



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

Office of Inspections

**Inspection of Embassy Lisbon, Portugal, and
Constituent Posts**

Report Number ISP-I-12-53A, September 2012

Office of Inspector General

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PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2011 by the Council of Inspectors General 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 AND SCOPE

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

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

METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



United States Department of State
and the Broadcasting Board of Governors

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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 the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

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

A handwritten signature in black ink, appearing to read "H. W. Geisel". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Harold W. Geisel
Deputy Inspector General

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Key Judgments

- An engaged executive team leads Embassy Lisbon. The mission conducts policy advocacy well on bilateral and North Atlantic Treaty Organization (NATO) issues.
- The embassy produces high-quality reporting on Portugal's economic situation and bilateral military and NATO cooperation. Embassy reporting officers should expand their outreach.
- Interagency coordination is strong, and public diplomacy is fully integrated. The mission energetically conducts commercial promotion.
- The Ambassador's intervention with Washington policymakers has raised Portugal's profile in the interagency process. (b) (5)
[REDACTED]
- The embassy devoted excessive time and resources to two conferences not directly supporting U.S. policy priorities for Portugal.
- Post morale is adversely affected by the perception that the Ambassador does not fully comply with Department of State (Department) regulations and that he has bypassed section heads to deal directly with their subordinates.
- Embassy facilities are well maintained. Physical security standards are met.
- Staffing at Consulate Ponta Delgada should be reduced and the consular agency in Funchal should be closed. These two actions will result in \$420,000 in funds put to better use.
- The Department should eliminate language requirements from five positions to save \$525,000.

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 April 23 and May 11, 2012; in Lisbon, Portugal, between June 7 and 26, 2012; and in Ponta Delgada, Lisbon, on June 15, 2012.

(b) (6)
[REDACTED]

Context

Portugal has a population of 10.7 million, including the autonomous Madeira and Azores archipelagos. Portugal was a founding member of NATO and has been a European Union member since 1986. Portugal holds a 2011-2012 nonpermanent United Nations Security Council seat.

An economic austerity program proposed by Socialist Party Prime Minister Socrates was rejected in March 2011, precipitating parliamentary elections that brought Social Democratic Party Prime Minister Passos Coelho to power in June 2011. The government is preoccupied with implementing austerity measures under the European Union/International Monetary Fund/European Central Bank bailout agreement. Portuguese unemployment is 14 percent; youth unemployment is double that level.

Relations between Portugal and the United States are positive in many fields and in regional and multilateral fora. The defense relationship is strong despite concerns about the U.S. Air Force's proposed reductions in its presence at Lajes Field in the Azores. There is also significant cooperation on counterterrorism, law enforcement, science, and technology. Trade levels are relatively small with 2011 U.S. exports to Portugal of only \$1.2 billion and imports from Portugal at double that level. Portugal is not a significant source for inward investment to the United States.

Most Portuguese see the bilateral relationship as solid based on enduring ties of friendship and mutual interest. At the same time, Portuguese support for U.S. policy priorities is not guaranteed. Both the Portuguese Government and the people of the Azores are aware of the economic repercussions of a diminished U.S. presence at Lajes Field.

Portugal hosts 300,000 American tourists yearly and 25,000 Americans reside in the country. American citizens services are provided at the embassy, Consulate Ponta Delgada, and a consular agency in Funchal, Madeira.

The inspection focused on internal management controls, strategic priorities, and staffing of consular operations in constituent posts.

Staffing for Embassy Lisbon consists of 42 Department direct hires, 15 other agency direct hires, 14 local U.S. hires, and 106 locally employed (LE) staff members, for a total of 177 employees. The mission's total funding in FY 2011 totaled \$17.7 million. The mission was last inspected in 2003 and underwent a compliance followup review in 2004.

Executive Direction and Cross-Cutting Issues

An activist noncareer Ambassador leads Embassy Lisbon. He brings a vigorous management style to this mid-sized mission, while the deputy chief of mission (DCM) brings a breadth of Department experience. The OIG survey of Department offices and other related agencies rated the embassy's economic and political reporting as timely and of high quality on Portugal's financial situation and the bilateral security relationship, including Portugal's role as a NATO partner.

The executive team functions well in important areas. Mission officers enjoy easy access to the front office. Interagency assessments of the Ambassador and DCM ranked above average. Department officers had a more reserved view of the Ambassador's management style although they credit him with raising Portugal's profile in Washington policy circles, supporting U.S. commercial interests, and engaging with the Portuguese Government.

The embassy has the framework for a sound policy and planning process. Tactically, the Ambassador runs a crisp country team meeting each week as well as more frequent senior staff meetings. Strategically, the Mission Resource Request is realistic and aligned with U.S. goals. The embassy devoted two off-site brainstorming sessions to strategic planning. However, it also devoted significant resources to two large conferences on subjects of low priority in the bilateral relationship. These conferences, on childhood obesity and Holocaust education, did not emerge from the strategic planning process, but were initiated by the Ambassador. The OIG team counseled him on the need to direct embassy resources in support of priority policy goals.

The embassy also channeled significant mission time and resources into the twice-yearly meetings of a standing bilateral commission, which was created by a 1995 treaty governing military cooperation. The Ambassador spearheaded a reconfiguration of the commission in 2011 to include new committees with obligations for "action-forcing" reports in five policy areas (trade/investment; justice and home affairs; science, technology, energy, and environment; defense; and development of the Azores) as well as nonpolicy areas associated with maintenance and labor issues at the U.S. Air Force base at Lajes.

The number of participants from both governments increased as did their rank. (b) (5)

Embassy officers reported feedback from Portuguese Government offices expressing concerns over the difficulty in keeping pace with the staffing demands for the present schedule. The OIG team discussed with the embassy possible options for reducing workload while maintaining the utility of the commission.

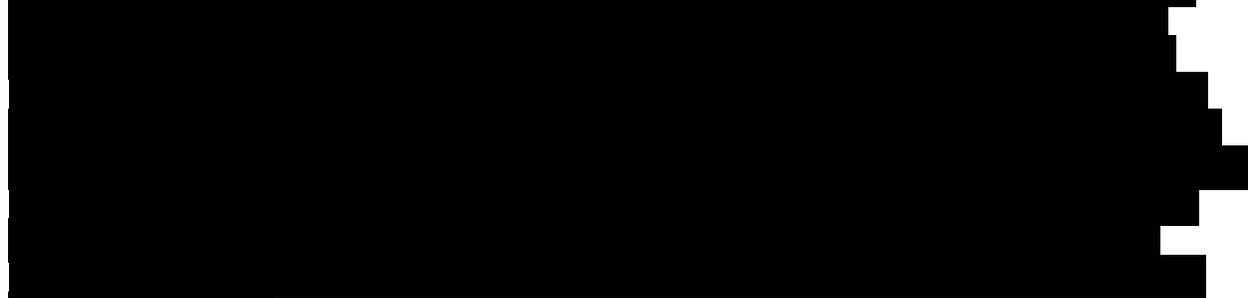
Informal Recommendation 1: Embassy Lisbon should review staffing requirements for the standing bilateral commission meetings with a view toward reducing the time and resources devoted to them.

An entry-level political officer serves as the Ambassador's staff assistant. The position is unnecessary and the nature and level of the work do not meet Department standards for first- and second-tour Foreign Service officers needing to develop their skills and experience.

