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

# Report of Inspection

Bureau of Administration,  
Executive Office

Report Number ISP-I-07-33, June 2007

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## KEY JUDGMENTS

- Operations of the Bureau of Administration's (A Bureau) Executive Office (A/EX) have changed significantly in the past three years, with its movement toward a shared services delivery model. Workload increased dramatically with the transfer of functions from the Bureau of Information Resource Management's (IRM) Executive Office (IRM/EX) and the establishment of the A/EX Human Resources division as a Center of Excellence -- a shared services center.
- Overall, A/EX has performed exceedingly well. It effectively managed a doubling of the number of personnel it supports. It also maintained control over a significant increase in funds, established a presidential travel program that is universally lauded, and successfully absorbed the management functions of several smaller offices and bureaus.
- A/EX's Human Resources division (A/EX/HRD) has been designated as a pilot Center of Excellence. The Center of Excellence initiative is part of a larger Department of State (Department) move to implement a shared services model for delivering management support functions. Better Department planning to implement the initiative and to arrange for A/EX absorption of the IRM/EX human resources workload would have improved A/EX awareness of the considerable workload backlogs it would inherit. A/EX has not yet completed personnel and other administrative requirements inherited from the IRM merger, adversely affecting employee performance and morale.
- As a result of assuming management functions from IRM, some A/EX activities, such as acquisitions, space planning, and management, are similar to and even duplicate the functions of other A Bureau offices, contrary to the implementation of the Department's shared services concept. Some realignment may be necessary.
- A/EX's management controls and oversight of the A Bureau's purchase card program need strengthening.

The inspection took place in Washington, DC, between February 10 and March 15, 2007. Alan Berenson (team leader), Don Bramante, Renee Francis, Siobhan Hulihan, Kristene McMinn, Iris Rosenfeld, and Carrie Ullman conducted the inspection.



## CONTEXT

A/EX provides management support to the A Bureau, including financial, human resources, and information resources management, as well as general services and management analysis. Since October 1, 2006, A/EX has given management support to IRM, encompassing virtually all functions, with the exception of program planning and budget formulation. As a pilot Center of Excellence, A/EX/HRD also provides human resources services to the Bureau of Oceans and International Environmental and Scientific Affairs (OES), the Bureau of Democracy, Human Rights, and Labor (DRL), and the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). In addition, A/EX provides service to the Under Secretary for Management's Office of Fine Arts.

Since the last inspection of A/EX management functions in 1993, the organization has grown and changed significantly. At the time of this inspection, A/EX had a staff of 110 and supported over 2,400 employees. The A/EX operating budget in FY 2006 was \$10.5 million. Expenditures for all supported activities were about \$462 million.

A/EX also manages the Working Capital Fund—a nonappropriated fund that finances centralized support services, such as regional procurement, transportation operations, and printing services provided by the A Bureau to customers throughout the Department. Estimated revenues from the fees charged to customers are expected to exceed \$300 million in FY 2007.

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## EXECUTIVE DIRECTION

The executive director assumed her duties late 2002. Arriving from another government agency, she brought innovative approaches to administrative services, methods similar to those used in the private sector. Key among these was the shared services model. In addition to assuming responsibility for much of the support for IRM, on October 1, 2006, A/EX/HRD became one of five human resources offices in the Department to be designated as a pilot Center of Excellence for human resources services. The division now supports over 2,400 employees in the A Bureau, IRM, OES, DRL, and S/CRS. The success of the program will be measured in efficiency, customer satisfaction, and reduced costs.

A/EX claims to have identified a reduction of seven positions, valued at about \$700,000, as a result of the earlier transfer of functions. But staff stress levels have been excessive and are not likely to abate in the near future. Adding more responsibilities to A/EX now to support additional clients would make it difficult for human resources staff to eliminate the backlogs inherited from IRM/EX and to begin operating on a current basis.

