Action: Embassy Reykjavik, in coordination with RM)

RECOMMENDATION 11: Embassy Reykjavik should hold regular meetings of the International Cooperative Administrative Support Services council. (Action: Embassy Reykjavik)

RECOMMENDATION 12: The Office of the Legal Adviser, in coordination with the Bureau of Human Resources and Embassy Reykjavik, should determine whether the embassy will be responsible for all or part of the Government of Iceland-mandated social security contributions. (Action: L, in coordination with DGHR, and Embassy Reykjavik)

RECOMMENDATION 13: Embassy Reykjavik should develop, publish, and implement a policy regarding predeparture residential surveys to determine the condition of residences and assess the appropriate charges for any damage caused by occupants. (Action: Embassy Reykjavik)

RECOMMENDATION 14: Embassy Reykjavik, in coordination with the Bureau of Diplomatic Security, should enroll the Ambassador's backup driver in the Armored Vehicle Driver course. (Action: Embassy Reykjavik, in coordination with DS)

RECOMMENDATION 15: Embassy Reykjavik should provide a small, secure receiving area in the chancery and store all items delivered there until they are properly documented and received. (Action: Embassy Reykjavik)

RECOMMENDATION 16: Embassy Reykjavik should perform regular, unannounced spot checks of both the expendable and nonexpendable property inventories. (Action: Embassy Reykjavik)

RECOMMENDATION 17: The Frankfurt Regional Service Center, in coordination with Embassy Reykjavik, should send a member of the Foreign Service National Executive Corps to provide training and support in receiving, WebPASS, and related operations. (Action: RSC Frankfurt, in coordination with Embassy Reykjavik)

RECOMMENDATION 18: Embassy Reykjavik, in coordination with Embassy Oslo, should develop and adhere to a memorandum of understanding that details the support Embassy Reykjavik will receive from Embassy Oslo's regional facilities manager. (Action: Embassy Reykjavik, in coordination with Embassy Oslo)

RECOMMENDATION 19: The Bureau of Information Resource Management, in coordination with the Bureau of Overseas Buildings Operations, should send a team to Embassy Reykjavik to analyze and document the embassy's full physical and logistic telecommunications topologies. (Action: IRM, in coordination with OBO)

RECOMMENDATION 20: The Bureau of Information Resource Management should identify and correct issues with the telephone systems, including the branch exchange system, wiring, and electrical grounding issues. (Action: IRM)

RECOMMENDATION 21: Embassy Reykjavik should implement a help desk system for employees to use to enter and track service requests. (Action: Embassy Reykjavik)

RECOMMENDATION 22: Embassy Reykjavik should install an emergency power-off switch outside the doors to the unclassified and classified computer rooms. (Action: Embassy Reykjavik)

RECOMMENDATION 23: Embassy Reykjavik should develop information management systems documentation and standard operating procedures and update the unclassified contingency plan as required by Department of State regulations. (Action: Embassy Reykjavik)

RECOMMENDATION 24: Embassy Reykjavik should conduct regular radio checks twice each month with the embassy's direct-hire American staff. (Action: Embassy Reykjavik)

RECOMMENDATION 25: The Office of Civil Rights, in coordination with Embassy Reykjavik, should provide training in Equal Employment Opportunity principles for all embassy employees. (Action: S/OCR, in coordination with Embassy Reykjavik)

RECOMMENDATION 26: Embassy Reykjavik should develop and implement standard operating procedures for starting and terminating the post differential allowance whenever an employee transfers or travels away from post. (Action: Embassy Reykjavik)

RECOMMENDATION 27: Embassy Reykjavik should identify and collect reimbursement from relevant employees for any overpayment of post differential allowances during the past year. (Action: Embassy Reykjavik)

RECOMMENDATION 28: Embassy Reykjavik should replace the consular section's Dutch door with a full-size door that includes a Simplex lock, a glass window, and, if desired, a buzzer. The embassy should also replace the consular officer's existing office door with one that has a glass window to permit line-of-site supervision of consular processing. (Action: Embassy Reykjavik)

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.

Political and Economic Sections

Although the political and economic sections are two separate sections, they would benefit from greater integration and cooperation between their American and local employees.

Informal Recommendation 1: Embassy Reykjavik should conduct meetings every 2 weeks with all employees in the political and economic sections.

Public Affairs Section

Communication and coordination between the public affairs and political and economic sections has been limited. In view of the small size of the embassy and numerous areas of mutual responsibility, a planning and coordination meeting held every 2 weeks that included local employees would increase efficiency.

Informal recommendation 2: Embassy Reykjavik should initiate a regular coordination meeting to bring together employees in the political, economic, and public affairs sections.

Consular Section

To minimize a staffing gap at Embassy Reykjavik, the consular officer did not receive any consular training before she came to Iceland, nor did she have time to schedule consultations with CA.

Informal Recommendation 3: Embassy Reykjavik should send the consular officer to the basic leadership skills training that is required for promotion to FS-02 and, during the same trip, arrange for 2 days of consultation with the Bureau of Consular Affairs.