Recommendation 1: Embassy Lisbon should eliminate the Ambassador's staff assistant position and return the incumbent to duty in the political/economic section. (Action: Embassy Lisbon)

Morale

Embassy morale is mixed. One negative factor is that the Ambassador has had a tendency to bypass section supervisors to task their subordinates. The Ambassador told the OIG team that the arrival of a strong DCM has made the practice less necessary. (b)(5)(b)(6)



In the Management Controls section of this report the OIG team recommends that measures be taken to ensure that all employees understand and follow proper travel procedures.

Other Executive Issues

Both the Ambassador and the DCM are engaged in security awareness and emergency drills in the mission. The emergency action committee is chaired by the DCM with an agenda set by the regional security officer.

Equal Employment Opportunity

The OIG team heard no complaints of Equal Employment Opportunity violations. The embassy staff reflects gender, racial, and ethnic diversity. Senior leadership takes seriously its obligation to provide mentoring to first- and second-tour officers and specialists.

Policy and Program Implementation

Political and Economic Reporting and Advocacy

The combined political/economic section has met essential requirements to deliver timely démarches, complete mandated reports, transmit cables on breaking events, and provide quality reporting on Portugal's financial situation and the bilateral security relationship. Washington consumers praise Lisbon's work on the latter two issues. The section recruits interns and temporary duty personnel from Federal economic agencies to help on economic, energy, environment, science, and technology topics. Employees are collegial and mutually supportive.

The section could be more productive. It has not cultivated contacts across diverse sectors whose views could strengthen reporting especially on political and labor affairs. Sustained engagement with working-level Portuguese officials could facilitate bilateral cooperation in areas such as aviation security. Aviation is important because Portuguese authorities have been slow to agree to terms already implemented by other European Union members pursuant to the U.S.-European Union aviation agreement of June 2010.

The section has adequate staff, yet employees are not well deployed. This is a consequence in part of front-office taskings and in part of the section chief's failure to exercise supervisory authority. Other sections and agencies rely unduly on the LE political assistant, limiting her ability to carry out essential tasks such as Leahy processing and political reporting. The front office routinely diverts officers to nonessential tasks outside their portfolios. The officers then lack the time to conduct outreach in pursuit of priority goals. The embassy assigned political staff to the majority of escort duty for a recent large construction project rather than using cleared escorts. The section chief had not begun making plans to cover the additional workload that will accrue when the Foreign Commercial Service eliminates an American staff position in 2015.

Informal Recommendation 2: Embassy Lisbon should review tasking procedures for the political/economic section to ensure that officers focus on policy priorities.

Records Management

Embassy Lisbon has not maintained its files properly. Further, the political/economic section does not place work products in shared section folders. The *Foreign Affairs Manual* (FAM), in sections 5 FAM 433 a. and b., 5 FAM 443.2, 5 FAM 443.3, and 5 FAM 443.5, requires that material, including electronic mail records, is to be preserved as official records and retired in accordance with the appropriate records disposition schedule. Failure to maintain and organize work products impedes information retrieval. Retaining a large amount of work material in personal email folders is inefficient.

Recommendation 2: Embassy Lisbon should implement a system to maintain official records in shared section files on the classified and unclassified systems. (Action: Embassy Lisbon)

Biographic and Leadership Records

The political assistant maintains unclassified biographic information in an electronic folder not accessible to other users. The protocol specialist maintains other biographic data. The information held in the political/economic section is categorized incorrectly as personnel data instead of according to the correct Department traffic analysis by geographic and subject terms for host country biographies. The embassy can transfer unclassified biographic material to a Portugal page of the Department's Diplopedia intranet site, consistent with 2 FAM 113.3 b. (1) guidelines, to make such information readily available to policymakers and embassy employees.

Recommendation 3: Embassy Lisbon should enter its unclassified biographic information on the Department of State's Diplopedia intranet system. (Action: Embassy Lisbon)

As Mission Portugal's staff develops contacts on the mainland, Madeira, and the Azores, it can expand leadership reporting on influential persons in the various political parties, including youth, and in economic and other spheres. Embassy Lisbon does not require biographic and leadership reporting of everyone who does contact work, such as the public affairs and Ponta Delgada staff.

Informal Recommendation 3: Embassy Lisbon should include biographic reporting and leadership analysis responsibilities in the work requirements of all officers who have significant contact work.

Leahy Human Rights Case Vetting

The political assistant coordinates the Leahy vetting program, which is intended to preclude assistance to persons implicated in human rights violations. Department of State- and Department of Defense-funded training and equipment can only be provided to properly vetted entities and individuals. Based on Portugal's record on human rights practices, the Department's Leahy working group designated Portugal for fast-track processing.

Fast-track status allows local approval of trainees, but it requires specific record-keeping. The International Vetting and Security Tracking database is the Department's official system of record for Leahy cases. In 2010, the Bureau of Democracy, Human Rights, and Labor directed embassies in Europe, including in fast-track countries, to use it.

The OIG team verified that the embassy and other agencies' representatives reported that no nominees had committed human rights violations. But the embassy has not exercised effective oversight of the Leahy coordinator. Since April 2010, the coordinator has not had log-in access or entered names into the Department's designated database. Failure to provide this information makes it difficult for the Department to substantiate compliance.

Recommendation 4: Embassy Lisbon should record all training nominees in the International Vetting and Security Tracking database. (Action: Embassy Lisbon)

Consistent with good management practices, the Bureau of Democracy, Human Rights, and Labor recommends appointment of a primary and secondary Leahy coordinator. Each is

required to complete the Foreign Service Institute's distance learning course, International Vetting and Security Tracking system: Leahy Vetting at Post (PP-410). Only the coordinator at Embassy Lisbon has completed the training.

Recommendation 5: Embassy Lisbon, in coordination with the Bureau of Democracy, Human Rights, and Labor, should designate two coordinators for the Leahy vetting program and provide each with training and authorization to use the International Vetting and Security Tracking database. (Action: Embassy Lisbon, in coordination with DRL)

Commercial and Business Advocacy

The Ambassador and his team energetically advocate U.S. economic and commercial interests. His novel approach to promote Portugal as a gateway to U.S. companies seeking to do business in Africa attracted more than 170 participants to a conference in Lisbon in May 2012 and generated U.S. firms' interest, especially in Mozambique. He joined a Foreign Commercial Service trade mission to the United States in April 2012 that led to a U.S. firm's interest in opening a branch in the Azores. The Ambassador also effectively raises the concerns of individual U.S. companies and U.S. industry sectors with Portuguese officials.

Law Enforcement Working Group

The regional security officer coordinates and chairs the law enforcement working group, which meets on an ad hoc basis when regional representatives of law enforcement agencies, such as those resident in Spain, visit Lisbon.

The regional security office does not maintain the agendas and minutes of proceedings as permanent records according to the Department's traffic analysis by geography and subject system. Failure to retain such information risks the loss of the information for use by current and future embassy employees and prevents retrieval by Department users.

Recommendation 6: Embassy Lisbon should maintain official records of law enforcement working group agendas and meeting minutes. (Action: Embassy Lisbon)

The law enforcement working group has not included representatives of the consular section or the political/economic section, which takes the lead in policy advocacy with the Portuguese Government on law, justice, and governance issues. According to the *Foreign Affairs Handbook* (FAH), 7 FAH-1 H-252.2 c., the consular chief should be included in meetings of law enforcement working groups.

