



UNITED STATES DEPARTMENT OF STATE
AND THE BROADCASTING BOARD OF GOVERNORS
OFFICE OF INSPECTOR GENERAL

ISP-I-13-12A

Office of Inspections

February 2013

Inspection of Embassy Santiago, Chile

~~**IMPORTANT NOTICE:** This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

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

Office of Inspector General

PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

Table of Contents

Key Judgments	1
Context	2
Executive Direction	3
Embassy Management and Coordination	3
Strategic Direction and Coordination	4
National Security Decision Directive 38	5
Morale and Workplace Issues	6
Mentoring and Professional Development for First- and Second-Tour Officers	7
Policy and Program Implementation	8
Economic and Political Reporting and Analysis	8
Innovative Practice: Trafficking in Persons Working Group	9
Law Enforcement Affairs Coordination	12
Public Affairs	13
Consular Operations	16
Security	20
Management Section	22
Human Resources	22
Financial Management	25
International Cooperative Administrative Support Services	26
General Services	26
Facility Management	29
New Technology Use for Property Inspections	30
Innovative Practice: New Technology Use for Property Inspections	30
Safety, Health, and Environmental Management	30
Information Management	30
Quality of Life	34
Community Liaison Office	34
Health Unit	34
Schools	34
American Recreation Association	35
Management Controls	36
Referral Program and Adjudication Reviews	37
List of Recommendations	38
List of Informal Recommendations	41
Principal Officials	45
Abbreviations	46

Key Judgments

- The embassy successfully manages the bilateral relationship in Washington and Santiago and creatively engages the Chilean Government on regional and global issues.
- The embassy's Integrated Country Strategy is solid and focused, but embassy activities are not consistently linked to it. The embassy needs to develop plans for use of travel and representational funds, as well as for reporting, which are keyed to strategic priorities.
- The front office needs to improve communication with staff, including the clarity of its taskings.
- The embassy initiated and leads an international working group to combat trafficking in persons that effectively engages Chilean institutions and other governments, which is an innovative practice.
- The embassy needs to strengthen its Equal Employment Opportunity (EEO) program.
- The management and consular sections provide first-class customer service.
- The embassy innovatively uses technology to conduct residential inspections, schedule repairs, reduce costs, and improve efficiency.
- Embassy staff increases in recent years have begun to strain available office space in the chancery and may require reconsideration of the embassy hosting regional offices of other agencies.
- The professional development program for first- and second-tour officers (FAST) needs to be more structured.
- The public affairs section needs to develop a public affairs strategy, rebuild a sense of team cohesion, and reorganize staff and functions in light of recent personnel cuts.

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 the Office of Inspector General (OIG) team did not identify problems that need to be corrected.

The inspection took place in Washington, DC, between September 4 and October 1, 2012, and in Santiago, Chile, between October 3 and 23, 2012. [REDACTED]

[REDACTED]
conducted the inspection.

Context

Chile is one of South America's economic and political success stories, with the highest per capita gross domestic product in South America (\$14,394). It was the first South American country to join the Organization for Economic Cooperation and Development and is a leader in the Trans-Pacific Partnership. Free market practices and sound macroeconomic policies have driven strong economic growth, low inflation, declining poverty rates, and a vibrant export sector. Chile has the strongest sovereign bond rating in South America, and gross domestic product grew by 5.1 percent in 2010 and 6.5 percent in 2011. The country experienced a devastating earthquake in 2010 that ranked in the top 10 largest earthquakes ever recorded and cost the economy between \$15 billion and \$30 billion. The resultant tsunami devastated coastal towns and caused a blackout that affected nearly all Chileans.

In 2011, President Obama visited Chile and lauded its democratic transition after the dictatorship of the 1970s and 1980s. Bilateral trade has more than doubled since the U.S.-Chile Free Trade Agreement entered into force in 2004; two-way trade in goods totaled \$17.9 billion in 2010, with the United States running a \$3.9 billion surplus. The United States is Chile's second largest trading partner and its largest foreign investor, accounting for 24 percent of foreign direct investment from 1974-2010. The embassy facilitates bilateral commercial relations, identifying markets for trade in goods and services and investment opportunities for U.S. firms. Embassy priorities include promotion and protection of U.S. agriculture, improved Chilean commitment to protect intellectual property rights and expanded access for U.S. goods and services. Historically, Chile has not played a strong role in the region, but it has started to raise its profile. It has deployed peacekeepers to Haiti and collaborates with the U.S. on trilateral aid projects in Paraguay and Central America. The United States holds regular, high-level consultations with Chile on defense and political cooperation. Bilateral law enforcement and security cooperation also focus Central America. Working-level defense contacts are good, and there are frequent official visits, including the U.S. Secretary of Defense in April 2012.

The embassy gets high marks in Washington for managing the bilateral relationship. The embassy's strategic goals have two pillars: building stronger partnerships across a spectrum of national security interests, including trade; and protecting and serving U.S. citizens while facilitating travel and maintaining U. S. border security. The embassy has a staff of 321 employees, including 119 U.S. direct-hires, 58 U.S. local hires, and 144 locally employed (LE) staff. The OIG team focused on executive direction; staffing gaps; management and leadership problems in the public affairs office; the EEO program; space constraints; the challenge of a road construction project adjacent to the chancery; an increasingly expensive rental housing market; and mission morale. The embassy's program budget in FY 2012 was \$4,055,290. Chile receives International Military Education and Training funding (\$820,000 in FY 2013).

Executive Direction

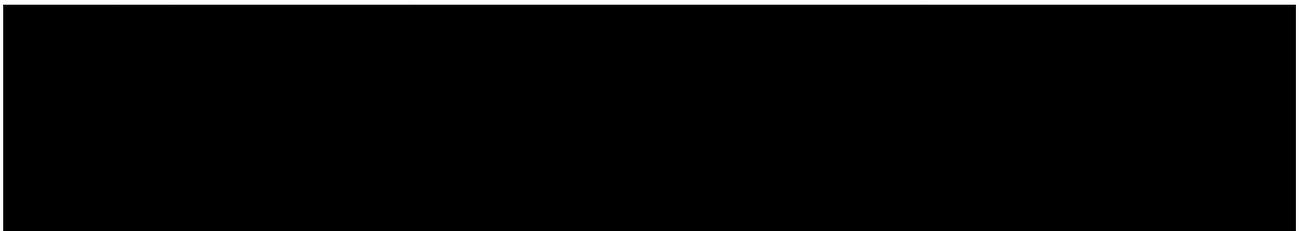
Embassy Santiago is led by an Ambassador with strong policy and diplomatic skills and a deputy chief of mission (DCM) with experience working on management issues from a previous DCM assignment in Latin America. The embassy in general and the Ambassador in particular creatively manages the bilateral relationship and encourages Chile to become more engaged on regional and global issues where it shares values and objectives with the United States. The Ambassador enjoys close, constructive relations with a broad range of senior officials, the private sector, and civil society. The Department of State (Department) and other foreign and defense agencies seek the Ambassador's advice on regional and global issues, not just bilateral matters with Chile. The Department of Energy, for example, chose the Ambassador to lead an outreach effort to the U.S. business community on exporting to key regional markets.

The Ambassador and the embassy aggressively support the programs and activities of all agencies. The Ambassador has shown a capacity and willingness to take on difficult issues on their behalf—and usually succeeds. Cooperation between Chile and the United States in the economic, military science and technology, and political fields has increased the mission's workload, including support for visits to and from the United States.

Embassy Management and Coordination

Despite the embassy's strong substantive performance, it has a variety of internal problems that stem largely from front office management, communication, and coordination issues. The Ambassador and DCM have different leadership and management styles and strengths, and they do not work effectively as a team. The Bureau of Western Hemisphere Affairs (WHA) is aware of this situation, as are many members of the embassy's staff. The Ambassador looks to the DCM to be the embassy's chief operating officer and sounding board for him on policy issues. This arrangement has not worked well. The DCM focuses on internal operations, and he has spent extra time overseeing the management section because of long personnel gaps there. Many section and agency heads view the DCM as not comfortable with or engaged on substantive policy issues. He is praised for being a visible presence in the embassy by walking around the mission, but he needs to be more alert to operational problems and engaged in resolving them.

Both the Ambassador and DCM were unaware of the extent of leadership, management, and morale problems in the public affairs section involving American staff until a reduction in force (RIF) of LE staff in July 2012 forced it to their attention and required them to take action.



The embassy has a good complement of interagency and intersectional meetings. The Ambassador chairs a weekly meeting of the full country team and a weekly meeting of core country team members, which includes all reporting and law enforcement agencies and Department sections. Notes from the country team meeting are circulated to all American staff. Daily press briefings, weekly meetings with section heads, and regular meetings with other agency heads keep the Ambassador abreast of embassy activities. The DCM meets monthly with section heads, but these meetings have not proven to be an effective management vehicle.

Taskings from the front office are not clear, often resulting in wasted time, with sections trying to determine on their own what is requested and who has action. The role of the front office's protocol unit in taskings and facilitating visitors to the front office is not clearly understood within the mission. The front office staff does not meet as a team to review scheduling, taskings, and other operational issues. Such meetings would improve teamwork and communications within the front office and enhance front office communication with the rest of the embassy. New section heads and staff arrived this summer in key embassy sections. They are aware of shortcomings in communications and paper flow and want to help develop a better system.

Informal Recommendation 1: Embassy Santiago should initiate periodic meetings of the front office staff, including the protocol unit, to review scheduling, taskings, and other operational issues.

Informal Recommendation 2: Embassy Santiago should establish a working group of select section and agency heads and front office staff to develop a new tasking and paper flow system for the Ambassador's approval.

Strategic Direction and Coordination

The embassy's Integrated Country Strategy is a first-rate document that provides clear and appropriate strategic goals and objectives. All agencies and sections participated in developing the strategy. The Mission Resource Request effectively links mission resources to goals and objectives outlined in the Integrated Country Strategy.

Implementation has been less successful. Beyond meetings, there are no processes that tie operational budgets to strategic priorities. The embassy does not have a formal process to plan and coordinate reporting among its several reporting sections and agencies. There is an excellent process, led by the DCM and involving all agencies and sections, for developing plans for the Ambassador's travel in Chile, but nothing similar for embassy sections. Section staff is also unaware of funding allocations for either travel or representation. In addition, mission employees said that lack of funds prevented needed official travel. The front office was not aware of the problem.

Recommendation 1: Embassy Santiago should establish a semiannual review process to assess and report to the Ambassador and the Bureau of Western Hemisphere Affairs progress toward

meeting objectives in the Integrated Country Strategy, including appropriate adjustments in travel and reporting plans. (Action: Embassy Santiago)

Informal Recommendation 3: Embassy Santiago should tie the work requirements of all Department of State U.S. direct hires to mission objectives.

Informal Recommendation 4: Embassy Santiago should apportion travel and representational funds based on Ambassador-approved section travel and representational plans tied to the embassy's strategic priorities. Section heads should be responsible for managing the section's funding allocation accordingly.