The executive director also arranged for A/EX to assume the Presidential Travel Support division. A/EX had identified a longstanding weakness -- failure to fully obtain reimbursement for costs incurred by the press corps. Within a short period, A/EX reconciled prior bills and arranged for the reimbursement of over \$3 million to the Department.





## CORE FUNCTIONS

A/EX provides the A Bureau with executive management and administrative services, including strategic planning, financial management, human resources management, information resources management, and general services. Overall, the A/EX divisions responsible for financial management, information resources management, and presidential travel are performing well. A/EX/HRD has borne the brunt of the merger of executive functions with IRM and has also been designated as a Center of Excellence. The services and structure of the Procurement and Administrative Services division need closer scrutiny; this subject is covered in more detail below.

### FINANCIAL MANAGEMENT

The Financial Management division provides budget operations for the A Bureau and budget execution for IRM. The value of transactions in FY 2006 exceeded \$462 million. With the assumption of support for IRM, the value of transactions for FY 2007 is expected to exceed \$900 million. The absorption of IRM's financial management staff is proceeding well, training in the use of the A Bureau's systems continues, and personnel are treated as part of the team. The retirement in 2006 of the division's long-time director did not adversely affect operations, which are expected to improve even more under the new acting director's management.

### PRESIDENTIAL AND VICE PRESIDENTIAL TRAVEL

The Presidential Travel Support division is responsible for all logistic and administrative arrangements in support of trips abroad by the President, Vice President, and First Lady, and serves as the Department's principal liaison with the White House on such trips. The division's staff of seven coordinates embassy support for these visits and participates in site surveys and advance trips to plan and prepare for the visits. The division supported 75 trips in 2006.

The division was transferred to A/EX from the A Bureau front office in 2004. Though there is no organizational or functional reason for its placement in A/EX, the arrangement works well. By all accounts, it performs its function in an exemplary manner, and the Office of Inspector General (OIG) team heard only praise for the division's hard-working staff.

In 2006, the Presidential Travel Support division was given responsibility for press travel arrangements related to presidential trips, but with no additional positions. Despite limited staff, the division not only took on the extra work, but identified a longstanding problem -- obtaining reimbursement for costs incurred by the press corps on presidential trips. As a result, A/EX arranged for the reimbursement of over \$3 million to the Department.

## HUMAN RESOURCES

A/EX/HRD is in a major transition resulting from the IRM/EX merger and the division's designation as a candidate Center of Excellence. Managers and staff are committed to the success of the merger and the maintenance of high customer service. But the staff is struggling with the increased workload. The division is also dealing with predictable challenges and growing pains of the transition; stress levels and frustrations are high.

Overall, customers are satisfied with services, citing improvements over previous service levels. Customers anticipate further improvements as the transition period continues. A/EX/HRD is clearly oriented toward customer service; the division has initiated outreach efforts, opening a satellite office once a week and visiting customers in Department annexes. A/EX management is now discussing service-level agreements with customers.

The impact of the IRM/EX merger on A/EX/HRD has been enormous. In 2004, in what was a precursor to the official implementation of the shared services model, the division assumed responsibility for providing human resources services to OES and DRL. On October 1, 2006, A/EX/HRD became the human resources service provider for IRM and at the same time was designated as a candidate for the Department's Center of Excellence pilot program. In the past two years, A/EX/HRD's customer base doubled from 1,200 to over 2,400 customers across four bureaus and one office, S/CRS. With a staff of 42, up from 36, the division is now larger than the entire executive office in some bureaus.

Department managers underestimated the magnitude of the IRM backlog that A/EX/HRD inherited. In 2006, the Department's Chief Information Officer requested that A/EX help manage IRM's human resources functions. In 2006, when the A/EX/HRD staff assumed the IRM workload, they found incomplete and missing personnel files and unprocessed, and even erroneously processed, personnel transactions. Weeks before the official transfer of responsibilities, frustrated IRM employees deluged A/EX/HRD with requests to process or correct personnel actions, some of which had languished unattended for two years. A/EX/HRD also became responsible for coordinating with the Office of Civil Rights to process 34 Equal Employment Opportunity claims filed by IRM employees in the years before the merger.

