



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

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**Inspection of Global Financial Services - Charleston**

Global Financial Services - Charleston (GFS-C) has grown from the relatively small operation that opened in 1995 to replace the Financial Services Center in Mexico City into a consolidated operational center for the Department of State's (Department) worldwide financial operations. Most of GFS-C's growth was initiated by a 2001 decision to consolidate the Department's domestic financial operations. Reduction of overseas operations in Paris and the movement of significant activities from the Washington, DC, area contributed to its growth.

Today the Department has centralized its domestic and overseas financial disbursing and accounting, international banking, payroll and retirement, and reporting activities in Charleston, SC. GFS-C is responsible for more than 200 bank accounts in over 160 countries and 169 different currencies. In 2005 it disbursed over \$10 billion and purchased over \$3 billion in foreign currency.

The consolidation of the Department's financial functions and responsibilities at GFS-C has succeeded. Furthermore, the Department's associated personnel reductions in Washington and Paris occurred in accordance with all regulatory requirements and addressed the concerns and needs of affected personnel. GFS-C provides excellent service and support to Department bureaus and overseas posts, which is significant because the majority of GFS-C employees have been employed there for less than three years.

Management controls in most of the GFS-C operational areas need improvement. To illustrate, the majority of individuals certifying payments domestically do not have certifying officer authority; nonetheless, they certified payments amounting to over \$6 billion in FY 2005. In addition, the Department's financial records differ from those of the Treasury Department by over \$250 million.

The compensation plan for Department employees serving in Iraq is virtually unworkable and complicated. The system's rules are difficult to understand, and various categories of civilian personnel are affected differently.

Coordination between GFS-C and the Bureau of Administration's Office of Acquisition Management must be strengthened. Contract documentation is not always available, and the designations of contracting officer's representatives do not exist or were unavailable.

GFS-C's staff morale is mixed. Communication, top down and laterally, is weak. Viable Equal Employment Opportunity (EEO) and Federal Women's Program efforts have not existed for some time, if at all. The designated EEO counselor has been away from Charleston for almost one year. The Federal Women's Program effort appears to have never been initiated.

The e-Payroll Initiative is an effort to consolidate 26 executive branch federal payroll providers into four providers. Implementation of e-Payroll must receive attention because the Department's payroll systems have many features that are unique.

The deputy assistant secretary responsible for Global Financial Services is based in Charleston, and he also oversees the Financial Services Center in Bangkok, the Washington Liaison Office, and the Financial Support and Training Office in Paris. In addition, with the opening of the Distressed Post Support Unit at the end of February 2006, GFS-C moves toward a new stage in growth.

The current deputy assistant secretary has provided strong and effective leadership during a period of overwhelming expansion. Hiring 236 new employees over the last three years was a daunting task, as was responding to the relocation of those employees' functions and other changes over the past four years. The deputy assistant secretary and his senior staff should be commended for their efforts.

**Background: GFS-C**

GFS-C is a unique Department organization. It is headed by the only deputy assistant secretary who is not based in Washington and has operational responsibilities for all of the Department's financial activities. In one sense, the deputy assistant secretary is running a "financial factory," but at the same time, the successful implementation of his operations are key supports in the Department's response to the President's Management Agenda and the need to achieve organizational excellence. At the most practical level, if the Charleston facility fails to do its job well, neither the Department nor its overseas posts can function effectively.

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