National Security Decision Directive 38

Since 2006, when the last inspection occurred, the embassy has grown by 20 positions. The overwhelming majority were Department of Defense positions. With closer bilateral relations and its pleasant setting in one of Latin America's most dynamic, safe, and scenic countries, Chile is an attractive venue for offices with regional responsibilities beyond Chile. The Ambassador has expressed concerns about the mission ability to support further mission growth because of support staff and space limitations. Some units of the regional security office have inadequate office space, and must use common access computer terminals outside their work space, which diminishes productivity. As a result, the Ambassador has instituted a "soft freeze" on new National Security Decision Directive 38 approvals. In doing so, he has skillfully worked with senior agency representatives so that the freeze is accepted in Washington and does not lead to conflict in Santiago. All stakeholders in the embassy are involved in the National Security Decision Directive 38 decisionmaking process, with the exception of the RSO. Inspectors have counseled the embassy to include the RSO in the consideration of National Security Decision Directive 38 requests.

There is still some underused space in the chancery that could be suitable for cleared American staff. A 2012 rightsizing review noted Santiago is the Latin American base for three U.S. military science and technology research offices with broad regional responsibilities that include all or most of the Western Hemisphere and in one instance, South Africa, as well. At least one of the three would have preferred to be located in another country but was refused permission by the host government. These offices identify and support the development of technologies that may have national security applications. Most of their work involves countries other than Chile and could probably be carried out as well from a U.S. location. Department of Defense direct-hire employees constitute about 35 percent of embassy direct-hire staffing; by comparison, the worldwide average is about 16 percent. Either budgetary or space constraints may cause the embassy to consider the option of having these offices relocate to the United States, which would free up space for anticipated mission growth in other areas. The embassy will require the assistance of space planners in the Bureau of Overseas Buildings Operations (OBO) to thoroughly review and identify options for accommodating increased embassy growth, which the rightsizing review projected to grow by 6.5 U.S. direct-hire positions by 2017.

Recommendation 2: The Bureau of Overseas Buildings Operations, in coordination with Embassy Santiago and the Bureau of Western Hemisphere Affairs, should conduct a survey of all chancery office space and develop a plan for unused and underused space for new purposes and to accommodate future growth. (Action: OBO, in coordination with Embassy Santiago and WHA)

Informal Recommendation 5: Embassy Santiago should consider proposing the relocation of the several technical Department of Defense offices to the United States to free up needed office space.

Morale and Workplace Issues

A Washington-mandated RIF in the public affairs section in July 2012 still reverberates negatively [REDACTED]. The morale of U.S. direct-hire staff is fair to good but is affected by challenges in dealing with Chilean import restrictions for household effects and vehicles, residential security problems, the high cost of living, and the loss of rest and recuperation travel privileges. Both the Ambassador and DCM are viewed by many staff as being unaware of morale issues and as not having a systematic approach for identifying and dealing with them. Some staff said they have few interactions with the Ambassador and rarely see him in their workplace or outside the front office. Embassy staff respect the Ambassador's intellect and diplomatic skills but find him distant; a situation not rectified by him hosting five town hall meetings in the previous year. During the staffing gap in the management counselor position, the DCM met with the community liaison office (CLO) co-coordinators to be briefed on community activities and morale and to oversee the CLO co-coordinators' work. The OIG team counseled the DCM to continue meeting regularly with the CLO co-coordinators, together with the new management counselor. Regular visits by the Ambassador would be particularly useful for the public affairs section, which is going through a rebuilding process, and for the consular and management sections, whose performance is key to post morale.

Informal Recommendation 6: Embassy Santiago should implement a plan for the Ambassador to visit or schedule periodic meetings with section heads and their staff in their offices to enhance his understanding of their work and their awareness of his priorities and strategic direction.

Informal Recommendation 7: Embassy Santiago should arrange for the Ambassador to meet periodically with the community liaison office co-coordinators.

Overall LE staff express satisfaction with their jobs and are respected by their American colleagues. [REDACTED]

Mentoring and Professional Development for First- and Second-Tour Officers

Embassy Santiago has 16 FAST officers, 4 of whom are specialists. The largest number of FAST personnel is in the consular section, which has 5 officers, but there are FAST personnel in every section with the exception of public affairs. The consular section has an excellent professional training program for its officers that focuses on consular work and responsibilities. There is no structured, front office-led professional development and mentoring program for FAST personnel. Professional development activities for FAST personnel generally are coordinated by a FAST officer. The DCM and section heads occasionally take FAST officers to official meetings to gain experience in note taking. The DCM has hosted representational events for FAST officers and their Chilean and third-country diplomatic contacts. The DCM and consul general also spoke to a group of FAST generalist officers about career and rating issues and plan to hold another meeting in the coming months. The initiative for these meetings comes from the FAST coordinator and her FAST colleagues.

The Secretary, the Director General, and other senior Department officials have made it clear that they look to ambassadors and DCMs to play an active role in contributing to the professional development of FAST personnel. Guidance in 3 *Foreign Affairs Manual* (FAM) 2244.2-1 provides that the DCM will in most cases be the reviewing officer for entry-level officers. The DCM, however, reviews the ratings of only three FAST officers. In large organizations where the pressure of work makes difficult the conduct of this important responsibility, 3 FAM 2242.4 a. allows the DCM to delegate this responsibility, but Embassy Santiago is not large enough to warrant this step. There are a number of excellent examples of front office engagement in large and small embassies, which the OIG team provided to the embassy and from which the embassy could draw. The activities of the FAST group have focused exclusively on generalist officers and not on specialists, although the mission took steps during the inspection to resolve this discrepancy. During the inspection the Ambassador gave a well-received talk at his residence on multilateral diplomacy to which FAST officers, were invited

Recommendation 3: Embassy Santiago should develop a structured professional development and mentoring program for first- and second-tour officers. (Action: Embassy Santiago)

Recommendation 4: Embassy Santiago should designate the deputy chief of mission as the assigned reviewing officer for first- and second-tour generalists. (Action: Embassy Santiago)

Informal Recommendation 8: Embassy Santiago should plan for the Ambassador to meet occasionally with first- and second-tour officers as a group.

Informal Recommendation 9: Embassy Santiago should give equitable attention in the first- and second-tour program to the professional development and mentoring needs of first- and second-tour specialist officers.

Policy and Program Implementation

Economic and Political Reporting and Analysis

Embassy Santiago has a combined economic and political section led by a section chief in an FS-01 position. Two FS-02 officers supervise the section's economic and political units, respectively. Within the 12-person section, job satisfaction is high and interpersonal relationships are collegial. Work requirement statements are clear and current. The three LE staff members are well trained and supportive.

At the time of the inspection, over half of the officers, including the section chief, were recent arrivals. The turnover in both the economic/political and the public affairs sections provided a chance to change the sections' working relationship that had been fraught with discord. Both sections seized the opportunity and cooperation has improved. Non-Department agencies at post are unanimously satisfied with the level of cooperation with the economic/political section. Willingness to share information is crucial in a mission in which taskings and direction from the front office are not always clear.

The economic/political section maintains excellent contact with the country desk in Washington, which participates by telephone in weekly staff meetings. These conference calls highlight interaction with other agencies at post and in Washington. The practice is mutually beneficial.

Washington consumers are satisfied with the embassy reporting. The OIG team found the quality and timelines of reporting was good and follows the strategic objectives of the Integrated Country Strategy. The new economic/political counselor has started to approve routine reporting that had previously gone to the front office, which is appropriate. Required annual reporting, responses to Department questionnaires and démarches, memoranda of conversation, and scenesetter cables for visiting delegations demonstrate that the section has a deep knowledge base about Chile and a variety of contacts among its leaders. Cables are well sourced. The LE staff provide information and language for cables and reports. The U.S. local hire assistants sometimes draft cables.

The only significant reporting shortcoming is analytical reporting, which is sparse. Asked about the quantity of analytical cables, most economic/political section officers agreed that analysis is thin. They explained that it is difficult to find time to write analytical pieces because of the large number of visitors, démarches, and other time-consuming tasks. In the past year, the section handled 403 country clearance requests and supported more than 100 official visitors in such ways as scheduling, note taking, and accompanying visitors on travel. A deputy secretary, an under secretary, and a deputy assistant secretary from the Department all visited Chile in 2012. Démarches are frequent. In September 2012 alone the section conveyed 15 démarches to the Government of Chile.

The section has excelled in building ties with Chilean institutions, nongovernmental organizations, and other diplomatic missions that combat trafficking in persons.

Innovative Practice: Trafficking in Persons Working Group

Innovative Practice: Trafficking in Persons Working Group

The economic/political section organized a trafficking in persons working group comprised of 20 entities representing the Chilean Government, the United Nations, nongovernmental organizations, and foreign embassies. The group creates partnerships between relevant departments of the Chilean Government, nongovernmental organizations, and other embassies. Together they plan strategies, share information, and coordinate funding to help implement Chile's new antitrafficking legislation.

Issue: To enhance Chile's efforts to combat trafficking in persons.

Response: The working group meets regularly to discuss ways to support Chile's antitrafficking efforts. A seven-organization steering committee was created to institutionalize the group and tie it to organizations rather than individuals, with a view toward creating long-term sustainability. Upon hearing of the group, the Minister of Women's Affairs asked to attend a meeting. Other relevant sections of the government, including those tasked with border control, migration, and child protection, are now involved. During the inspection another European Union member country joined the group.

Result: The working group enhances antitrafficking awareness among journalists and the general public. The Ministries for Women's Affairs and the Interior are using the group's ideas to craft a strategic plan on trafficking. Information exchanges maximize the knowledge base for the Department Trafficking in Persons report and for other countries and organizations that share our concerns about human trafficking.

The economic/political unit prepares a semiannual reporting plan. The plan from January to June 2012 included 19 cables, of which 12 were completed. The plan is an excellent way to anticipate upcoming events and required reporting. The political unit does not have a reporting plan.

One of the few irritants in the U.S.-Chile relationship involves intellectual property rights. The economic/political section prepares a twice yearly report on Chile's progress and an action plan to encourage fulfillment of Free Trade Agreement commitments, including intellectual property rights. The Ambassador, economic officers, and Department of Commerce officers have raised intellectual property issues with a range of Chilean leaders and entities, including the President, the Ministry of Education, the Ministry of Trade, the Supreme Court, and legislators.

The senior economic officer helps build the economic policy expertise of his staff by giving a short tutorial on economic principles in each weekly meeting. Sample topics have

included how central banks affect money supply, how elasticity of demand affects prices, and how to calculate net present value.

Most embassy travel is built around the needs of the front office and visitors. The economic/political unit stopped travelling because it was told midyear that there was no more travel money, only to scramble in September to take two trips when funds were made available. The Bureau of International Narcotics and Law Enforcement Affairs (INL) reported that the lack of travel within country impedes the embassy from covering INL issues as much as desired. (See the Executive Direction section of this report regarding embassy travel planning.)

The economic/political section efficiently used limited representation funds made available to it in 2012. Representational events were balanced among section officers and covered all five objectives under the Integrated Country Strategy's number one goal of partnership with Chile. LE staff does not use representational funds; they use their own money to take contacts to lunch or dinner.

All positions in the economic/political section are designated Spanish 3/3. Officers routinely use their language skills, including in presentations to Chilean officials, university groups, and civic organizations. Everyone has met the language requirement except the section's office management specialist who received a waiver based on Department needs. She is receiving Spanish language training at post, which the Department directly funds.