To handle the workload increase, human resources managers have been assessing required tasks and distributing them more equitably among employees. But the frequently changing organization chart and constantly shifting portfolios disrupt employees and customers alike. Some employees, for example, have been assigned four different portfolios in the past year. Also, some personnel transaction files have changed hands five to six times. Staff and customers will benefit as human resources assignments become more stable.

A/EX/HRD staff is hard-pressed to balance the backlog with its own routine daily tasks, and some managers are working at a pace that cannot be sustained. For some employees, processing the backlog takes up more than half their time, with the division incurring costs for compensatory time and overtime. New staff members are still being trained and integrated. Still, there are time-consuming, labor-intensive requirements for data collection, metrics development, and myriad reporting requirements during this initial phase of the Center of Excellence program. The technology to automate and facilitate data-gathering and analysis (the MetaStorm system) is not yet operational, adding to the difficulty of the transition.

A/EX/HRD employees estimate it will take at least until October 2007 to clear the backlog and bring operations to a more reasonable, sustainable level. The A/EX executive director and Department officials, however, believe this can be achieved by July 2007. In the meantime, A/EX and potential additional customers are in preliminary negotiations. During the inspection, the Director General, at the request of the Under Secretary for Management, notified bureaus that the Center of Excellence program will be accelerated. The OIG team believes it is unrealistic to expect the division to take on additional customers, as now projected. The division is already stretched too thin and needs a pause before taking on new customers.

**Recommendation 1:** The Bureau of Human Resources should defer full implementation of the Human Resources Center of Excellence Pilot Program in the Bureau of Administration until FY 2008, to give the bureau adequate time for implementation. (Action: HR)

## MANAGEMENT AND PLANNING

The Management and Planning division provides sound support to its customers, though it is still working through growing pains associated with the merger with IRM/EX. The division processes training requests for the A Bureau, IRM, OES, DRL, S/CRS, and the Office of Fine Arts. It is also responsible for commercial activities covered by the Federal Activities Inventory Reform Act of 1998 and Domestic Staffing Model submissions for those customers. The Management and Planning division processes travel orders for IRM and the A Bureau, except for the Offices of Allowances, Overseas Schools, and Language Services. It also coordinates preparation of the A Bureau's planning documents, such as the Bureau Performance Plan and the statement of duties, and updates the emergency action plan.

On the whole, management controls in the division are effective. The OIG team found that A Bureau and IRM premium-class tickets that were issued after October 2006 were justified and documented. Procedures have not yet been implemented to identify and obtain the return of unused tickets. The OIG team made an informal recommendation on this issue.

## PROCUREMENT AND ADMINISTRATIVE SERVICES

A/EX's Procurement and Administrative Services division is presently tasked with providing procurement and general services support for areas served by A/EX. Some functions duplicate those of other A Bureau offices and activities. The management controls over the \$9 million purchase card program need to be enhanced.

## Duplication of Functions

A/EX, after assuming the functions and responsibilities of IRM/EX, performs functions that are similar to or even duplicate those in other A Bureau offices and entities. To some extent, duplication of these functions within the A Bureau is contrary to the Department's espoused effort to implement the shared services concept.

The recently enlarged staff of the Procurement and Administration division is tasked with developing and implementing bureau-wide policies and procedures and providing administrative and general services for areas served by A/EX, including procurement, property management, and office space.