Recommendation 7: Embassy Lisbon should include representatives of the consular and political/economic sections in the meetings of the law enforcement working group. (Action: Embassy Lisbon)

Public Diplomacy

A public affairs officer (PAO) directs the public affairs section (PAS), which includes an assistant PAO and nine LE staff members. The PAO handles media responsibilities, serves as embassy spokesperson, and oversees exchange programs. The assistant PAO manages the program unit and the Information Resource Center, which includes an American Corners.

The embassy proposed a PAS reorganization that would eliminate one local staff position, consolidating press responsibilities and reducing salary costs. The Under Secretary for Public Diplomacy and Public Affairs has directed that public affairs sections reach a 70 percent to 30 percent ratio of fixed costs, including salaries, to program costs. PAS Lisbon's fixed costs are significantly higher than the target. The reorganization plan will save \$70,000 annually without sacrificing efficiency or capacity.

Recommendation 8: Embassy Lisbon, in coordination with the Bureau of European and Eurasian Affairs and the Office of the Under Secretary for Public Diplomacy and Public Affairs, should implement its proposed public affairs reorganization, including the elimination of one locally employed staff position. (Action: Embassy Lisbon, in coordination with EUR and R/PPR)

PAS is well integrated in the mission, and the Ambassador draws frequently on PAS to support his public activities. Communication with Department public diplomacy staff is good. Inside the section, the PAO holds regular staff meetings. Collaboration among the local staff is mixed. The PAO has taken steps to improve the situation, establishing acceptable norms of professional interaction. The OIG team believes her efforts adequately address the issue.

Press and Information Activities

The PAO is the embassy spokesperson. Embassy officers observe a press policy that channels media requests through PAS. The press unit produces media reporting including input to a PAS Brussels product for Washington readers. The PAO provides a daily press brief to the Ambassador. The unit also promotes coverage of embassy activities. The PAO and local staff spend appropriate time sustaining contact with media personnel at all levels.

Information Resource Center and American Corners

The Information Resource Center is located in PAS, which has moved from electronic outreach to an arrangement relying on American Corners, which are program platforms housed in seven Portuguese universities. The corners provide facilities for speakers and other embassy programs. The heart of the corners operations is eLibraryUSA, which is a compendium of online databases and information sources. Usage of eLibraryUSA is growing quickly.

Web Page and Social Media

PAS manages the embassy Web page, which uses the Department's content management system. Local content on the Web page is dated and would be enhanced if additional embassy sections provided content to PAS for posting.

Informal Recommendation 4: Embassy Lisbon should require appropriate sections of the mission to provide local content for the embassy Web page.

PAS has a social media strategy to enhance its cyber space presence. The section's primary vehicle is its Facebook page. Twitter usage in Portugal is minimal but growing, and the plan takes that into account. PAS currently uses YouTube, and training on the use of social media will increase the section's capacity.

Educational and Cultural Exchanges

Exchange Programs

The International Visitor Leadership Program functions smoothly. PAS has taken advantage of incentive funding from the Bureau of Educational and Cultural Affairs to augment the slate of eight nominees and supplemented this modest allotment by using the Voluntary Visitor Program.

Fulbright Program

A bilateral commission runs the Fulbright program. The PAO sits on the board, and the assistant PAO serves as treasurer. The board is seeking to address budget shortfalls, due in part to a reduced contribution from the Portuguese Government. The Department approved a revised Fulbright agreement; at the time of the inspection, the Government of Portugal had not yet approved it. A committee on the standing bilateral commission handles Fulbright matters, including the agreement. The embassy's environment, science, technology, and health officer represents the embassy on the committee. The PAO, however, sits on the Fulbright board, is responsible for liaison between the Bureau of Educational and Cultural Affairs and the commission, and supervises the treasurer. These titular duties put the PAO in a stronger position to represent Fulbright on the bilateral commission.

Informal Recommendation 5: Embassy Lisbon should reassign to the public affairs officer responsibility for Fulbright matters on the standing bilateral commission.

Administration

An LE staff member handles administrative duties. Liaison with embassy sections is effective. The PAO established in-house training sessions on topics including budget, grants administration, and contact management software.

Grants

PAS will disburse approximately \$160,000 in grants in FY 2012, \$70,000 of which will sustain the American Corners. The PAO has a valid grants warrant. The assistant PAO took the grants course but did not obtain a warrant. In the PAO's absence, no one in PAS can sign a grant.

Informal Recommendation 6: Embassy Lisbon should require that the assistant public affairs officer obtain a grants warrant.

Grants files follow Department regulations and are well kept, although some lacked a final program report. During the inspection, PAS initiated an effort to obtain the missing reports. PAS grants are tied to mission policy goals. An excessive proportion of the grants, however, tended to support the goal of developing Portuguese support for U.S. policies. Spreading the grants in support of additional goals, especially economic and specific political goals, will strengthen the grants' impact.

Informal Recommendation 7: Embassy Lisbon should distribute public diplomacy grants appropriately in support of all mission goals.

Consular Operations

The consular team provides excellent customer services but is overstaffed. Although the Department recently cut three consular LE staff positions from the mission, further reductions are warranted. A review of consular operations found them to be good with the exception of cash accountability at the consular agency in Funchal, Madeira. The section does not meet as a whole frequently enough, which is reflected in poor strategic vision and planning. The consul general was counseled to hold more formal meetings with his staff.

The section is located in a spacious area of the embassy three flights of stairs below the basement of the chancery, which is built into a steep hill. The facilities manager requested an elevator to comply with the Americans with Disabilities Act. The elevator is slated for 2013 funding and installation. While the workspace is ample, the temperature controls in the public waiting area are unsatisfactory. Employees report that waiting areas are hot in the summer and cold in the winter.

Informal Recommendation 8: Embassy Lisbon should monitor the temperature of the visa waiting room to ensure that it remains within acceptable standards.

The section comprises two American officers and seven LE staff members. The section is also responsible for a five-person federal benefits unit, which is fully reimbursed by the Social Security Administration and is supervised by its regional office in Rome.

The section did not hold a consular leadership day in 2012, and the section has not done any strategic planning or teambuilding off-sites recently. Formal staff meetings are rare, because the section is so small that managers believe they interact frequently enough in the normal course of business.

Informal Recommendation 9: Embassy Lisbon should schedule and hold regular consular staff meetings and a yearly consular teambuilding leadership event.

American Citizens Services

Lisbon serves American citizens well. During the inspection, the team saw a distressed tourist receive an emergency replacement passport within 1 hour. The generously staffed unit has four LE staff members, including a special advisor/attorney.

Visas

Lisbon has several employees who process on average only 25-30 nonimmigrant visas a day. Since the Bureau of Consular Affairs removed immigrant visa workload from Lisbon in June 2012, it eliminated one LE staff position in the visa unit. Other section staff, including the secretary, assists the two remaining employees in the visa unit to process nonimmigrant visas. The consular section had not updated the position descriptions of the LE staff members whose duties had been changed when Lisbon stopped processing immigrant visas.

Informal Recommendation 10: Embassy Lisbon should rewrite and reclassify the position descriptions of the locally employed staff members with visa responsibilities.

William Wilberforce Counseling

The embassy has a pamphlet outlining workers' rights as required by the William Wilberforce Trafficking Victims Protection Act, but it does not use it in all cases. Guidance in 9 FAM 41.21 N6.5-2 requires that the interviewing officer notify the applicant and make a record of the notification in the case notes. A review of adjudications shows that non-Portuguese applicants and those for executive or managerial positions were not being counseled regularly.