The section has a designated Leahy vetting point of contact and uses the International Vetting and Security Tracking system to vet recipients of U.S. training.

Business, Commercial, and Agricultural Affairs

Business and commercial objectives are a prominent part of the embassy's Integrated Country Strategy. The economic/ unit of the economic/political section collaborates closely with the Foreign Commercial Service office in the embassy, especially on pharmaceuticals and intellectual property rights. The two sections meet monthly, and there is daily interaction through email and conversations. The commercial service chief clears relevant unit reporting and participates in the embassy's intellectual property rights committee. The economic unit actively engages in intellectual property rights outreach. Within the last 6 months, officers made presentations to university students and alumni as well as diplomats from European, Mexican, and Canadian Embassies.

The unit actively and effectively promotes strategic objectives in trade, investment, and economic integration. Specifically, the economic section focuses on promoting the U.S.-Chile Energy Business Council, on pressing Chile to meet its obligations under the Free Trade Agreement, and on supporting the Trans-Pacific Partnership.

Agriculture is the second largest sector of the Chilean economy after mining and provides one in four jobs in Chile. The Foreign Agricultural Service and economic/political sections work

collegially to advance U.S. interests, and share information on labor, export, and Chile's agricultural politics.

Energy, Environment, Science, Technology, and Health

Increasing U.S.-Chile cooperation in energy, environment, science, and technology is a key mission objective. The Bureau of Oceans and International Environmental and Scientific Affairs has praised the embassy's energy, environment, science, technology, and health (EESTH) work as a model because of its "monumental" impact, including increasing media coverage of issues and the embassy's role promoting them.

An interagency science committee meets quarterly or as needed. Chaired by the EESTH officer, members are drawn from public affairs, the Foreign Agricultural Service, the Animal and Plant Health Inspection Service, the Food and Drug Administration, and representatives from the U.S. Army, Air Force, and Navy research organizations. The officer has particularly close working relations with the commercial section on renewable energies, lithium extraction, and the U.S.-Chile Energy Business Council.

In addition to the current FO-3 officer and back-up FAST officer, the 2012 Mission Resource Request requested an LE staff position to support growing collaboration with Chile on energy and the environment. U.S.-Chile engagement on science and environment has increased because of additional U.S. focus on climate change, the Energy and Climate Partnership of the Americas, Trans-Pacific Partnership, the U.S.-Chile Free Trade Agreement, and a bilateral memorandum of understanding to enhance civil and nuclear energy cooperation. An additional position would focus on outreach to government entities, nongovernmental organizations, and universities. The 2012 rightsizing report acknowledges that Chile is below the average of six comparator missions and supports the request for an additional assistant in the EESTH unit. The OIG team concurs.

Recommendation 5: The Bureau of Western Hemisphere Affairs, in coordination with Embassy Santiago, should establish a new locally employed staff energy, environment, science, technology, and health assistant position in the economic/political section. (Action: WHA, in coordination with Embassy Santiago)

To its credit, the section has creatively used funding from the Agency for International Development and the Bureau of Oceans and International Environmental and Scientific Affairs to accomplish some of its tasks. The EESTH officer is the grants office representative for two small grants totaling \$15,000 in the north of Chile. The section has not visited either project to monitor performance due to lack of travel funds. The OIG team counseled the unit to request the Bureau of Oceans and International Environmental and Scientific Affairs to include funds in future grants to allow for monitoring trips.

Law Enforcement Affairs Coordination

The law enforcement committee is chaired by the DCM and, prior to the inspection, was coordinated by an economic officer, who led discussions. The committee includes representatives from the regional security office, the economic/political section, the public affairs section, the consular section, the legal attaché, the Drug Enforcement Administration country attaché, and representatives of the Defense attaché office and the force protection detachment. Meetings are held monthly, but no record is kept of them. On at least one occasion, a key participant was inadvertently omitted from the invitation list. OIG heard different views from law enforcement officers about what the composition of the committee should be and how to make meetings more effective for coordinating law enforcement activities. OIG advised the chair to play a more active role and suggested the coordinator solicit views from committee members on how to improve the meetings.

During the inspection the embassy changed the coordinator of the law enforcement committee from an economic officer to the RSO to better focus on law enforcement. At the same time, the economic officer is assuming responsibility from the regional security office for coordinating training at the U.S.-based International Law Enforcement Academy, funded by INL.

INL funding is limited because of Chile's advanced state of development and well-run police forces. There is \$165,000 in the funding pipeline, which includes funds for collaborative activities in third countries that may be used for regional training on DNA comparisons and container tracking software, traditional INL funds for police training and equipment, and Andean Initiative funds from the Drug Enforcement Administration administered by INL. According to INL, the inability to travel impairs the section's ability to do end-use monitoring, but WHA has not funded any travel by section officers.

Counterterrorism and Countering Violent Extremism

Anarchists and small indigenous groups account for most of Chile's extremist incidents. U.S. and Chilean authorities do not consider most of these incidents to be acts of terrorism because they are not positioned to kill, maim, or terrorize. Chilean institutions cooperate in reporting suspicious transactions that could be linked to terrorist financing, and the government participates in international initiatives, such as the Global Initiative to Combat Nuclear Terrorism. All elements of the mission agree there is no need for a separate working group on counterterrorism and combating violent extremism.

Defense and Security

Coordination between the Defense attaché's office and the economic/political section is excellent. They share information and coordinate draft reporting.

Public Affairs

Management [REDACTED]

The public affairs section of 5 officers and 21 LE staff is starting to improve cohesion and performance after earlier experiencing poor leadership, which had banned staff from communicating with the front office, other sections, and even with colleagues in other units of the public affairs section. [REDACTED]

[REDACTED] The OIG team counseled the new public affairs officer to move quickly to set strategic goals and rebuild his team.

The 2006 inspection report identified the need to maintain a section calendar, but that has not been done. The OIG team urged the section to create a section calendar to keep all section employees informed of the full range of public diplomacy activities. The OIG team counseled the new chief to set clear office procedures and policies for the awarding of grants on a competitive basis and to solicit the views of embassy colleagues and the section staff on improving performance in meeting public diplomacy objectives.

Of the section's 84 grants in FY 2012, totaling \$1,326,234, none were awarded through competitive bidding. Grants were decided in consultation with contacts and partner organizations, which often took the initiative in submitting proposals. Many grants were issued on a cost-sharing basis. The OIG team counseled the section to base its grants approval process on its public diplomacy priorities.

Recommendation 6: Embassy Santiago should prepare a public diplomacy strategic plan that is tied to the Integrated Country Strategy and addresses target audience, budget, time frame, and staff resources for each program. (Action: Embassy Santiago)

Informal Recommendation 10: Embassy Santiago should develop an action plan to rebuild the public affairs team that empowers the locally employed staff, encourages initiative, and strengthens communications.

Work duties were not reassigned after the July 2012 RIF and LE staff expertise has not been well used, which has impaired section effectiveness and created inefficiencies in its work. As workloads are redistributed section staff will need training in their new areas of responsibility.

Recommendation 7: Embassy Santiago should revise the outdated position descriptions of locally employed staff members, and clarify lines of authority and work roles, particularly of those with greater budgetary and programmatic responsibility following the reduction in force. (Action: Embassy Santiago)

Informal Recommendation 11: Embassy Santiago should provide training as needed for locally employed staff with new responsibilities, especially for the grants officer

representatives, the public affairs section budget manager, and for the staff member in charge of the International Visitor Leadership Program.

Informal Recommendation 12: Embassy Santiago should assign back-up responsibilities for each locally employed staff member to cover work in his or her absence.

Information Unit

Press and information programs include an experienced and capable media monitoring team tracking national broadcast, Internet, and print news reporting. LE staff and section officers brief the front office and economic/political section chief daily and provide interested officers selected articles as well as summaries in English or Spanish.

The embassy has issued no guidance on how to handle media inquiries or interview requests. This exposes the embassy to accidental, uncoordinated, or even counterproductive messaging.

Informal Recommendation 13: Embassy Santiago should annually issue media guidelines to all employees and provide a detailed briefing to section and agency heads.

The information unit produces 2 weekly 30 minute Spanish-language radio shows on U.S. topics, which are carried by 106 local radio stations and posted on the embassy Web site. The show's production includes cooperation with Voice of America and use of its material, research, compilation, translation, interviews by two information specialists, and labor-intensive support such as labeling and mailing 99 audio discs, consuming an average of 30 percent of three LE staff members' work weeks. The section has not done a cost-benefit analysis of these radio programs. There is no data on the listener audience or a strategic target audience goal. To effectively target the program, the unit could usefully draw from relevant public opinion polling on where Chileans get their news and how they form attitudes toward the United States. Such polling could also support social media and Web site outreach.

Recommendation 8: Embassy Santiago, in coordination with the Bureau of Western Hemisphere Affairs, should contract locally with a polling firm to determine where Chileans get their news and to track attitudes toward the United States based on demographic data such as age, income, and education, and incorporate this data into the embassy's public affairs strategy. (Action: Embassy Santiago, in coordination with WHA)

Social Media and Embassy Web site

Embassy use of its social media and Web site comply with Department regulations and guidance. The assistant information officer manages the embassy's active social media programs. She has received recent training and has started strategic meetings with the section's social media team, including the assistant cultural affairs officer. The section is active on Facebook and Twitter and uplinks products as appropriate on Flickr and YouTube. The social media team has the expertise and vision to use these tools to reach the targeted audience.

The embassy Web site experienced a sharp increase in hits in 2011 but was off that pace in 2012. Web site content comes from the consular section, press releases, the Bureau of International Information Programs, and content management offices at the Department. Much of the Web site information reports on past embassy events. The OIG team urged section staff to make the Web site more meaningful to the broad Chilean audience.

Informal Recommendation 14: Embassy Santiago should include a permanent hot link featuring upcoming embassy-sponsored public events on its Web site.

Informal Recommendation 15: Embassy Santiago should minimize postings on past internal embassy events and feature external programs of interest to the Chilean target audience.

Information Resource Center

The embassy does not make effective use of the Information Resource Center because of a lack of awareness of the center's capabilities. Within the public affairs section, there is confusion or lack of knowledge of the center director's roles and responsibilities. Typically, center directors answer embassy and public inquiries, but in Santiago other members of the public affairs section do this themselves. In Santiago, a cultural assistant manages the four American Corners and one science center. The center director, however, provides books and materials to libraries in the American Corners and binational centers. The center supports both the information and cultural affairs units, but the information officer supervises the center's director. This poor fit contributes to the center's low profile and lack of mission awareness about the center's capabilities.

Informal Recommendation 16: Embassy Santiago should shift the Information Resource Center director to the direct supervision of the public affairs officer.

Informal Recommendation 17: Embassy Santiago should publicize the capabilities of the Information Resource Center and encourage embassy offices and agencies to use it to support their work.

The OIG team counseled the embassy to review the Information Resource Center functions and assess whether it should continue to operate.

Cultural Affairs Unit

The unit's four cultural LE staff assistants undertake most projects, such as two current American speaker programs in early education, in consultation with longtime contacts, but without reference to section priorities. They enjoy good relations with their contacts, but their activities need to be oriented to a strategic plan.

Fulbright Exchanges

The Fulbright Commission has a particularly active academic exchange program because of \$9.5 million in direct and indirect Chilean Government contributions, one of the largest such programs in the world. The commission is led by a dynamic executive director, and the program is strong and well-run.