## Contracting

Six of the IRM/EX employees transferred to A/EX provided contract pre- and post-award functions for IRM. To a considerable extent, the work they performed benefited the Bureau's Office of Acquisitions Management (A/LM/AQM) and they could have been transferred to A/LM/AQM, the office responsible for managing, planning, and directing the Department's acquisition programs. The Procurement and Administration division's work on strategic sourcing and negotiations is, in fact, the purview and responsibility of A/LM/AQM. Other procurement and administration functions, such as acquisition planning, contract-supporting documentation, and market research are also A/LM/AQM functions.

## Space Planning

Four A/EX employees, three direct hires and one contractor, devote all of their full-time jobs to "space projects." All A/EX space projects that were in process at the time of the inspection were, in fact, the responsibility of the Office of Real Property Management, as defined in 6 FAM 1710 "Office Space Assignment and Utilization, Design and Construction." The OIG team concluded that there was insufficient workload for four employees, though this would not be the case if the employees were assigned to the Office of Real Property Management.

**Recommendation 2:** The Bureau of Administration should review the structure of the Office of the Executive Director, Procurement and Administrative Services division, with the view to transferring to the Office of Real Property Management and the Office of Logistics Management those functions that are more appropriately the responsibility of those offices. (Action: A)

## INFORMATION RESOURCE MANAGEMENT

IRM provides adequate information technology (IT) services to the A Bureau. Six IRM employees provide Help Desk and applications support and server consolidation for more than 1,200 A Bureau users. Users gave good marks to IRM's IT efforts, even after initial frustration with the Help Desk, trouble ticket system, and service response time. Yet there is still room for improvement. Service-level agreements for IT roles and responsibilities need to be established and shared with appropriate representatives, and a training plan is needed for the staff of the Information Resource Management division (A/EX/IRM).

### IT Support Services

In October 2006, after consolidation of A/EX and IRM/EX, IRM began providing IT support services to the A Bureau. Under this shared services initiative, IRM assumed the responsibility for Help Desk and on-site desktop support, and for maintaining servers for the A Bureau but not for IT support services for the Office of Information Sharing Services and the Integrated Logistics Management Systems Division.

Inadequate planning prior to the consolidation of IT support services resulted in confusion and frustration for staff in both bureaus. System users were not familiar with IRM Help Desk procedures for reporting IT issues, and IRM had not adequately determined the A Bureau's IT support requirements. Users reported that the trouble ticket system was cumbersome, and there were inconsistent responses to requests for IT assistance.

Prior to consolidation, A/EX provided users with application and web development support for over 60 bureau applications, in addition to providing Help Desk support. After consolidation, Help Desk support, now provided by IRM, became less efficient, because of a lack of clarity over which employee was responsible for providing the services. Although IRM was handling workstation and desktop support services, and supporting application and e-mail servers, routers, and switches during and after the consolidation, the transition was somewhat rough because responsibilities were not clearly defined ahead of time.

(b) (2)



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**Recommendation 3:** The Bureau of Information Resource Management, in coordination with the Bureau of Administration, should establish and annually review single or multiple service-level agreements, outlining specific information technology roles and responsibilities of the Bureaus of Administration and Information Resource Management, including funding, maintenance, and replacement of all information technology assets. (Action: IRM, in coordination with A)

## Training

A/EX/IRM does not yet have a training program or the procedures to project training funds and track spending levels. It also needs to create employee development plans to improve the employees' job skills. Currently, A/EX/IRM employees have only minimal training for IT customer support. During FY 2006, scheduled staff training was cancelled because of funding and the lack of a strategic plan for training. Staff members have not yet had the opportunity to enhance their IT knowledge and skills. The OIG team made informal recommendations on the development of training programs for IT staff.





## MANAGEMENT CONTROLS

Overall, management controls are in place. But some areas need strengthening, including the purchase card program, position management, the awards program, and time and attendance reporting.

### PURCHASE CARD PROGRAM

As a result of the IRM/EX merger, A/EX is responsible for a purchase card program whose purchases, by IRM and the A Bureau, amounted to over \$9 million in FY 2006. There is a high volume of transactions -- about 200 cardholders made over 16,000 transactions.