Recommendation 9: Embassy Lisbon should implement a mechanism to ensure that visa interviewing officers counsel all applicants for work visas regarding their rights as temporary workers in the United States and record the discussion in the case notes. (Action: Embassy Lisbon)

Visas Viper

Embassy Lisbon's Visas Viper committee meets regularly and reports follow the required format. However, submissions for the past 12 months show that the embassy submitted half of the required reports after the deadline prescribed in 9 FAM 40.37 N5.2.a.

Recommendation 10: Embassy Lisbon should submit its Visas Viper reports in accordance with Department of State guidelines. (Action: Embassy Lisbon)

Fraud

Embassy Lisbon operates in a low-fraud environment but has not performed any visa validation studies, or annual reviews of referrals, as required by 9 FAM Appendix K 105 d. Validation studies are valuable tools to give adjudicating officers feedback on their decisions.

Informal Recommendation 11: Embassy Lisbon should perform annual validation studies of its visa issuances, including referral cases.

Consular Agency Funchal

The consular agency on the island of Madeira has been serving U.S. citizens for centuries. Until April 2012, the agency had three half-time employees: an agent and two consular assistants. In FY 2011, the three half-time employees processed six special consular services and 20 passports and overseas birth certifications. While a small notarial business added marginally to the workload, services to U.S. citizens averaged two a month. The Bureau of Consular Affairs eliminated two assistant positions in early 2012, but retaining the agent is not justified given the small workload. Closing the consular agency will yield \$75,000 in yearly savings.

Recommendation 11: The Bureau of Consular Affairs, in coordination with the Bureau of European and Eurasian Affairs, should close the Funchal, Madeira, consular agency. (Action: CA, in coordination with EUR)

Consulate Ponta Delgada

Significant changes are required at this overstuffed consulate in the Azores archipelago, 900 miles west of mainland Portugal. Life in this isolated outpost is difficult. There is no expatriate community, no international schools, no employment opportunities, monotonous weather, and few diversions. The embassy has correctly requested that the Department reduce the tour of duty from three years to two. The consulate provides various consular services, public outreach, and diplomatic representation to the Azores. A region that has seen traditional migration to the United States, the Azores harbors thousands of American citizens who have returned to retire; a million of their descendents still reside in the United States. The primary political issue for the consulate is the status of the U.S. Air Force base at Lajes Field, Terceira Island. This outpost, which has long served as a refueling station, is being reconfigured to reflect changing global realities.

The consulate has two U.S. direct-hire officer positions, but the Bureau of Consular Affairs has not filled the vice consul position in the past year. In addition, the Bureau of Consular Affairs moved immigrant visa processing from Portugal to Paris, France, on June 1, 2012. In the 12 months starting on June 16, 2011, Consulate Ponta Delgada only adjudicated 245 nonimmigrant visa cases. Embassy Lisbon could process these visas.

Recommendation 12: The Bureau of Human Resources, in coordination with the Bureaus of Consular Affairs and European and Eurasian Affairs, should eliminate the vice consul position number 30015004 in Ponta Delgada. (Action: DGHR, in coordination with CA and EUR)

Recommendation 13: Embassy Lisbon, in coordination with the Bureau of Consular Affairs, should transfer responsibility for nonimmigrant visa processing for the residents of the Azores to Embassy Lisbon. (Action: Embassy Lisbon, in coordination with CA)

The present LE staff of five consular and management employees is excessive for providing non-visa consular services, diplomatic representation, and public outreach. One American citizens services employee and one protocol/management LE employee, cross-trained in each other's specialty, would be sufficient.

Recommendation 14: Embassy Lisbon, in coordination with the Bureaus of Human Resources, Consular Affairs, and European and Eurasian Affairs, should eliminate the locally employed visa position number N31049 at Consulate Ponta Delgada. (Action: Embassy Lisbon, in coordination with DGHR, CA, and EUR)

Management support for the consulate is good, but procurement clerks have never been trained in that function. It is more cost effective to have general services staff in Lisbon provide that support. The same is true for the information technology and Class B cashiers. Most management functions are better handled by experienced and trained staff in Lisbon. With fewer employees, the consulate will not need a driver or a second vehicle.

Recommendation 15: Embassy Lisbon, in coordination with the Bureaus of Human Resources and European and Eurasian Affairs, should eliminate the locally employed driver position

number A30147 at Consulate Ponta Delgada. (Action: Embassy Lisbon, in coordination with DGHR and EUR)

Recommendation 16: Embassy Lisbon, in coordination with the Bureaus of Human Resources and European and Eurasian Affairs, should eliminate the locally employed information technology position number A50105 at Consulate Ponta Delgada. (Action: Embassy Lisbon, in coordination with DGHR and EUR)

The consulate warehouse contains a significant amount of furniture and other goods that are not likely to be used in the foreseeable future. In addition, with the transition to a smaller footprint, the consulate will only need one vehicle.

Informal Recommendation 12: Embassy Lisbon should sell Consulate Ponta Delgada's excess property.

As the consulate evolves, it will need considerably less space. Reducing the square footage of the consulate would provide savings in security enhancements.

Informal Recommendation 13: Embassy Lisbon should examine options for housing the streamlined consulate and implement the most cost-effective solution.

Cost Savings

Eliminating three LE staff positions will yield a savings of \$180,000 after separation expenses. Reducing the footprint of the office could yield savings of up \$90,000 a year or almost half of the current lease. The actual amount depends of the configuration of the new office and negotiations with the landlord. There could also be accrued savings of up to half of other miscellaneous expenses, such as utilities and transportation, which could yield another \$75,000 a year.

Resource Management

Agency	U.S. Direct- Hire Staff	U.S. Local- Hire Staff	Local Staff	Total Staff	Total Funding FY 2011
Department of State					
Diplomatic and Consular Programs	24	4	22	50	\$4,351,800
International Cooperative Administrative Support Services	3	8	59	70	6,669,900
Public Diplomacy	2	1	9	12	1,068,525
Diplomatic Security	4	1	5	10	1,014,339
Marine Security Guard	8			8	230,410
Representation					52,300
Overseas Buildings Operations	1			1	2,069,625
Department of Defense					
Defense Attaché Office	6		4	10	548,010
Office of Defense Cooperation	4		2	6	859,000
Drug Enforcement Administration	3			3	159,803
Customs and Border Protection	1			1	60,595
Foreign Commercial Service	1		5	6	605,008
Totals	57	14	106	177	\$17,689,315

Management Section

The management section has significantly improved since the 2003 OIG inspection and 2004 OIG compliance followup review. The section responds well to requests from its clients, and customer satisfaction scores are slightly above global averages. However some issues have not been addressed adequately. These include updating position descriptions and organization of mission LE staff, use of the automotive shop in the basement of the chancery, and travel voucher processing.

General Services

An experienced general services officer leads the office. The section is staffed with knowledgeable local employees; many have been with the embassy for more than 25 years. Each unit, including procurement, customs and shipping, maintenance, motor pool, is adequately staffed.

Motor Pool

The embassy has four International Cooperative Administrative Support Services (ICASS) drivers and one ambassadorial driver. Three Marine security guard drivers report to the

regional security officer. Contrary to 15 FAM 957.3 and 14 FAM 431.2-2 (1), the Ambassador's driver is usually on duty more than 10 hours daily.