Binational Centers

The embassy's 11 binational centers are nonprofit entities that charge for some English language courses and provide libraries partly funded by public affairs section grants. The OIG team visited two centers and two cost-free classes for disadvantaged pupils. Although grants to the centers all include cost-sharing, the OIG team urged the public affairs officer to make the grants part of overall embassy strategy, not driven by local requests, precedents, or loyalties.

Alumni Affairs

The cultural unit has located a professional exchange alumnus eager to coordinate alumni activities and the unit recognizes the need to assign a staff member responsible for alumni affairs. The section plans to revise its current alumni outreach strategy, which is merely a list of activities, and convert it to a plan with goals, a budget, a target audience, a time frame, and programs. This strategy would be coordinated with the Department's Office of Alumni Affairs and would determine the nature of a grant to the new alumni to be established. Chilean alumni of U.S. exchange programs administered by the Department or other agencies are an important resource for advancing common Chilean and U.S. interests. The OIG team counseled the public affairs section to take the lead in helping other agencies, who also have exchange programs, build on this initiative to develop an embassywide alumni database.

English Teaching Unit

The English teaching officer spends 30 percent of his time fulfilling regional responsibilities outside Chile. An estimated 3 percent of adult Chileans speak English. There is ample room for the English teaching officer to practice people-to-people diplomacy while helping them learn a coveted skill. Affluent Chileans acquire language training on the private market, so the officer focuses on programs for disadvantaged high school pupils. The OIG team counseled him to create a strategic plan, to include goals, dates, places, resources, regional travel, and a calendar.

Consular Operations

Santiago's mid-sized consular operation is well-run, productive, and proactive, with good morale. Consular leadership has taken advantage of 2 years of stable visa workload and capable LE staff to develop or reinforce a number of useful programs. The section has its own entry-level officer professional development plan; the entire section participated in an exercise to test new Bureau of Consular Affairs crisis management software and rehearse earthquake response

scenarios. The section continues to develop productive partnerships with Chilean Government and embassy counterparts through seminars and joint exercises; section personnel make a number of outreach trips each year to establish new contacts and provide services in remote regions with significant American citizen resident or tourist populations;. LE staff members participate in exchanges with other consular sections in the region whenever possible; and officers regularly produce high caliber reporting. The American citizens services unit organized a large get-out-the-vote event during the inspection.

The section's mix of talent and experience has enabled it to reduce average nonimmigrant visa wait times from 35 or more days in 2010 and 2011 to 2 to 3 days in 2012 and to devote more resources to American citizens services. The section makes good use of four eligible family members, who support both the visa and American citizens services units. Section management pays appropriate attention to the Visas Viper and visa referral programs and adheres to all accountability guidelines. As with many other busy consular sections, intra-office communication and transparent decisionmaking can be challenges, but leadership is committed to improving the consultative process.

Visas

The nonimmigrant visa unit's greatest challenge is managing the Global Support Strategy (GSS) contract, a worldwide contract that provides information, appointments, fee collection, document delivery, and greeters for visa services. Many consular sections worldwide experienced initial problems in converting their existing country-specific processes to the GSS contract, but Embassy Santiago still has difficulty with passport delivery a year after the contract's implementation. For some months, the section has been fielding complaints and trying to track down individual passports "lost" in the delivery system. At one point, the subcontractor closed a handful of courier outlets where visa applicants had elected to pick up their passports without notifying the contractor, the consular section, or the applicants. The contractor returned 50 allegedly nondeliverable passports to the consular section during the inspection, some with visas issued more than 6 months earlier. Consular staff members contacted all of the passport holders and determined, in most cases, where the delivery process had broken down. Until recently, however, the consular section had unwisely insisted that the contractor resolve the delivery problem without the section's intervention.

Although the contract provider is responsible for resolving subcontractor problems, the Bureau of Consular Affairs Web site clearly states that consular managers also have an obligation to monitor service levels and provide feedback to the GSS contractor. In some cases, the consular section's evaluation of the source of service problems, relevant documentation about specific cases, and proposed solutions may be critical elements of that feedback. Consular management designated a LE staff member as the primary liaison with the local GSS contract representative, but senior consular management has not focused sufficiently on resolving passport delivery problems, in part because the LE staff liaison has not always made management aware of the severity of the problem or sought their assistance.

Recommendation 9: Embassy Santiago should implement a procedure for consular management to monitor Global Support Strategy service levels in accordance with Bureau of Consular Affairs guidance and play an active role in coordinating with the local contractor. (Action: Embassy Santiago)

Informal Recommendation 18: Embassy Santiago should prepare a front channel report for the Bureau of Consular Affairs on the status of Global Support Strategy implementation in Chile after 1 year.

The William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 requires that consular officers post the act's guidelines on the embassy Web site and ensure that visa applicants read or are briefed on the contents of the Wilberforce pamphlet on the legal rights of employment or education-based nonimmigrant visa bearers. Embassy Santiago distributes pamphlets to appropriate visa applicants at the time of interview, provides pamphlets in advance to the agencies that recruit and document summer work and travel applicants, and discusses the implications of the Wilberforce Act with visa applicants whenever the consular officer has reason to believe that applicants may not understand their rights. The section is in the process of updating its portion of the Web site to display Wilberforce information prominently. Not all officers, however, include the fact they have provided the Wilberforce information to applicants in the Consular Consolidated Database, as required by 09 State 67921.

Informal Recommendation 19: Embassy Santiago should reemphasize the requirements of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 with all visa adjudicators and review a sample of cases for compliance.

The Chilean Government has expressed its commitment to take the necessary steps to qualify for the Visa Waiver Program and the visa refusal rate for Chile is close to the threshold required for participation. Although the consular section has had a dedicated fraud prevention assistant for years, it widely accepts that there is minimal fraud in the nonimmigrant visa application process. A small percentage of the suspect documents referred for fraud investigations are actually determined to be fraudulent, and most visas are issued without recourse to the fraud prevention unit.

The fraud prevention unit has conducted useful validation studies of several groups of travelers in the past 2 years: Cuban nationals resident in Chile; summer work and travel applicants; visa referral program travelers; and airline and ship crew members. The fraud prevention assistant, a 30 year consular veteran, cannot remember ever conducting a validation study of B visa applicants—the group of travelers for tourism and business purposes that will be affected by an eventual visa waiver. Adjudicating officers are operating on the assumption that the majority of B visa applicants return to Chile within prescribed time limits and are not working while in the United States. There is no practical way to confirm this without a validation study.

Informal Recommendation 20: Embassy Santiago should conduct a broad validation study of its B visa applicants in accordance with Bureau of Consular Affairs guidelines

and prepare an analysis of the results as part of its new officer training, fraud prevention effort, and visa waiver evaluation process.

Santiago's small immigrant visa unit provides a high level of service via email and through walk-in inquiries to prospective immigrants. Although the embassy processes fewer than 500 immigrant and fiancé visas per year, the immigrant visa unit receives in-person inquiries 3 days each week and answers an average of 300 emails weekly on immigrant visa issues. Many inquiries involve general questions about the immigration process, which is well-explained on both the embassy and other U.S. Government Web sites. Although the immigrant visa unit has the capacity to provide this level of service, making an interview window available 3 mornings a week for nonessential immigrant visa services can impede nonimmigrant visa and American citizens services work flow. Both LE immigrant visa assistants have been cross-trained on American citizen or nonimmigrant visa functions, but they do not often have the chance to maintain their skills in those areas. Reducing the amount of time the immigrant visa assistants spend answering inquiries will position them for future workload growth and for work in other units with higher demand.

Informal Recommendation 21: Embassy Santiago should reduce the amount of time that immigrant visa unit staff members spend providing information and assistance that is not related to actual visas in process.

American Citizens Services

A rotating entry-level officer manages routine American citizens services work under the oversight of the consular section chief. The unit's four LE staff members have a strong mix of skills and experience, are cross-trained, and have a broad range of contacts. In addition to providing the customary passport and citizenship, notarial, arrest, and deaths services, Santiago's American citizens services unit is the focal point for embassy efforts to move the Chilean Government toward the ratification of a modern extradition treaty. To provide continuity on this complicated issue, the visa chief—the section's only mid-level officer other than the section chief—handles the extradition portfolio, regularly coordinating with the Ambassador, DCM, the legal attaché, the economic/political section, and various Department offices. He also handles persistent issues related to three high-profile murder and missing person cases dating back to the Pinochet era, again due to the lack of mid-level expertise in the American citizens services unit.

In its recent consular package submissions, section management has requested either a new FS-03 officer position as a full-time American citizens services unit chief or authorization to convert one of the five entry-level positions, which currently rotate every 8 months among the four unit chief positions, to an FS-03 position to handle American citizens services issues. Santiago's request for a new position is not currently among the Bureau of Consular Affairs' priorities. Consular management is weighing whether to retain the status quo until a new FS-03 position becomes available or to request conversion of an entry-level position to a mid-level position to increase continuity in the American citizens services unit. The latter option would, however, sacrifice the current flexibility to handle any visa workload surges. The OIG team

supports the effort to increase continuity and expertise in the American citizens services unit, and urged the embassy to advise the Bureau of Consular Affairs promptly of its preferred option.

Federal Benefits

The number of American citizens resident in Chile has grown significantly as evidenced by Chilean Government statistics and by the trebling of entries in the embassy's registration database in the last 2 years. Many of these residents are retirees and the attendant increase in requests for federal benefits assistance has put pressure on the small American citizens services staff, which spent 50 percent of all its staff time on federal benefits issues in FY 2011.

In FY 2012, American citizens services staff expended considerable effort to reduce a federal benefits paperwork backlog that had developed as a result of a long staffing gap and staff turnover. The unit recently replaced walk-in customer services with an appointment system, which brought order to the federal benefits workload. Embassy Santiago currently handles about 65 inquiries, claims requests, or other services per week, most of which require communication with the Buenos Aires regional Social Security Administration office.

Although the staff reduced their role in reviewing claims applications following a training visit from the Buenos Aires Social Security Administration liaison, the unit still may be exceeding standards for how much information they request from customers and how much detail they include in communications with Buenos Aires. The unit will continue to clarify federal benefits information on the Web site, limit the amount of information they solicit from potential beneficiaries, and identify certain types of inquiries that should be referred to Buenos Aires earlier in the claims process.

Security

With some exceptions, security programs are generally in good working order. (b) (5)

The embassy only recently began giving these programs adequate attention. An August 2012 Department rightsizing review highlights the need for an additional assistant RSO position in Santiago and the OIG team concurs.