There is a marked difference in the controls and oversight established by IRM/EX and A/EX. IRM/EX had one employee dedicated to the program and had established adequate procedures for oversight and control. In A/EX, oversight and controls were virtually nonexistent, with little or no controls over records and reconciliations, and even limited spot checks. Though one IRM/EX employee, now in the Procurement and Administrative Services division of A/EX, still has responsibility for oversight and control, another employee needs to be trained and assigned to the purchase card program to effectively provide oversight and control.

**Recommendation 4:** The Bureau of Administration should supplement the oversight and control staff members who are responsible for the purchase card program by training and then assigning oversight and control duties to a second employee in the Procurement and Administrative Services division. (Action: A)

### POSITION MANAGEMENT

A/EX/HRD needs to adhere more closely to proper procedures in position management. For example, in 2006, the office assigned an employee to a position description number that was already assigned to another employee, contrary to

Department policy 3 FAM 2618(2)a. The condition remained until one employee was promoted. At that time, the position number was scheduled to be abolished. The Bureau of Human Resources, Office of Resource Management and Analysis, will work with A/EX/HRD to take corrective action and will give the employee a new position number.

There is a widespread perception that favoritism exists in the office. Personnel have been placed in positions unrelated to the jobs they are actually performing. The employee who occupied the position with the same position description number as another employee received a noncompetitive promotion to GS-14 based on outstanding performance, an unusual action for promotion to that grade. The promotion was to a position in the Management and Planning division, yet the individual remains in A/EX/HRD as a lead human resources specialist. Even more unusual, the same employee received three Meritorious Honor Awards within eight months for a total of \$6,000; the last award was given on the same day as the promotion. The division chief said the individual had worked on special projects. The division's other team leaders are GS-13s.

**Recommendation 5:** The Bureau of Human Resources should review the noncompetitive promotion to GS-14 and other personnel reassignments and realignments in the Office of the Executive Director, Bureau of Administration, to determine whether the actions comply with regulations. (Action: HR)

## AWARDS, ALTERNATE WORK SCHEDULES, AND TELEWORKING

A/EX/HRD lacks transparency in its policies and procedures for awards, alternate work schedules, and teleworking for its employees. The division did a good job of recognizing employees' performance, but the distribution of monetary awards appears inequitable. Many employees on alternate work schedules have taken advantage of the program, opting to take the first or second Friday of each pay period off, the only days offered. However, only two employees are working the schedule of ten hours a day, with every Friday off. Some division employees were unaware of this option. There is also some confusion among employees about teleworking because of a lack of clear guidance.

**Recommendation 6:** The Bureau of Administration should establish and formalize policies for awards, alternate work schedules, and teleworking, disseminate them to the staff, and apply them in an equitable manner. (Action: A)

## TIME AND ATTENDANCE

Internal controls need to be strengthened for time and attendance processing and the signing and approval of leave requests. According to regulation 4 FAH-3 H-526.1-4, approval and verification of biweekly time and attendance records must be indicated either by a handwritten signature or an approved system for automated signature. In some instances, the responsible officer has signed only the first page of the final time and attendance reports, technically approving only the time and attendance for employees listed on that page. Some requests for premium compensation have been processed without formal approval by a supervisor. In another instance, an employee was not charged for leave which, in any case, should have been approved ahead of time and entered on the time and attendance report.

The personnel responsible for time and attendance reporting attributed these shortcomings to the effort involved in keeping pace with the rapid implementation of the Centers of Excellence program.