Recommendation 17: Embassy Lisbon should limit the hours of duty for the Ambassador's driver in accordance with Department of State regulations. (Action: Embassy Lisbon)

Facilities

Facilities management is responsible for three U.S. Government-owned properties, which are old and require constant attention. For example, a 17th-century chapel on the chancery grounds has cracking and separating walls. The chapel houses valuable Portuguese tiles and burial sites. The Manor House, another historical building that accommodates the cafeteria and Marine House, also requires vigilant attention.

Automotive Shop

The embassy's automotive shop is in the chancery basement. The risk of fire is a life-safety concern that outweighs the convenience of an on-site vehicle maintenance shop. While paint and other flammable supplies are stored outside of the basement, having a full-service automotive repair and mechanical shop in the chancery basement creates other unacceptable risks. The fumes from automotive repairs reach the executive and other controlled access areas on the third floor.

Recommendation 18: Embassy Lisbon should move the automotive repair shop outside of the chancery. (Action: Embassy Lisbon)

Employees regularly walk through the basement and the repair shop to get to the consular and public affairs sections. This practice disrupts staff.

Informal Recommendation 14: Embassy Lisbon should issue a management notice instructing staff that the basement repair shops are not a thoroughfare.

Financial Management

The financial management unit performs adequately. In 2011 it managed allotments totaling \$17 million. The unit provides vouchering, accounting, budgeting, and cashiering services and generally complies with Department management controls. Scores on the ICASS customer satisfaction survey are on par with the geographic bureau and with worldwide averages. Scores on OIG's workplace and quality of life questionnaire were also satisfactory. The Management Controls section of this report addresses several significant internal control shortcomings.

Travel

Carlson Wagon Lit is the embassy's travel provider. Low customer satisfaction has forced the embassy to consider outsourcing its travel needs to the Embassy Warsaw, Poland. The Management Controls section of this report discusses internal controls in travel expenditures.

Portuguese Social Security Contributions

The embassy has underreported earnings and underpaid local social security taxes for decades. The situation is a distraction for many local staff and has hurt morale. The embassy failed to ensure that reported earnings and related taxes paid to social security reconciled with amounts the Department generated and reported to employees on their earnings and leave statements. The embassy asked local staff to compare their prior-year earnings records with their Portuguese social security statements and inform the embassy about discrepancies. The embassy pays the employers' share of taxes, penalties, and interest when underreporting is identified.

Recommendation 19: Embassy Lisbon should engage an independent public accountant to determine whether it is correctly reporting local employee earnings and Portuguese social security taxes. (Action: Embassy Lisbon)

The Class B cashier and subcashiers receive bonuses of (b) (5) euros and (b) (5) euros per month, respectively. Local law requires those payments and they are part of the local compensation plan, but the payments are not processed by the Department's payroll system. As a result, the embassy is not deducting local social security contributions from these amounts, which risks compounding the existing problem with the contribution levels of the local social security system.

Recommendation 20: Embassy Lisbon should submit cashier and subcashier bonuses to the Department of State's payroll system for payment. (Action: Embassy Lisbon)

International Cooperative Administrative Support Services

The ICASS process operates well. Customer satisfaction scores are slightly above regional and worldwide averages. A current comprehensive self-assessment demonstrates appropriate cooperation between the council and the management section. The assessment addressed support factors and defined weak areas. The embassy has made considerable improvements to meet uniform service standards.

Human Resources

The human resources office provides good customer service and scored well above average on the OIG workplace and quality of life questionnaire despite some dissatisfaction with family member employment, which is addressed in the Quality of Life section of this report. Human resources deficiencies are addressed below and in the Management Controls section of this report.

There are several areas where the LE positions may be overgraded and employees less than fully employed. In some cases, it is because position descriptions of the employees have evolved over time to reflect the attributes of the employee rather than the requirements of the position. The mission has been working with the Frankfurt Regional Support Center on reorganizing the management section. The OIG team believes that the issue is broader than management. It is important that sections are coherently organized and that job descriptions accurately reflect the requirements of the position.

Recommendation 21: Embassy Lisbon, in coordination with the Bureau of European and Eurasian Affairs, should evaluate and reorganize, as necessary, its entire locally employed staff. (Action: Embassy Lisbon, in coordination with EUR)

Performance Management

All Foreign Service performance evaluations were completed and recorded in the ePerformance system on time. However, the embassy did not complete LE staff performance evaluations on time, and many position descriptions are not current. Raters are obligated to ensure that position descriptions are current with performance evaluations.

Recommendation 22: Embassy Lisbon should require raters to update position descriptions of local staff annually and require that performance evaluations be completed on time. (Action: Embassy Lisbon)

Training

The embassy's training program does not include sufficient information on LE staff training. Consequently, supervisors cannot determine the status of workforce development and the embassy cannot appropriately direct its limited training resources.

Informal Recommendation 15: Embassy Lisbon should develop a database for local employees' training.

Hiring Authority

The embassy assisted the U.S.-NATO Allied Joint Force Command Lisbon to hire three LE staff members using the Department's personal services agreement authority. It is unclear whether these employees are under chief of mission authority. The OIG team learned that although the unit is not under chief of mission authority for force protection and security, the memorandum of agreement is not clear regarding authority for other administrative actions.

The embassy reportedly provided this service through its ICASS function because Allied Joint Force Command Lisbon believes it does not have hiring authority. Thus, the command pays into ICASS for administrative functions. Policy under 3 FAM 7111.2 allows using the Department's personnel regulations and guidelines to agencies and establishments when they are under chief of mission authority, which is not clear in this instance.

Recommendation 23: The Bureau of Human Resources should provide policy interpretation and procedural guidance to Embassy Lisbon on how to support the Allied Joint Force Command Lisbon's administrative needs. (Action: DGHR)

Communicating with Local Staff

The 2003 OIG inspection reported that communication between local staff and embassy management was poor. The embassy has since improved new employee orientation,

communications, and Equal Employment Opportunity procedures. Representatives from the Bureau of Human Resources, Office of Overseas Employment visited the embassy in July 2011 and conducted a town hall that addressed local staff's concerns about wages and transparency.

A local staff committee has not existed for years. Instead, a "dialogue group" meets with management periodically, which appears to be satisfactory.

Language-Designated Positions

Five of the embassy's 22 language-designated positions are improperly classified. None of the five require Portuguese language skills.

In 2010, the embassy inaccurately certified to the Department that several positions required language ability. Three incumbents in two successive assignment cycles were given language waivers. In a fourth case, the embassy has been disadvantaged by an extended vacancy of an information management (IM) specialist (position No. 55124000) because of the effort to recruit and train a specialist at the required language level. Additionally, the financial management/human resources officer reported that Portuguese was not essential for his position. His predecessor arrived with a waiver and served 3 years without language ability.

The inspection team observed that the management counselor, general services officer, facilities manager, and finance management/human resources officer work effectively without the designated competence in Portuguese. It is costly and contrary to regulation for the Department to train employees for language-designated positions when the language is not essential (13 FAM 221 b.). Each Portuguese language-designated position costs a minimum of \$105,000.