Resource Management

Agency	Direct-Hire Staff	Local-Hire Staff	Local Staff	Total Staff	Total Funding FY 2012
Department of State					
Diplomatic and consular programs	31	8	12	51	\$4,055,290
ICASS	6	34	63	103	\$7,639,700
Public Diplomacy (includes regional English language officer)	5	5	11	21	\$2,530,014
Diplomatic Security	3		1	4	\$509,750
Machine readable visa		7	6	13	\$489,161
Marine security	9		4	13	\$250,912
Representation*				0	\$36,775
OBO*				0	\$7,985,621
Department of Agriculture					
Foreign Agricultural Service	1		4	5	\$381,370
Animal and Plant Health Inspection Service	1		20	21	** Nonserviced
Department of Commerce					
Foreign Commercial Service	2		9	11	\$1,310,551
Department of Defense					
Defense Attaché Office (DAO)	8		3	11	\$783,500
Office of Defense Cooperation ** including: Force Protection Detachment (staff = 2/0/0), ITC-AME (2/0/2), NGA (2/0/1), Southern Office of Aerospace Research and Development (2/0/1), and U.S. Military Group w/TAT (33/1/4)	41	1	8	50	**Nonserviced
Office of Naval Research	2	1	1	4	\$373,000
Department of Justice					
Drug Enforcement Administration	6	2		8	**Nonserviced
Legal Attaché Office	3			3	** Nonserviced
Other Foreign Assistance					
Food & Drug Administration	1		2	3	\$371,500
INL*				0	\$60,000
Totals	119	58	144	321	\$ 26,777,144

Management Section

Despite a 10 month management officer staffing gap, the management team overall provides first-class management services. In 2012, embassy staff scored International Cooperative Administrative Support Services (ICASS) above 4.0 (on a 1-5 scale) in all areas but one. These results were higher than the 2011 scores, higher than other embassies in WHA, and higher than worldwide averages. Santiago also has high collaborative management initiative customer service scores, ranking in the top five for the region. These scores demonstrate a high degree of customer satisfaction with management support.

A new management counselor arrived during the inspection. The section includes a financial management officer, a human resources officer, a general services officer, an information management officer, a community liaison coordinator, a facility management officer, and 97 ICASS LE staff. Staffing is adequate and section morale is generally good. Most LE staff express a high degree of job satisfaction.

Since the 2006 inspection, the embassy grew by 20 U.S. direct-hire positions (4 Department and 16 other agencies, most of which were positions with the Department of Defense). The overall number of embassy LE staff positions increased by only one. As noted in the Executive Direction section of this report, limited office space constrains further mission growth.

Human Resources

The human resources unit is adequately staffed and trained and provides good service to 371 embassy employees. The unit's ICASS scores were above both the worldwide average and the average for other embassies in the region. In OIG questionnaires and interviews, mission staff complained primarily about the handling of a RIF of five public diplomacy LE staff members, family member employment opportunities, a salary freeze, LE staff insurance and benefits, and recruiting, hiring, and promotion decisions for LE staff, but these are mostly Department decisions. The OIG team met with U.S. citizen local hires, who voiced concerns about benefit and tax issues and the inability to use the Diplomatic Post Office to file tax returns.

With one exception, employee performance evaluations were completed within established deadlines. Work requirement statements were delayed for most management section positions during a 10 month gap in the management counselor position. The unit last updated the LE staff handbook in March 2012. Updates to the LE staff compensation plan have been delayed because of the U.S. Government worldwide salary freeze. Mission recruiting, hiring, and promotions complied with mission policy.

External employment for family members continues to be an issue, although there is a de facto work arrangement that allow some embassy dependents to work on the local economy. Three eligible family members work on the local economy and the embassy employs 19 eligible family members. The requirement that an eligible family member have 2/2 level Spanish for

higher level jobs is a barrier for prospective applicants. The mission does have a post language program available to assist eligible family members in learning Spanish.

Locally Employed Staff Committee

Mission management has an open dialogue with the LE staff committee. The DCM meets monthly with the committee. The new management counselor met with the committee her second day on the job and plans to meet with them regularly.

During a meeting with the OIG team, the LE staff committee chairman raised LE staff's concern with the continuing salary freeze, internal communications, and the roles and responsibilities of the LE staff committee. The OIG team informally suggested the committee work with the management section to develop a shared understanding of these issues.

The OIG team discussed separately the LE staff committee's concerns about how the embassy handled the July 2012 RIF of five local employees. The LE staff handbook states that in the event of a RIF an employee will be given 30 days notice. The handbook makes no reference to the option to give employees 30 days severance pay in lieu of 30 days notice, which is what occurred. Embassy policies on hiring and recruitment, promotions, and voluntary separation are confusing to staff, not consistently applied, and are misunderstood by some supervisors. Embassy policies require clarification. For example, in the case of a two-grade promotion, qualified applicants from within the mission must first serve 3 months at their current grade level and 1 year at each grade level below that established for the advertised position. However, outside candidates only have to serve 1 year at a grade level below the advertised position. The committee asserts this disadvantages mission employees, but the policy is consistent with U.S. Civil Service practice. In addition, some LE staff has received Department waivers to this requirement and others have not.

Recommendation 10: Embassy Santiago should determine whether its locally employed staff handbook employment policies on a reduction in force and voluntary separation are in agreement with Chilean local labor law and revise the handbook as appropriate. (Action: Embassy Santiago)

Informal Recommendation 22: Embassy Santiago, after discussion with the locally employed staff committee, should issue an administrative notice defining the locally employed staff committee's roles and responsibilities.

Informal Recommendation 23: Embassy Santiago should update and reissue its policies on hiring, recruitment, and promotions.

Informal Recommendation 24: Embassy Santiago should conduct periodic information sessions on its employment policies.

Informal Recommendation 25: Embassy Santiago should include a session on frequently asked personnel questions in its new employee orientation and post these questions on the embassy's Web site.

Equal Employment Opportunity and Federal Women's Program

Although the EEO counselor received no formal complaints in the year prior to the inspection, the inspectors received several complaints about workplace discrimination and harassment. The EEO program has been dormant for a year and needs to be rejuvenated. The sole EEO counselor manages a busy work unit and does not have sufficient time to devote to the EEO program. The embassy held an EEO town hall meeting during the inspection. Attendance was modest, but the event was well received by embassy staff. Many embassy employees are not aware of the identity of the EEO counselor. There is need for another EEO counselor to provide back-up and continuity. During the inspection, the embassy appointed and announced a LE staff EEO liaison position, but she has not yet been trained. Given the size of the LE staff community, another LE staff EEO liaison is needed. A Federal Women's Program coordinator has not been designated or trained. The SharePoint site does not have a separate section on EEO or Federal Women's Program policies, procedures, and information.

Embassy management reacted positively to the OIG team's identification of its noncompliances with 3 FAM 1500. During the inspection, the EEO counselor conducted an EEO informational town hall session. The town hall session was a start, but additional focus on the embassy EEO program is needed.

Recommendation 11: Embassy Santiago, in coordination with the Office of Civil Rights, should schedule training on Equal Employment Opportunity and harassment issues to be conducted by the Office of Civil Rights at the embassy. (Action: Embassy Santiago, in coordination with the S/OCR)

Recommendation 12: Embassy Santiago should select and train a second Equal Employment Opportunity counselor. (Action: Embassy Santiago)

Recommendation 13: Embassy Santiago should recruit, appoint, and train local employee Equal Employment Opportunity liaisons, using materials on the Office of Civil Rights Web site. (Action: Embassy Santiago)

Recommendation 14: Embassy Santiago should create an Equal Employment Opportunity and Federal Women's Program section on its SharePoint site that includes Department of State policies and procedures, and issue an administrative notice in English and Spanish to its employees with the same information. (Action: Embassy Santiago)

Informal Recommendation 26: Embassy Santiago should regularly publish a schedule for Equal Employment Opportunity activities, town hall meetings, diversity training, and related activities. The draft should be developed by the Equal Employment Opportunity counselors and the human resources officer and be approved by the deputy chief of mission.

Financial Management

The financial management unit provides first-rate accounting, budgeting, cashiering, vouchering, and payroll services. The OIG team found no anomalies in cashier operations, unliquidated obligations, the suspense deposit account, sales proceeds, official residence expenses, travel vouchers, or outstanding advances. There were problems with delinquent telephone and cell phone accounts receivables. The OIG team discussed with the financial management officer ways to improve the financial operation, including modifying standard operating procedures for telephones and cell phones, outsourcing some of its workload, and local staff succession planning. The office's present staff of 1 U.S. direct-hire financial management officer and 10 LE staff members is sufficient. Unit morale is good.

Vouchering

The financial management unit has not included in its work force planning a cost-benefit analysis of outsourcing vendor and travel voucher processing to the Department post support unit in the Bureau of the Comptroller and Global Financial Services. The unit did not perform a cost-benefit analysis for a recently hired voucher examiner, or for a financial analyst position where the incumbent is retiring, or for other LE staff eligible to retire. Outsourcing to the post support unit is one of the Department's Top 8 Global Management Priorities. This management priority goal is cost containment and cost reduction through remote voucher processing. Under this initiative, embassies are required to consider outsourcing their voucher processing.

The OIG team's analysis showed it is far more economical for the post support unit to process vouchers than for the embassy to hire new staff or replace LE staff. Embassy Santiago's unit cost to process a voucher is \$31.95 whereas it costs the post support unit only \$12 to process a voucher. The OIG team estimates that the mission could save \$50,394 annually if it outsourced the workload of one voucher examiner to the post support unit. The mission could also avoid high severance costs of \$90,000 to \$495,000 that it recently paid out to local employees. The OIG team also discussed with the financial management officer the advantages of outsourcing travel vouchers to the post support unit, which the OIG team supported in order to free up mission staff for other duties. It would cost the embassy about \$3,600-\$6,000 to outsource the processing of 300-500 travel vouchers to the post support unit.

Recommendation 15: Embassy Santiago should conduct a formal cost-benefit analysis of outsourcing its voucher processing to the Bureau of the Comptroller and Global Financial Services post support unit, and select the appropriate low-cost option. (Action: Embassy Santiago)

Landline and Cellular Telephone Usage

The embassy's telecommunications policies and procedures do not comply with Department regulations. There are no restrictions on personal local and long distance calls by embassy personnel because the embassy seeks reimbursement for these types of calls. Limited use of government telecommunications for personal reasons is allowed pursuant to 5 FAM 511

and 5 FAM 522. Personal calls are acceptable as long as they result in negligible costs to the U.S. Government and do not interfere with an employee's work responsibilities. Personal long distance calls are prohibited by 5 FAM 523.1, except under the limited "personal emergency" provision of 5 FAM 523.1 b. Employees must use personal calling cards to make personal long distance calls. Employees are not authorized to make long distance calls even with the intent of later reimbursing the U.S. Government.

After the 2010 Chilean earthquake, the embassy issued cell phones to all eligible family members using a plan that did not charge for calls made between telephone numbers within the embassy group. For eligible family members, all calls were considered personal and the embassy decided to seek reimbursement once the accumulation of personal calls reached \$20.00. This policy and an ineffective billing and reimbursement process led to bills being issued after 18 months of usage and accounts receivable in arrears of \$9,053.43. Also, there were cases of abuse of the rules by employees, resulting in some bills ranging from \$100 to \$2,400 for personal calls.

In September 2012, shortly before the OIG inspection, the embassy recalled all cell phones issued to eligible family members and issued bills of collection. The embassy developed a software program that allows employees to view their call records electronically, identify which are personal calls, and electronically submit the bill to the accounts receivable unit for collection. This system works well but has required significant information technology staff resources. It also has required some financial management staff time including the cashier's time to collect reimbursements. The cost of processing each collection is \$31.95. Clearly, the costs associated with collecting personal telephone charges are significant. The mission only recently gained the ability to sort telephone bills for land lines by extension and to seek reimbursement for personal and long distance charges. Prior to this change, charges for personal calls were uncollected.