There are no written training materials for new or backup consular staff. Guidance on training is available on CA's intranet Web site.

Informal Recommendation 4: Embassy Reykjavik should develop a written training program for new or backup consular staff that includes local standard operating procedures.

Visas Viper reporting messages are not distributed to U.S. law enforcement agencies with regional responsibility for Iceland, nor is input solicited from these agencies before monthly committee meetings are held.

Informal Recommendation 5: Embassy Reykjavik should routinely coordinate its Visas Viper reporting messages with regional U.S. law enforcement agencies and copy them on its monthly submissions to the Department of State.

Management Section

The mission has not used formal travel and training plans over the past few years.

Informal Recommendation 6: Embassy Reykjavik should create and implement formal travel and training plans.

Position descriptions in the general services and information management units have not all been reviewed during the past year.

Informal Recommendation 7: Embassy Reykjavik should complete its review of information management position descriptions and send any changes to the Frankfurt Regional Support Center for a computer-aided job evaluation review.

Eligible family members often cannot apply for vacant positions because of language requirements.

Informal Recommendation 8: Embassy Reykjavik should review position descriptions for any vacant positions to determine whether the language requirement can be removed and these positions opened to eligible family member applicants.

All requests to buy items using blanket purchase agreements, no matter how small, must be approved individually and in advance, as the agreements have not been bulk funded.

Informal Recommendation 9: Embassy Reykjavik should bulk fund its blanket purchase agreements and institute proper safeguards so that the accounts are reconciled promptly.

Icelandic vendors prefer to accept credit or debit cards, rather than cash, yet the embassy makes a large percentage of its local purchases using cash.

Informal Recommendation 10: Embassy Reykjavik should consider and, if feasible, implement a bulk-funded debit card program to reduce cash payments made for local purchases.

The embassy's motor vehicle policy does not include the requirement that drivers and passengers complete and sign the motor pool trip ticket each time a vehicle is used.

Informal Recommendation 11: Embassy Reykjavik should rewrite and reissue its motor vehicle policy to include the requirement that drivers and passengers sign a motor pool trip ticket each time a vehicle is used.

The embassy's key-control policy requires that all employees have a trip ticket in order to check out vehicle keys, and it does not provide exceptions for the motor pool supervisor and Ambassador's backup driver when they need to use a vehicle on short notice.

Informal Recommendation 12: Embassy Reykjavik should rewrite and reissue its key-control policy to allow the motor pool supervisor and Ambassador's backup driver to check out vehicle keys from the guards without a trip ticket when necessary.

The local employee assistant occupational, safety, and health officer has yet to receive training.

Informal Recommendation 13: Embassy Reykjavik should provide the assistant occupational, safety, and health officer with the necessary training.

The embassy's iPost scores in vulnerability, patch, standard operating environment, and antivirus categories are low. The information management staff has begun working with the Department to troubleshoot with regard to these issues.

Informal Recommendation 14: Embassy Reykjavik should continue working closely with the Bureau of Information Resource Management to improve the embassy's OpenNet configuration and cyber-security posture.

The information management staff manually review all monthly telephone charges, rather than using an automated call accounting system.

Informal Recommendation 15: Embassy Reykjavik should purchase and begin using an automated call accounting system to track personal phone calls made by the staff.

The EEO counselor has not held any informal training or events to discuss EEO principles.

Informal Recommendation 16: Embassy Reykjavik should hold informal, mission-wide training or other events on a regular basis to discuss and promote Equal Employment Opportunity principles.

The embassy does not have an EEO local staff liaison.

Informal Recommendation 17: Embassy Reykjavik should appoint and train a local employee to act as the Equal Employment Opportunity liaison.

A number of unauthorized commitments for low-value purchases have occurred, and they have not all been properly ratified.

Informal Recommendation 18: Embassy Reykjavik should follow ratification procedures for all future unauthorized commitments and circulate an administrative notice twice a year that reminds employees of ratification procedures and the need to avoid unauthorized commitments.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Luis Arreaga	09/10
Deputy Chief of Mission	Sam Watson	08/09

Chiefs of Sections:

Consular	Kristyna Rabassa	09/09
Political	Joshua Rubin	07/09
Economic	Meredith Rubin	07/09
Management	Michael Greer	08/08
Public Affairs	Laura Gritz	08/10
Regional Security	Marco Fernandez	10/09

Other Agencies:

Military Representative, DOD	Lt. Col. Randy Helbach	12/09
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ABBREVIATIONS

CA	Bureau of Consular Affairs
COM	Chief of Mission
DCM	Deputy chief of mission
EEO	Equal Employment Opportunity
EU	European Union
EUCOM	U.S. European Command
EUR	Bureau of European and Eurasian Affairs
GDP	Gross domestic product
ICASS	International Cooperative Administrative Support Services
IMF	International Monetary Fund
MSRP	Mission Strategic and Resource Plan
NATO	North Atlantic Treaty Organization
NSDD	National Security Decision Directive
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General

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