Recommendation 24: Embassy Lisbon, in coordination with Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should eliminate the language designation for the positions numbered 52103000, 52326601, 55124000, 53152000, and 50028000. (Action: Embassy Lisbon, in coordination with EUR and DGHR)

Information Management and Information Security

Embassy Lisbon's IM program meets mission needs. ICASS and OIG survey questionnaires reflect high customer satisfaction. The operation would be strengthened by a more collaborative style on the part of the IM officer. The OIG team counseled him on effective communication with his staff.

The OIG team reviewed operational and security aspects of the program and found that they adhere to Department guidelines. However, the team identified several areas that require attention. These include reclassifying a position in the information programs center, separating a dedicated Internet network, improving diplomatic mail operations, and reinforcing telephone operator support.

Information Programs Center

Chronic staffing gaps in direct-hire positions have been a hardship on the section. During the inspection the section was staffed by only one of the two FS-04 designated specialists. He has addressed long-neglected areas but more remains to be done. The OIG team concluded that the IM specialist position number 55124000 does not reflect the required experience level.

Recommendation 25: Embassy Lisbon, in coordination with the Bureau of European and Eurasian Affairs, should reclassify position number 55124000 as a manager. (Action: Embassy Lisbon, in coordination with EUR)

Pouch Escort Duties

The current mission guidance requires all sections to participate in the duty roster for classified pouch escort. Typically, in a mid-sized mission, only those offices who normally receive items in the pouch are responsible for escort duties. Lisbon's classified pouch escort duty policy should only require offices that regularly use the classified pouch to participate.

Informal Recommendation 16: Embassy Lisbon should revise the duty schedule for the classified pouch escort duty to include only mission offices that regularly use the classified pouch.

Diplomatic Mail

Two mail clerks pick up the diplomatic postal mail daily from the airport, and two other local employees pick up the unclassified pouch, though less frequently. Pouch mail will often sit at the airport awaiting pickup for several days. Authorizing the mail staff to collect the pouch bags would be timely and cost-effective. Resolution of this issue requires action by the Portuguese Government.

Recommendation 26: Embassy Lisbon should collect diplomatic pouch bags upon their arrival and customs clearance. (Action: Embassy Lisbon)

Dedicated Internet Network

Embassy Lisbon's dedicated Internet network does not comply with Department regulations. It shares the circuit that operates the OpenNet network. Department regulations (5 FAM 872.1) mandate that the two networks not be physically connected. When they are not separated, a dedicated Internet network can divert IM resources from the OpenNet network.

Recommendation 27: Embassy Lisbon should establish a separate connection for the dedicated Internet network. (Action: Embassy Lisbon)

Telephone Operator

An operator handles telephone duties with support from other employees. The operator also provides daily mailroom support, which leads to a significant percentage of incoming calls

being missed. Typically, a mission the size of Embassy Lisbon has at least two dedicated telephone operators. An additional full-time operator position is warranted.

Recommendation 28: Embassy Lisbon should establish a full-time telephone operator position. (Action: Embassy Lisbon)

The embassy does not have procedures to address consular-related calls, which represent the majority of calls. The operator directs callers to the consular section Web site. The consular section does not have written instructions for responding to consular calls.

Informal Recommendation 17: Embassy Lisbon should provide the telephone operators with procedures for responding to consular-related calls.

Quality of Life

Morale has improved since the last OIG inspection in 2003. In sharp contrast to the isolation of the Azores, life in mainland Portugal is very pleasant, and the mission's support structure effectively provides for employees and the families. The U.S. Navy Exchange and the U.S. Government Employees Cooperative Association of Lisbon provide services that include an exchange/commissary and a gift shop. The Lisbon Environmental and Humanitarian Outreach program encourages volunteerism within the embassy. It has worked with Habitat for Humanity to build and renovate houses, plant trees, and perform other community service activities.

Health Unit

The health unit, comprised of a nurse and part-time physician, provides excellent medical services. Regular visits from Embassy London's regional medical officer and psychiatrist are important parts of the health program. Many Portuguese physicians do not speak English; hence, there is a need for regular email and telephone contact with Embassy London. The medical staff there is responsive.

Community Liaison Office

The community liaison office coordinator identifies social and office sponsors, welcomes new staff, and helps them establish ties to the American School. The coordinator expects to share her job with a second coordinator shortly, with each working 32 hours a week.

Family Member Employment

Family member hiring is a challenge in the present budget environment and because of local language requirements. The OIG team evaluated five eligible family member appointments and found an open and fair hiring process. Very few applicants applied for these positions. Opportunities in the local economy are few despite a bilateral work agreement because few companies in Lisbon can use English-only speakers. In addition, some of the embassy positions require Portuguese language skills that are not reflective of the actual activities.

Informal Recommendation 18: Embassy Lisbon should reevaluate language requirements for local-hire positions to ensure they accurately reflect the needs of the job.

In an effort to provide more local employment opportunities, and to meet a shortage in cleared escorts, the embassy plans to hire two family members as escorts.

(b)(5)(b)(6)

(b)(5)(b)(6) some 30 minutes from Lisbon, (b)(5)(b)(6)
As of 2011, it was fully accredited by the New England Association of Schools and Colleges and recognized by the Portuguese Ministry of Education.

U.S. Government Employees Cooperative Association of Lisbon

The U.S. Government Employees Cooperative Association of Lisbon operates a gift shop, cafeteria, and child care center. It receives payments from a U.S. Navy Exchange commissary on the embassy compound. OIG questionnaires indicate satisfaction with the food service and the child care center. Interim financial reporting indicates that the newly incorporated cafeteria is able to operate as a self-supporting unit.

Current audit requirements have been met and the association's financial position is sound. The association, however, does not provide for severance pay by designating a specific cash account for severance that 6 FAM 531.3 requires. Also, the association does not record accrued employee severance payable in its general ledger accounts nor otherwise reflect the liability in its financial statements. Without this visibility, the association may fail its obligations to departing employees.

Recommendation 29: Embassy Lisbon should require that the U.S. Government Employees Cooperative Association of Lisbon designate funds for its severance liability and record accrued employee severance payable in its general ledger accounts. (Action: Embassy Lisbon)

Management Controls

The chief of mission statement of management controls, dated July 22, 2011, states that Embassy Lisbon's system of management controls, taken as a whole, complies with the standards prescribed by the Comptroller General of the United States. The statement notes that embassy assets are generally safeguarded against waste, loss, unauthorized use, and misappropriation. It also reported a significant deficiency in inventory controls and provided a corrective action plan. The deficiency was corrected and losses were avoided; however, the OIG team found significant weaknesses that need attention.

Travel Voucher Procedures

The financial management office does not adequately document official travel in the E2 Solutions travel application. Also, there is poor coordination between the travel voucher processor and the travel arrangers. As a result, the OIG team could not determine whether all official travel was reasonable and in accordance with Department regulations. Travel authorization approvals and voucher certifications were based on information that was not saved in the E2 Solutions software. For example, air travel was not always documented with itineraries and airline receipts; thus, it was not possible to readily determine whether the mode and routing of transportation was appropriate. In addition, the purpose of official travel was not always clearly indicated in the E2 Solutions documentation.

During the inspection, the embassy reviewed all of the Ambassador's travel vouchers from April 2010 until June 2012 and shared that review with the OIG team and the regional bureau. The review showed that the Ambassador occasionally received actual expenses reimbursement without a justification as required by 14 FAM 576.1 b. The review also highlighted the need to update lodging reimbursement rates in Porto, Portugal, which is a frequent destination of embassy travelers.