Recommendation 16: Embassy Santiago should issue a telephone usage policy that outlines the permitted exceptions for official cell telephones and landlines. (Action: Embassy Santiago)

International Cooperative Administrative Support Services

The ICASS council operates effectively. Each agency subscribing to ICASS sends one representative to council meetings, which are held approximately four times each year, in compliance with *Foreign Affairs Handbook* (FAH), 6 FAH-5 H032 requirements. A consensus vote determines outcomes. Subcommittees work as needed and subscribing agencies express satisfaction that the meetings are productive.

General Services

The general services unit operates well, even though the general services officer was designated as the acting management counselor for several months during a staffing gap. The unit responds to daily challenges, and recognizes that if not handled promptly and correctly, challenges can grow into larger problems. The implementation of the Integrated Logistics Management System has been beneficial to all areas in the general services unit. With the arrival

of a new management counselor, the general services officer can focus on ways to improve communication among the areas he supervises and with customers.

Property Management

Property management provides good service. The off-site warehouse is clean, organized, and well maintained. The FY 2012 property management certification reported acceptable nonexpendable and expendable inventory shortages well below the 1 percent threshold for the Department. The property management supervisor conducts periodic spot-checks of the warehouse but not frequently enough to exercise adequate oversight. The general services officer and the property management supervisor acknowledged this deficiency and plan to establish closer supervision.

Informal Recommendation 27: Embassy Santiago should conduct weekly unannounced visits to the off-site warehouse.

Procurement

The procurement staff is knowledgeable and provides good support. They coordinate well with the property management and financial management unit. The OIG team informally suggested several ways to improve procedures.

Several procurement invoices incorrectly list the general services unit as the designated billing unit. This incorrect procedure increases the risk of duplicate payments and can cause a delay in vendor payments. The Department preferred practice is to list the financial management unit as the designated billing unit. The embassy agreed to ensure that all invoices list the financial management office as the designated billing unit.

Informal Recommendation 28: Embassy Santiago should list the financial management unit as the designated billing unit on all procurements including contracts, purchase orders, credit cards, and blanket purchase agreements.

Procurement staff cardholders spend a substantial amount of time procuring items with their purchase cards for other sections and agencies, and in some cases for sections that already have purchase cards and are reluctant to use them. In addition, procurement staff cardholders are providing their purchase card account numbers to the public affairs section. The funds are allotted automatically, and in many cases, without the procurement cardholder's knowledge. Department regulations state the cardholder is the only one authorized to use the purchase card and has sole responsibility for expenditures charged against the card. Otherwise, the cardholder loses the ability to verify the availability of funds.

Informal Recommendation 29: Embassy Santiago should require cardholders in other sections and agencies to use their purchase cards for their micro-purchase limits of \$3,000.00 and under.

Informal Recommendation 30: Embassy Santiago should encourage all sections and agencies to assign cardholders and obtain purchase cards.

As a cost saving measure, the procurement staff sent a memorandum to embassy sections listing publications that are also available digitally. Many of the digitalized publications cost less than half of paper subscriptions. The front office and economic/political sections now subscribe to 3 daily publications, which are received in hard copy. Subscribing to the digital publications, however, would save several thousand dollars.

Informal Recommendation 31: Embassy Santiago should discontinue paper subscriptions and subscribe to digital publication services.

The embassy maintains seven formal contracts. The OIG team's examination of the contracts revealed that the mandatory Federal Acquisition Regulation clause 52.222-50 pertaining to trafficking in persons was not included. Several contracts will be renewed or re-competed soon, at which time the procurement unit will include the appropriate trafficking in persons clauses and amend its other contracts

Recommendation 17: Embassy Santiago should include Federal Acquisition Regulation clause 52.222-50 pertaining to trafficking in persons in all contracts. (Action: Embassy Santiago)

Travel

High costs, reduced demand for travel services, customer complaints, and limited office space indicate the embassy should reassess using Carlson Wagonlit Travel as its on-site travel provider. This service costs \$89,000 annually. The embassy pays the salaries of two travel agents plus a fee per transaction, provides office space, and three workstations.

To reduce costs, the embassy could consider moving its travel services off-site or outsource its travel services. With the recent termination of the rest and recuperation break allowance and tighter travel budgets, the volume of tickets will decline significantly. The OIG team believes travel services are not cost effective, and the team does not support an on-site travel provider office.

Recommendation 18: Embassy Santiago should reassess the current memorandum of understanding with Carlson Wagonlit Travel services to determine whether it provides cost-effective services and decide whether to cancel or revise the current agreement. (Action: Embassy Santiago)

Customs and Shipping

The customs and shipping unit provides good service. The unit is in regular contact with the Chilean Government and seeks ways to work with local officials to prevent delays of incoming and outgoing shipments. The staff is proficient and understands rigorous Chilean policies and regulations.

The unit is not always able to provide Chilean authorities with the required documentation for the preclearance of imported items. To avoid delays, as well as warehouse, demurrage and other charges, the shipping staff must have packing lists, invoices, hazardous declarations, and other shipping documents uploaded to the Transportation Lite system used by Chilean port officials for inspection, processing, and clearance. The embassy obtains this documentation from the Miami Despatch Agency. Delays in receiving supporting documentation have cost the embassy storage fees up to \$100.00 a day per container. In some cases the embassy was charged up to \$400.00 per day for storage due to a lack of needed documentation.

Informal Recommendation 32: Embassy Santiago should contact the Miami Despatch Agency for assistance in meeting the Chilean Government transportation requirements.

Motor Pool

The OIG team conducted an onsite inspection of 5 percent of the 30 vehicles in the motor pool inventory and found no discrepancies. The motor pool maintains vehicle records in a well organized filing system. Drivers consistently use the Daily Vehicle Use Record (Form OF-108) to record mileage, destination, vehicle checks, and refueling.

Several agencies at the embassy operate separate motor pools. The general services officer is designated as the motor vehicle accountable officer for the embassy but does not maintain a copy of motor vehicle policies of other agencies as required. According to 14 FAM 431.2-1 b., the motor vehicle accountable officer is responsible for ensuring compliance of Department regulations and managing official vehicles at posts abroad.

Recommendation 19: Embassy Santiago should obtain a copy of motor vehicle policies of all agencies under chief of mission authority and require compliance with the Department of State and Embassy Santiago's motor vehicle policy. (Action: Embassy Santiago)

Facility Management

The facility management unit effectively maintains 14 government-owned and 61 short-term leases. It also inspects living quarters allowance properties to ensure housing meets Department size and cost requirements. The chancery and other government-owned properties are in good condition and well maintained. Some facility management workshops, as well as the mail room, are housed outside the embassy compound and do not comply with Department requirements as noted in the classified annex to this report. The facility management officer is exploring other options to address office space issues.

The general services officer usually manages the housing program, but in Santiago the facility manager does so. The OIG team received positive comments from the embassy community on the housing program. Since 2010, the rental cost of housing has increased by 20 percent. The embassy has had difficulty finding housing that is affordable under their maximum rental bench mark of \$4,500 per month and has requested a waiver, which is pending. Given

continued escalating housing costs, OBO approved the purchase of six new condominiums. The goal of OBO is to purchase 30 housing units.

New Technology Use for Property Inspections

The Happy Inspector is a tablet computer software application for property inspections. The facility management unit employs this software application to conduct residential and maintenance inspections. A checklist template customized to the inspected property is installed on the tablet. The RSO approved and the information technology section configured the tablet.

Innovative Practice: New Technology Use for Property Inspections

Innovative Practice: New Technology Use for Property Inspections

Issue: In the past, facility management employees expended several hours per day driving back and forth to employee residences to inspect, evaluate, and schedule repairs.

Response: The unit uses the Happy Inspector, a software application to which it made some modifications, to report on residential and maintenance inspections, make-ready's, and departure assessments. The PDF format report includes the condition of the properties and photos, which can be immediately sent to the E-Services coordinator to schedule a maintenance crew.

Result: The Happy Inspector saves 3 to 4 work hours per service call and reduces transportation costs, resulting in an estimated cost savings of \$65,000 per year.

Safety, Health, and Environmental Management

The embassy's safety program is adequate. The embassy is making progress in taking corrective actions recommended in the 2010 review by the Department's Office of Safety, Health and Environmental Management.

Information Management

Embassy Santiago operates an effective information management program, and the unit's services received excellent customer reviews, both in ICASS and OIG survey questionnaires. The information management officer's recent arrival provides much-needed leadership in the program.

The section has suffered from staffing gaps dating back to the 2006 OIG inspection. There has been at least one U.S. direct-hire position vacant at any given time for the past year, but the section has been performing successfully because of strong team cohesion. All unit members assist in providing service beyond their everyday duties.

The OIG team identified several areas that require management's immediate attention, including position classification, help desk coordination, mail operation, telephone network, mobile communications, and telephone operator procedures. The OIG team reviewed systems management, telephone operations, radio programs, and mail operations. Information security issues are covered in the classified annex of this report.

Information Programs Center

The information programs center is staffed by two entry-level specialists. Intermittent staffing gaps in direct-hire positions have required an entry-level specialist to act in a management capacity. This specialist has maintained operations, but some areas remain unaddressed. The OIG team concluded that the entry-level specialist position number 55133000 could be reprogrammed as a mid-level supervisory position to formalize the managerial role and establish a beneficial supervisor-mentee relationship.

Recommendation 20: Embassy Santiago, in coordination with the Bureau of Human Resources, should reclassify position number 55133000 from FP-04 entry-level specialist to FP-03 information programs officer. (Action: Embassy Santiago, in coordination with DGHR)

Information Systems Center

The embassy's help desk managed to maintain operations during recent staffing gaps, but the information systems center lacks a single focal point where customers can call for help. The embassy abolished a help desk coordinator position when the incumbent took another position. Customers submit service requests either through the online E-Services system or by contacting the information systems center staff directly. There is no established system for handling service requests, which are coordinated on an ad hoc basis. As a result, the help desk is vulnerable to service disruptions or duplications. Each help desk staff member has collateral duties, and handling help desk service requests in an uncoordinated manner leads to work disruptions. A coordinator position would resolve some of this problem.

Recommendation 21: Embassy Santiago should re-establish a help desk locally employed coordinator position in the information systems center. (Action: Embassy Santiago)

In addition to challenges with help desk coordination the information systems center unit is adjusting to the loss of a key administrator whose position was abolished in the July 2012 RIF. The administrator's portfolio was specialized, servicing primarily public diplomacy operations. The information management officers had still not reassigned the administrator's duties 5 months after the RIF. It would be prudent for the information management officer to collaborate with public diplomacy leadership on how to reallocate the duties.

Informal Recommendation 33: Embassy Santiago should review and reassign system administrative duties supporting public diplomacy operations.

Mail Operations

The OIG team identified problems with mail screening procedures. (b) (5)
On September 10, 2012, the embassy issued a security directive on procedures for screening local mail that contravene Department regulations. (b) (5)

Recommendation 22: Embassy Santiago should establish mail screening procedures that comply with Department of State regulations. (Action: Embassy Santiago)

As endemic in other facets of the information management operation, staffing in the Diplomatic Post Office has been a challenge. The unit is staffed by three eligible family members, two of whom work part time. Although this staffing provides employment to dependents of embassy employees, this practice increases staff turnover and diminishes consistency and continuity of operations. During the inspection, a part-time eligible family member clerk was also acting as the mailroom supervisor and working a full-time schedule. The unit is adequately performing its duties, but a full-time LE clerk position would result in improved service.