**Recommendation 7:** The Bureau of Administration should enforce time and attendance, and leave accounting policies and procedure in the Office of the Executive Director. (Action: A)



## FORMAL RECOMMENDATIONS

- Recommendation 1:** The Bureau of Human Resources should defer full implementation of the Human Resources Center of Excellence Pilot Program in the Bureau of Administration until FY 2008, to give the bureau adequate time for implementation. (Action: HR)
- Recommendation 2:** The Bureau of Administration should review the structure of the Office of the Executive Director, Procurement and Administrative Services division, with the view to transferring to the Office of Real Property Management and the Office of Logistics Management those functions that are more appropriately the responsibility of those offices. (Action: A)
- Recommendation 3:** The Bureau of Information Resource Management, in coordination with the Bureau of Administration, should establish and annually review single or multiple service-level agreements, outlining specific information technology roles and responsibilities of the Bureaus of Administration and Information Resource Management, including funding, maintenance, and replacement of all information technology assets. (Action: IRM, in coordination with A)
- Recommendation 4:** The Bureau of Administration should supplement the oversight and control staff members who are responsible for the purchase card program by training and then assigning oversight and control duties to a second employee in the Procurement and Administrative Services division. (Action: A)
- Recommendation 5:** The Bureau of Human Resources should review the non-competitive promotion to GS-14 and other personnel reassignments and realignments in the Office of the Executive Director, Bureau of Administration, to determine whether the actions comply with regulations. (Action: HR)
- Recommendation 6:** The Bureau of Administration should establish and formalize policies for awards, alternate work schedules, and teleworking, disseminate them to the staff, and apply them in an equitable manner. (Action: A)
- Recommendation 7:** The Bureau of Administration should enforce time and attendance, and leave accounting policies and procedure in the Office of the Executive Director. (Action: A)



## INFORMAL RECOMMENDATIONS

Informal recommendations cover matters not requiring action by organizations outside of the inspected unit and/or the parent regional bureau and are 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.

The staff members responsible for processing training requests are responding to travel-related questions, though they do not have training or expertise in the travel function.

**Informal Recommendation 1:** The Bureau of Administration's Executive Office should clarify which employees are responsible for answering travel-related questions and assure that they receive appropriate training.

Neither the Financial Management division nor the Management and Planning division have instituted procedures to identify and track the return of unused airline tickets, as required in 06 State 00036271.

**Informal Recommendation 2:** The Bureau of Administration's Executive Office should issue a reminder to its customers to return unused airline tickets and should institute procedures to identify and track their return.

A/EX/IRM management does not have a training program or the procedures to project training funds and track spending levels

**Informal Recommendation 3:** The Bureau of Administration should develop and periodically review a bureau-specific training program plan for information technology personnel that details required funding levels for training

**Informal Recommendation 4:** The Bureau of Administration should create individual development plans for information technology personnel based on the employees' assigned job responsibilities, bureau needs, and professional development goals.





## PRINCIPAL OFFICIALS

	<b>Name</b>	<b>Arrival Date</b>
Director	Peggy Philbin	12/02
Deputy Director	Kathleen Zweig	12/05
Division Directors:	Amelia Sligh, Acting	2/07
Budget	Amelia Sligh	6/06
Working Capital Fund	Michael Capozzi	2/02
Human Resources	Melissa Lytell	12/05
Information Resource Management	Duke Kelly, Acting	11/06
Management and Planning	Ana Larkin	6/05
Procurement		
and Administrative Services	Tammy Journet	12/06
Presidential Travel Support	Chris Szymanski	11/05



## ABBREVIATIONS

A Bureau	Bureau of Administration
A/EX	Executive Office, Bureau of Administration
A/EX/HRD	Human Resources Division, A/EX
A/EX/IRM	Information Resource Management Division, A/EX
A/LM/AQM	Office of Acquisitions Management
Department	Department of State
DRL	Bureau of Democracy, Human Rights, and Labor
IRM	Bureau of Information Resource Management
IRM/EX	Executive Office, Bureau of Information Resource Management
IT	Information technology
OES	Bureau of Oceans and International Environmental and Scientific Affairs
OIG	Office of Inspector General
S/CRS	Office of the Coordinator for Reconstruction and Stabilization

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