Recommendation 30: Embassy Lisbon should issue a management instruction on travel authorization and voucher policies and procedures, delineating the use of actual expenses and the need for careful documentation of any personal deviations to authorized travel. (Action: Embassy Lisbon)

Time and Attendance

The management officer is charged under 4 FAH-3 H-525.1-2 to establish controls for accurate and timely recording and reporting of time and attendance. The embassy does not have relevant time and attendance program documentation and has not evaluated its time and attendance process as outlined in 4 FAH-3 H-519.3-9 a., which requires that periodic risk assessments of payroll operations be conducted in accordance with the Department's Management Control Program. Timekeepers record their own time and attendance contrary to guidelines in 4 FAH-3 H-525.3-4. One supervisor approved his/her own records even though 4 FAH-3 H-523.1 requires the approvals from a supervisor who has not recorded the data.

Recommendation 31: Embassy Lisbon should conduct and document a management control review of its time and attendance system and issue an appropriate management notice. (Action: Embassy Lisbon)

Recommendation 32: Embassy Lisbon should establish procedures to ensure timekeepers do not record their own time and attendance data and supervisors do not approve their own records. (Action: Embassy Lisbon)

Accounts Receivable

Contrary to 4 FAM 232.1-1 c., Embassy Lisbon does not have a centralized accounts receivable system in place and no system for billing and tracking payments for personal phone usage. As a result, the embassy does not efficiently collect the funds it is owed.

Recommendation 33: Embassy Lisbon should establish an accounts receivable system in the financial management unit. (Action: Embassy Lisbon)

Cashier Controls

The mission's seven subcashiers do not periodically reconcile their advances as required by 4 FAH-3 H-397.2-3 a. Two advances that require monthly reconciliations have been scrutinized only four times in the last 12 months, which means that errors, embezzlement, and misuse may go undetected. According to 4 FAH-3 H-397.2-3 e. and f., U.S. citizen supervisors of subcashiers must ensure that verifications are done, and the financial management officer is responsible for assisting with any difficulties in obtaining verifications.

Recommendation 34: Embassy Lisbon should issue a management notice instructing supervisors of subcashiers to comply with requirements for monthly or quarterly unannounced cash verifications and financial management officer monitoring. (Action: Embassy Lisbon)

Recommendation 35: Embassy Lisbon should update work requirements statements for supervisors of subcashiers to reflect requirements to conduct cash verifications. (Action: Embassy Lisbon)

Internal Revenue Service Reporting

The financial management office does not report to grantees, on the Internal Revenue Service Form 1099, payments exceeding \$600 per year. Also, it does not report these payments to the Internal Revenue Service. The reporting requirements are documented in the Internal Revenue Service publication, *2012 General Instructions for Certain Information Returns*.

Recommendation 36: Embassy Lisbon should report payments exceeding \$600 per year to grantees and to the Internal Revenue Service. (Action: Embassy Lisbon)

Performance Management

Embassy Lisbon's system for local staff performance evaluations has not been successful. Supervisors characteristically disregard their responsibilities under 3 FAH-2 H-135.5. In the past year, supervisors have submitted late performance documents for 98 of 117 LE staff members. Retroactive step increases were necessary for 56 LE staff members to rectify late evaluations.

Recommendation 37: Embassy Lisbon should include a work requirement for supervisors of locally employed staff members to complete locally employed staff performance evaluations and work requirements statements on time and rate the supervisors based on their conformance to this standard. (Action: Embassy Lisbon)

Tablet Computing

PAS recently purchased two tablet computers, but the mission does not have a policy establishing appropriate management controls for them. The OIG team identified a template memorandum that addresses the use and support of these units.

Informal Recommendation 19: Embassy Lisbon should establish management controls for all tablet computers.

Consular Management Controls

Embassy Lisbon consular management controls were in good shape. Required documentation of accountability is current. The only area for improvement was that the second backup consular cashier does not have sufficient recent experience. A best practice is to rotate cashier duties regularly so that the backup can stay current with the software.

Informal Recommendation 20: Embassy Lisbon should rotate consular cashier duties to ensure that all cashiers stay current and knowledgeable.

Consular Agency Funchal

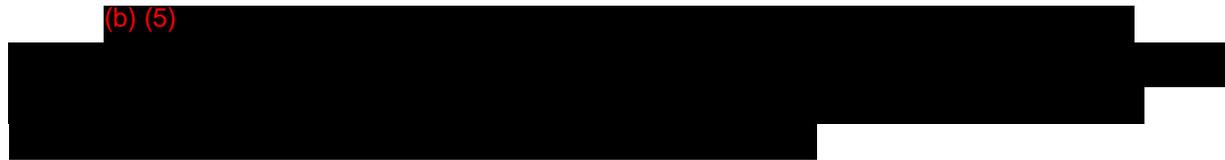
Accountability of the consular agency in Funchal is not up to speed. This report makes a recommendation to close the agency, but until that is done the embassy and the agency must follow 7 FAH guidelines on consular accountability. Specifically, use of Optional Form 158, which is issued by the Class B cashier in Lisbon but is not being promptly processed and returned to Funchal.

Recommendation 38: Embassy Lisbon should require that consular cash deposits for the Funchal consular agency are promptly recorded on Optional Form 158 and the form immediately transmitted to the consular agency. (Action: Embassy Lisbon)

Partially as a result of the delay in processing the Optional Form 158 receipts, the daily accounting sheets in Funchal are not being process in a timely fashion. This delay decreases accountability and increases the vulnerability of the U.S. Government to fraud.

Recommendation 39: Embassy Lisbon should promptly process the monthly Daily Accounting Sheet reports for the consular agency in Funchal and immediately transmit them to the consular agency. (Action: Embassy Lisbon)

(b) (5)



Recommendation 40: (b) (5)



List of Recommendations

Recommendation 1: Embassy Lisbon should eliminate the Ambassador's staff assistant position and return the incumbent to duty in the political/economic section. (Action: Embassy Lisbon)

Recommendation 2: Embassy Lisbon should implement a system to maintain official records in shared section files on the classified and unclassified systems. (Action: Embassy Lisbon)

Recommendation 3: Embassy Lisbon should enter its unclassified biographic information on the Department of State's Diplopedia intranet system. (Action: Embassy Lisbon)

Recommendation 4: Embassy Lisbon should record all training nominees in the International Vetting and Security Tracking database. (Action: Embassy Lisbon)

Recommendation 5: Embassy Lisbon, in coordination with the Bureau of Democracy, Human Rights, and Labor, should designate two coordinators for the Leahy vetting program and provide each with training and authorization to use the International Vetting and Security Tracking database. (Action: Embassy Lisbon, in coordination with DRL)

Recommendation 6: Embassy Lisbon should maintain official records of law enforcement working group agendas and meeting minutes. (Action: Embassy Lisbon)

Recommendation 7: Embassy Lisbon should include representatives of the consular and political/economic sections in the meetings of the law enforcement working group. (Action: Embassy Lisbon)

Recommendation 8: Embassy Lisbon, in coordination with the Bureau of European and Eurasian Affairs and the Office of the Under Secretary for Public Diplomacy and Public Affairs, should implement its proposed public affairs reorganization, including the elimination of one locally employed staff position. (Action: Embassy Lisbon, in coordination with EUR and R/PPR)

Recommendation 9: Embassy Lisbon should implement a mechanism to ensure that visa interviewing officers counsel all applicants for work visas regarding their rights as temporary workers in the United States and record the discussion in the case notes. (Action: Embassy Lisbon)