Informal Recommendation 34: Embassy Santiago should establish a full-time locally employed staff mail clerk position in the Diplomatic Post Office.

Telephone Network

Embassy Santiago's telephone network has been identified as an area for potential cost savings. The embassy has procured a technology "netbox" that will allow it to add voice-over Internet protocol capabilities to the telephone system, which should result in cost savings by transferring phone calls to data circuits. However, the embassy has not implemented the "netbox" system; it is on-site awaiting additional equipment required for activation.

Informal Recommendation 35: Embassy Santiago should implement voice-over Internet protocol technology within the telephone network.

Telephone Operators

Embassy Santiago's telephone operators do not have consular-endorsed guidance for servicing consular-related calls. The telephone operators direct callers to the consular section portion of the embassy Web site and other consular-related guidance available online but have no written guidance from consular management to assist them.

Informal Recommendation 36: Embassy Santiago should provide the telephone operators with written guidance for responding to consular-related calls.

State Messaging and Archive Retrieval Toolset

The embassy is not making effective use of the State Messaging and Archive Retrieval Toolset message application. Several offices in the embassy that transmit information that must be preserved according to 5 FAM 443.2 are not using this system for creating and archiving record emails. The information management officer is aware of the issue and has agreed to implement a training program. The OIG team found that economic/political reporting officers at Embassy Santiago are not retaining record emails. The section did not write a single record email using the State Messaging and Archive Retrieval Toolset Program in 2012. Unless the embassy addresses this issue, important data needed for policy analysis and archival research will not be available in the future.

Informal Recommendation 37: Embassy Santiago should provide training for mission personnel to create and administer record emails via the State Messaging and Archive Retrieval Toolset message application.

Recommendation 23: Embassy Santiago should issue a management notice on use of the State Messaging and Archive Retrieval Toolset message application to archive official email and should have section heads hold staff accountable for compliance with Department of State requirements. (Action: Embassy Santiago)

Diplomatic Note Registry

The embassy uses an electronic system to assign numbers to outgoing diplomatic notes, which is accessible to the various sections and agencies. After signing out a diplomatic note, the sending section is supposed to upload a copy of the note into a database. Not all sections and agencies do so. As a result there is no central database of diplomatic notes sent by the embassy, which has complicated the embassy's ability to obtain needed information in conducting business with Chilean authorities.

Informal Recommendation 38: Embassy Santiago should require sections and agencies to adhere to embassy guidelines for recording outgoing diplomatic notes.

Quality of Life

Morale is generally satisfactory. Negative factors include Santiago's high cost of living, heavy traffic and pollution, an unreimbursed value-added tax of 19 percent, and the loss of rest and recuperation travel. To adjust for the higher living costs, U.S. staff receives a 30 percent cost-of-living adjustment. The cost-of-living survey is up-to-date. There are abundant travel and sightseeing opportunities and cultural and sporting activities and events. Santiago has good housing, medical services, private schools, shopping, and restaurants.

Community Liaison Office

The CLO consists of two co-coordinators, who received good scores on ICASS and OIG surveys. The co-coordinators participate and sit on the emergency action committee, country team, housing board, recreation association board, and the post employment committee. One coordinator has received training. The other officer is to receive training in November 2012.

Health Unit

The main issue of concern for the health unit is inadequate space. The health unit lacks a second patient examination room and holding room. The reception area is inadequate and does not provide for patient privacy. There is no room for a pharmacy. Some medical equipment is stored in the hallway. The OIG team discussed with the embassy management team the health unit's requirement for additional space.

The regional medical officer, assisted by a part-time local hire nurse, a part-time eligible family member nurse, and a local hire receptionist provides good service to employees and families. The unit also provides limited occupational health services to LE staff. The regional medical officer has responsibility for Embassies Buenos Aires, Montevideo, Asuncion, and La Paz. He is also using a telemedicine capability to enable distant examinations for cardiac and lung functions, ear and nose problems, and skin conditions. A La Paz-based regional psychiatrist visits the embassy 2 to 3 times per year.

Schools

Satisfaction with the quality of education at the ^{(b)(5)(b)(6)} international schools is generally high. ^{(b)(5)(b)(6)} the school is reaching maximum capacity and the school's executive board has decided not to increase enrollment. Students from embassy families have priority for admission, but the school may not have adequate space for all embassy applicants in the future.

The school pays particular attention to security, with three levels of perimeter fencing, a private guard force that recognizes most cars, students, and drivers on sight. The school provisions for its staff and student body in the event of an emergency, conducts regular safety

drills, and has a link to the embassy's emergency radio network. It also regularly evaluates its security posture and would like to increase its perimeter video surveillance capability when resources permit.

American Recreation Association

The association runs a small commissary, vending machines, and operates a cafeteria via a concessionaire agreement. The commissary does not sell duty-free goods. All products are accessible to staff. Staffing includes a full-time manager and part-time clerk. In September 2012, the board of directors completed an inventory count. The results of the count are being compared and reconciled to the financial records. To improve management controls, the board of directors has increased the number and frequency of cash counts and reconciliations. The board also revised its credit policy. It is working on correcting prior year accounting errors and ways to increase profits. In 2011, the association realized a profit of \$6,887.98. As of September 2012, the association had incurred a loss of about \$5,343. The Office of Commissary and Recreation Affairs identified several weaknesses that are being tracked, subject to corrective action, and compliance.

Management Controls

The annual chief of mission management controls statement of assurance, dated July 2012, includes evidence that risk assessment questionnaires were completed, that the housing program complies with FAM requirements, meets Federal Managers' Financial Integrity Act management control reviews, includes a copy of the property management report, a copy of the vehicles inventory, and a copy of the memorandum certifying the controlled substances inventory.

The evaluation of the systems of management controls provided reasonable assurance that there were no outstanding control weaknesses. The statement of assurance identified and reported a list of safety, health, and environmental management issues which were discussed earlier in this report.

Cash Verifications

In some instances, the embassy experienced gaps in following Department financial procedures (4 FAH-3 H-397.2-3) for the verification of subcashier advances. The regulations require an unannounced verification of the subcashier funds at least monthly for an advance amount equivalent to (b) (5) or more and quarterly for an advance amount less than (b) (5). The gaps occurred primarily because of the fluctuation in local currency.

Informal Recommendation 39: Embassy Santiago should take steps to ensure that subcashier verifications are performed in accordance with Department of State financial procedures.

The Class B cashier reconciliations are usually performed (b) (5) rather than randomly. The Department's cashier verification guide states cashier verifications must be random, unannounced, and unanticipated by the cashier.

Informal Recommendation 40: Embassy Santiago should conduct unannounced monthly Class B cash reconciliations randomly in accordance with the Department's cashier verification guide.

Machine Readable Visa Fee Reconciliation

The accountable consular officer is unable to verify machine readable visa fee collections in a timely way and compare fees with the number of actual visa applicants interviewed, as required by 7 FAH-1 H-744.2. The GSS contractor collects all machine readable visa fees in Chile, either by cash or credit card, and deposits them with the U.S. Disbursing Office, which, in turn, advises the embassy financial management office of the deposits. As soon as the embassy receives final confirmation of fee deposits, the embassy cashier issues a general receipt (form OF-0158) to the accountable consular officer, which enables him to complete the prescribed reconciliation.

The GSS contractor often delays sending credit card collections to the U.S. Disbursing Office for up to 5 days after fee collection, presumably while waiting for the credit card companies to confirm fund availability. The U.S. Disbursing Office takes an additional 3 days before advising the embassy that they have received deposits. As a result, the accountable consular officer is unable to comply with required management controls.

Recommendation 24: Embassy Santiago should review credit card collection procedures with the Global Support Strategy contractor, determine how the contractor can make more timely deposits to the U.S. Disbursing Office in accordance with the contract, and report findings to the Bureau of Consular Affairs. (Action: Embassy Santiago)

Referral Program and Adjudication Reviews

According to 9 FAM 41.113 PN18, supervisory review of every consular officer's visa issuances and refusals is an important management control, and 7 FAH-1 H-648.1-3 clarifies that the DCM is responsible for reviewing a sampling of the consular section chief's adjudications. He is not doing so. His Consular Consolidated Database password expired 5 months before the inspection and there is no evidence that the DCM reviewed the prescribed percentage of the consular section chief's adjudications even before that date.

In Santiago, however, the consular section chief does not interview visa applicants regularly, except for a few referrals that are reserved for section chief adjudication, which means there have not been many cases for the DCM to review. The visa chief has adjudicated most of the referrals for the past year, and the DCM would not be obligated to review those cases because he is not the supervisor of either officer.

The OIG team reviewed the embassy's referral practices with the consular section chief and the visa chief and encouraged the section chief to back up the visa chief on referrals in the latter's absence rather than delegating that responsibility to the FAST visa line chief. This practice will ensure consistency in referral adjudications and also require the DCM to review the section chief's adjudications more regularly.

Recommendation 25: Embassy Santiago should update the deputy chief of mission's Consular Consolidated Database password for consular adjudications, retrain him on adjudication review procedures, and alert him when the consular section chief has adjudicated referral or other visa cases that he must review. (Action: Embassy Santiago)

List of Recommendations

Recommendation 1: Embassy Santiago should establish a semiannual review process to assess and report to the Ambassador and the Bureau of Western Hemisphere Affairs progress toward meeting objectives in the Integrated Country Strategy, including appropriate adjustments in travel and reporting plans. (Action: Embassy Santiago)

Recommendation 2: The Bureau of Overseas Buildings Operations, in coordination with Embassy Santiago and the Bureau of Western Hemisphere Affairs, should conduct a survey of all chancery office space and develop a plan for unused and underused space for new purposes and to accommodate future growth. (Action: OBO, in coordination with Embassy Santiago and WHA)

Recommendation 3: Embassy Santiago should develop a structured professional development and mentoring program for first- and second-tour officers. (Action: Embassy Santiago)

Recommendation 4: Embassy Santiago should designate the deputy chief of mission as the assigned reviewing officer for first- and second-tour generalists. (Action: Embassy Santiago)

Recommendation 5: The Bureau of Western Hemisphere Affairs, in coordination with Embassy Santiago, should establish a new locally employed staff energy, environment, science, technology and health assistant position in the economic/political section. (Action: WHA, in coordination with Embassy Santiago)

Recommendation 6: Embassy Santiago should prepare a public diplomacy strategic plan that is tied to the Integrated Country Strategy and addresses target audience, budget, time frame, and staff resources for each program. (Action: Embassy Santiago)

Recommendation 7: Embassy Santiago should revise the outdated position descriptions of locally employed staff members, and clarify lines of authority and work roles, particularly of those with greater budgetary and programmatic responsibility following the reduction in force. (Action: Embassy Santiago)

Recommendation 8: Embassy Santiago, in coordination with the Bureau of Western Hemisphere Affairs, should contract locally with a polling firm to determine where Chileans get their news and to track attitudes toward the United States based on demographic data such as age, income, and education, and incorporate this data into the embassy's public affairs strategy. (Action: Embassy Santiago, in coordination with WHA)

Recommendation 9: Embassy Santiago should implement a procedure for consular management to monitor Global Support Strategy service levels in accordance with Bureau of Consular Affairs guidance and play an active role in coordinating with the local contractor. (Action: Embassy Santiago)

Recommendation 10: Embassy Santiago should determine whether its locally employed staff handbook employment policies on a reduction in force and voluntary separation are in agreement with Chilean local labor law and revise the handbook as appropriate. (Action: Embassy Santiago)

Recommendation 11: Embassy Santiago, in coordination with the Office of Civil Rights, should schedule training on Equal Employment Opportunity and harassment issues to be conducted by the Office of Civil Rights at the embassy. (Action: Embassy Santiago, in coordination with the S/OCR)

Recommendation 12: Embassy Santiago should select and train a second Equal Employment Opportunity counselor. (Action: Embassy Santiago)

Recommendation 13: Embassy Santiago should recruit, appoint, and train local employee Equal Employment Opportunity liaisons, using materials on the Office of Civil Rights Web site. (Action: Embassy Santiago)

Recommendation 14: Embassy Santiago should create an Equal Employment Opportunity and Federal Women's Program section on its SharePoint site that includes Department of State policies and procedures, and issue an administrative notice in English and Spanish to its employees with the same information. (Action: Embassy Santiago)

Recommendation 15: Embassy Santiago should conduct a formal cost-benefit analysis of outsourcing its voucher processing to the Bureau of the Comptroller and Global Financial Services post support unit, and select the appropriate low-cost option. (Action: Embassy Santiago)

Recommendation 16: Embassy Santiago should issue a telephone usage policy that outlines the permitted exceptions for official cell telephones and landlines. (Action: Embassy Santiago)

Recommendation 17: Embassy Santiago should include Federal Acquisition Regulation clause 52.222-50 pertaining to trafficking in persons in all contracts. (Action: Embassy Santiago)

Recommendation 18: Embassy Santiago should reassess the current memorandum of understanding with Carlson Wagonlit Travel services to determine whether it provides cost-effective services and decide whether to cancel or revise the current agreement. (Action: Embassy Santiago)

Recommendation 19: Embassy Santiago should obtain a copy of motor vehicle policies of all agencies under chief of mission authority and require compliance with the Department of State and Embassy Santiago's motor vehicle policy. (Action: Embassy Santiago)

Recommendation 20: Embassy Santiago, in coordination with the Bureau of Human Resources, should reclassify position number 55133000 from FP-04 entry-level specialist to FP-03 information programs officer. (Action: Embassy Santiago, in coordination with DGHR)

Recommendation 21: Embassy Santiago should re-establish a help desk locally employed coordinator position in the information systems center. (Action: Embassy Santiago)

Recommendation 22: Embassy Santiago should establish mail screening procedures that comply with Department of State regulations. (Action: Embassy Santiago)

Recommendation 23: Embassy Santiago should issue a management notice on use of the State Messaging and Archive Retrieval Toolset message application to archive official email and should have section heads hold staff accountable for compliance with Department of State requirements. (Action: Embassy Santiago)

Recommendation 24: Embassy Santiago should review credit card collection procedures with the Global Support Strategy contractor, determine how the contractor can make more timely deposits to the U.S. Disbursing Office in accordance with the contract, and report findings to the Bureau of Consular Affairs. (Action: Embassy Santiago)

Recommendation 25: Embassy Santiago should update the deputy chief of mission's Consular Consolidated Database password for consular adjudications, retrain him on adjudication review procedures, and alert him when the consular section chief has adjudicated referral or other visa cases that he must review. (Action: Embassy Santiago)

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 Santiago should initiate periodic meetings of the front office staff, including the protocol unit, to review scheduling, taskings, and other operational issues.

Informal Recommendation 2: Embassy Santiago should establish a working group of select section and agency heads and front office staff to develop a new tasking and paper flow system for the Ambassador's approval.

Informal Recommendation 3: Embassy Santiago should tie the work requirements of all Department of State U.S. direct hires to mission objectives.

Informal Recommendation 4: Embassy Santiago should apportion travel and representational funds based on Ambassador-approved section travel and representational plans tied to the embassy's strategic priorities. Section heads should be responsible for managing the section's funding allocation accordingly.

Informal Recommendation 5: Embassy Santiago should consider proposing the relocation of the several technical Department of Defense offices to the United States to free up needed office space.

Informal Recommendation 6: Embassy Santiago should implement a plan for the Ambassador to visit or schedule periodic meetings with section heads and their staff in their offices to enhance his understanding of their work and their awareness of his priorities and strategic direction.

Informal Recommendation 7: Embassy Santiago should arrange for the Ambassador to meet periodically with the community liaison office co-coordinators.

Informal Recommendation 8: Embassy Santiago should plan for the Ambassador to meet occasionally with first- and second-tour officers as a group.

Informal Recommendation 9: Embassy Santiago should give equitable attention in the first- and second-tour program to the professional development and mentoring needs of first- and second-tour specialist officers.

Informal Recommendation 10: Embassy Santiago should develop an action plan to rebuild the public affairs team that empowers the locally employed staff, encourages initiative, and strengthens communications.

Informal Recommendation 11: Embassy Santiago should provide training as needed for locally employed staff with new responsibilities, especially for the grants officer representatives, the public affairs section budget manager, and for the staff member in charge of the International Visitor Leadership Program.

Informal Recommendation 12: Embassy Santiago should assign back-up responsibilities for each locally employed staff member to cover work in his or her absence.

Informal Recommendation 13: Embassy Santiago should annually issue media guidelines to all employees and provide a detailed briefing to section and agency heads.

Informal Recommendation 14: Embassy Santiago should include a permanent hot link featuring upcoming embassy-sponsored public events on its Web site.

Informal Recommendation 15: Embassy Santiago should minimize postings on past internal embassy events and feature external programs of interest to the Chilean target audience.

Informal Recommendation 16: Embassy Santiago should shift the Information Resource Center director to the direct supervision of the public affairs officer.

Informal Recommendation 17: Embassy Santiago should publicize the capabilities of the Information Resource Center and encourage embassy offices and agencies to use it to support their work.

Informal Recommendation 18: Embassy Santiago should prepare a front channel report for the Bureau of Consular Affairs on the status of Global Support Strategy implementation in Chile after 1 year.

Informal Recommendation 19: Embassy Santiago should reemphasize the requirements of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 with all visa adjudicators and review a sample of cases for compliance.

Informal Recommendation 20: Embassy Santiago should conduct a broad validation study of its B visa applicants in accordance with Bureau of Consular Affairs guidelines and prepare an analysis of the results as part of its new officer training, fraud prevention effort, and visa waiver evaluation process.

Informal Recommendation 21: Embassy Santiago should reduce the amount of time that immigrant visa unit staff members spend providing information and assistance that is not related to actual visas in process.

Informal Recommendation 22: Embassy Santiago, after discussion with the locally employed staff committee, should issue an administrative notice defining the locally employed staff committee's roles and responsibilities.

Informal Recommendation 23: Embassy Santiago should update and reissue its policies on hiring, recruitment, and promotions.

Informal Recommendation 24: Embassy Santiago should conduct periodic information sessions on its employment policies.

Informal Recommendation 25: Embassy Santiago should include a session on frequently asked personnel questions in its new employee orientation and post these questions on the embassy's Web site.

Informal Recommendation 26: Embassy Santiago should regularly publish a schedule for Equal Employment Opportunity activities, town hall meetings, diversity training, and related activities. The draft should be developed by the Equal Employment Opportunity counselors and the human resources officer and be approved by the deputy chief of mission.

Informal Recommendation 27: Embassy Santiago should conduct weekly unannounced visits to the off-site warehouse.

Informal Recommendation 28: Embassy Santiago should list the financial management unit as the designated billing unit on all procurements including contracts, purchase orders, credit cards, and blanket purchase agreements.

Informal Recommendation 29: Embassy Santiago should require cardholders in other sections and agencies to use their purchase cards for their micro-purchase limits of \$3,000.00 and under.

Informal Recommendation 30: Embassy Santiago should encourage all sections and agencies to assign cardholders and obtain purchase cards.

Informal Recommendation 31: Embassy Santiago should discontinue paper subscriptions and subscribe to digital publication services.

Informal Recommendation 32: Embassy Santiago should contact the Miami Despatch Agency for assistance in meeting the Chilean Government transportation requirements.

Informal Recommendation 33: Embassy Santiago should review and reassign system administrative duties supporting public diplomacy operations.

Informal Recommendation 34: Embassy Santiago should establish a full-time locally employed staff mail clerk position in the Diplomatic Post Office.

Informal Recommendation 35: Embassy Santiago should implement voice-over Internet protocol technology within the telephone network.

Informal Recommendation 36: Embassy Santiago should provide the telephone operators with written guidance for responding to consular-related calls.

Informal Recommendation 37: Embassy Santiago should provide training for mission personnel to create and administer record emails via the State Messaging and Archive Retrieval Toolset message application.

Informal Recommendation 38: Embassy Santiago should require sections and agencies to adhere to embassy guidelines for recording outgoing diplomatic notes.

Informal Recommendation 39: Embassy Santiago should take steps to ensure that subcashier verifications are performed in accordance with Department of State financial procedures.

Informal Recommendation 40: Embassy Santiago should conduct unannounced monthly Class B cash reconciliations randomly in accordance with the Department's cashier verification guide.

Principal Officials

	Name	Arrival Date
Ambassador	Alex Wolff	09/10
Deputy Chief of Mission	Buddy Williams	06/10
Chiefs of Sections:		
Management	Jennifer Johnson	10/12
Consular	Mark Leoni	09/10
Economic/Political	Brian Doherty	07/12
Public Affairs	Larry Corwin	09/12
Regional Security	Liseli Pennings	03/10
Other Agencies:		
Foreign Agricultural Service	Rachel Bickford	07/10
Department of Defense	Capt. Ronald Townsend	05/10
Foreign Commercial Service	Ellen Lenny-Pessagno	07/12
DEA	Jorge Marrero	08/12
Legatt	Eric Metz	11/10
Animal and Plant Health	Judith Hall	01/12
Inspection Service		
Food and Drug Administration	Edmundo Garcia	07/11

Abbreviations

CLO	Community liaison officer
DCM	Deputy chief of mission
Department	Department of State
EEO	Equal Employment Opportunity
EESTH	Energy, environment, science, technology, and health
FAST	First- and second-tour
GSS	Global Support Strategy
ICASS	International Cooperative Administrative Support Services
INL	Bureau of International Narcotics and Law Enforcement Affairs
LE	Locally employed
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
RIF	Reduction in force
RSO	Regional security officer
WHA	Bureau of Western Hemisphere Affairs



**FRAUD, WASTE, ABUSE,
OR MISMANAGEMENT
OF FEDERAL PROGRAMS
HURTS EVERYONE.**

CONTACT THE
OFFICE OF INSPECTOR GENERAL
HOTLINE
TO REPORT ILLEGAL
OR WASTEFUL ACTIVITIES:

202-647-3320

800-409-9926

oighotline@state.gov

oig.state.gov

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