Recommendation 10: Embassy Lisbon should submit its Visas Viper reports in accordance with Department of State guidelines. (Action: Embassy Lisbon)

Recommendation 11: The Bureau of Consular Affairs, in coordination with the Bureau of European and Eurasian Affairs, should close the Funchal, Madeira, consular agency. (Action: CA, in coordination with EUR)

Recommendation 12: The Bureau of Human Resources, in coordination with the Bureaus of Consular Affairs and European and Eurasian Affairs, should eliminate the vice consul position number 30015004 in Ponta Delgada. (Action: DGHR, in coordination with CA and EUR)

Recommendation 13: Embassy Lisbon, in coordination with the Bureau of Consular Affairs, should transfer responsibility for nonimmigrant visa processing for the residents of the Azores to Embassy Lisbon. (Action: Embassy Lisbon, in coordination with CA)

Recommendation 14: Embassy Lisbon, in coordination with the Bureaus of Human Resources, Consular Affairs, and European and Eurasian Affairs, should eliminate the locally employed visa position number N31049 at Consulate Ponta Delgada. (Action: Embassy Lisbon, in coordination with DGHR, CA, and EUR)

Recommendation 15: Embassy Lisbon, in coordination with the Bureaus of Human Resources and European and Eurasian Affairs, should eliminate the locally employed driver position number A30147 at Consulate Ponta Delgada. (Action: Embassy Lisbon, in coordination with DGHR and EUR)

Recommendation 16: Embassy Lisbon, in coordination with the Bureaus of Human Resources and European and Eurasian Affairs, should eliminate the locally employed information technology position number A50105 at Consulate Ponta Delgada. (Action: Embassy Lisbon, in coordination with DGHR and EUR)

Recommendation 17: Embassy Lisbon should limit the hours of duty for the Ambassador's driver in accordance with Department of State regulations. (Action: Embassy Lisbon)

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Recommendation 22: Embassy Lisbon should require raters to update position descriptions of local staff annually and require that performance evaluations be completed on time. (Action: Embassy Lisbon)

Recommendation 23: The Bureau of Human Resources should provide policy interpretation and procedural guidance to Embassy Lisbon on how to support the Allied Joint Force Command Lisbon's administrative needs. (Action: DGHR)

Recommendation 24: Embassy Lisbon, in coordination with Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should eliminate the language designation for the positions numbered 52103000, 52326601, 55124000, 53152000, and 50028000. (Action: Embassy Lisbon, in coordination with EUR and DGHR)

Recommendation 25: Embassy Lisbon, in coordination with the Bureau of European and Eurasian Affairs, should reclassify position number 55124000 as a manager. (Action: Embassy Lisbon, in coordination with EUR)

Recommendation 26: Embassy Lisbon should collect diplomatic pouch bags upon their arrival and customs clearance. (Action: Embassy Lisbon)

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Recommendation 28: Embassy Lisbon should establish a full-time telephone operator position. (Action: Embassy Lisbon)

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Recommendation 35: Embassy Lisbon should update work requirements statements for supervisors of subcashiers to reflect requirements to conduct cash verifications. (Action: Embassy Lisbon)

Recommendation 36: Embassy Lisbon should report payments exceeding \$600 per year to grantees and to the Internal Revenue Service. (Action: Embassy Lisbon)

Recommendation 37: Embassy Lisbon should include a work requirement for supervisors of locally employed staff members to complete locally employed staff performance evaluations and work requirements statements on time and rate the supervisors based on their conformance to this standard. (Action: Embassy Lisbon)

Recommendation 38: Embassy Lisbon should require that consular cash deposits for the Funchal consular agency are promptly recorded on Optional Form 158 and the form immediately transmitted to the consular agency. (Action: Embassy Lisbon)

Recommendation 39: Embassy Lisbon should promptly process the monthly Daily Accounting Sheet reports for the consular agency in Funchal and immediately transmit them to the consular agency. (Action: Embassy Lisbon)

Recommendation 40: (b) (5)



List of 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.

Informal Recommendation 1: Embassy Lisbon should review staffing requirements for the standing bilateral commission meetings with a view toward reducing the time and resources devoted to them.

Informal Recommendation 2: Embassy Lisbon should review tasking procedures for the political/economic section to ensure that officers focus on policy priorities.

Informal Recommendation 3: Embassy Lisbon should include biographic reporting and leadership analysis responsibilities in the work requirements of all officers who have significant contact work.

Informal Recommendation 4: Embassy Lisbon should require appropriate sections of the mission to provide local content for the embassy Web page.

Informal Recommendation 5: Embassy Lisbon should reassign to the public affairs officer responsibility for Fulbright matters on the standing bilateral commission.

Informal Recommendation 6: Embassy Lisbon should require that the assistant public affairs officer obtain a grants warrant.

Informal Recommendation 7: Embassy Lisbon should distribute public diplomacy grants appropriately in support of all mission goals.

Informal Recommendation 8: Embassy Lisbon should monitor the temperature of the visa waiting room to ensure that it remains within acceptable standards.

Informal Recommendation 9: Embassy Lisbon should schedule and hold regular consular staff meetings and a yearly consular teambuilding leadership event.

Informal Recommendation 10: Embassy Lisbon should rewrite and reclassify the position descriptions of the locally employed staff members with visa responsibilities.

Informal Recommendation 11: Embassy Lisbon should perform annual validation studies of its visa issuances, including referral cases.

Informal Recommendation 12: Embassy Lisbon should sell Consulate Ponta Delgada's excess property.

Informal Recommendation 13: Embassy Lisbon should examine options for housing the streamlined consulate and implement the most cost-effective solution.

Informal Recommendation 14: Embassy Lisbon should issue a management notice instructing staff that the basement repair shops are not a thoroughfare.

Informal Recommendation 15: Embassy Lisbon should develop a database for local employees' training.

Informal Recommendation 16: Embassy Lisbon should revise the duty schedule for the classified pouch escort duty to include only mission offices that regularly use the classified pouch.

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Principal Officials

	Name	Arrival Date
Ambassador	Allan J. Katz	04/10
Deputy Chief of Mission	Lucy Tamlyn	12/10
Constituent Post		
Ponta Delgada Consul General	Rafael Perez	09/11
Chiefs of Sections:		
Management	Bruce Wilson	09/10
Consular	Christopher Richard	09/10
Political/Economic	Gabriel Escobar	08/11
Public Affairs	Virginia Staab	01/12
Regional Security	David Groccia	05/10
Other Agencies:		
Homeland Security, Customs and Border Protection	Richard Sparks	12/08
Foreign Commercial Service	Mark Russell	08/11
Drug Enforcement Administration	Bruce Daniel	03/11
Defense Attaché Office	Col. William Hampton	05/11
Office of Defense Cooperation	Cmdr. Terrence Dudley	08/10

Abbreviations

BBG	Broadcasting Board of Governors
DCM	Deputy chief of mission
Department	U.S. Department of State
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICASS	International Cooperative Administrative Support Services
IM	Information management
LE	Locally employed
NATO	North Atlantic Treaty Organization
OIG	Office of Inspector General
PAO	Public affairs officer
PAS	Public affairs section

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OR MISMANAGEMENT**
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Office of Inspector General
HOTLINE
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202-647-3320
800-409-9926

oi hotline@state.gov

oig.state.gov

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

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