

GAO

Report to the Chairman, Subcommittee
on National Security, Emerging Threats,
and International Relations, Committee
on Government Reform, House of
Representatives

May 2006

OVERSEAS PRESENCE

Cost Analyses and
Performance
Measures Are Needed
to Demonstrate the
Full Potential of
Providing Embassy
Support Remotely



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Highlights

Highlights of [GAO-06-479](#), a report to the Chairman, Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform, House of Representatives

Why GAO Did This Study

The President has emphasized the importance of safety, efficiency, and accountability in U.S. government staffing overseas by designating the achievement of a rightsized overseas presence as a part of the *President's Management Agenda*. One of the elements of rightsizing involves relocating certain administrative support functions from overseas posts to the United States or regional centers overseas, which can provide cheaper, safer, or more effective support. This report (1) reviews State's efforts in providing administrative support from remote locations, (2) identifies the challenges it faces in doing so, and (3) outlines the potential advantages and concerns associated with providing support remotely.

What GAO Recommends

We recommend that the Secretary of State (1) identify and analyze the various costs associated with providing support remotely, (2) develop systematic performance measures and formal feedback mechanisms to measure the quality and customer satisfaction of support services provided remotely, and (3) use the cost analyses and feedback to make decisions on supporting embassy operations. State generally concurred with our report and indicated that it is taking steps to implement all of our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-479.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jess Ford at (202) 512-4268 or fordj@gao.gov.

OVERSEAS PRESENCE

Cost Analyses and Performance Measures Are Needed to Demonstrate the Full Potential of Providing Embassy Support Remotely

What GAO Found

State has a number of regional and domestic offices that provide some management support remotely to overseas posts in areas such as financial management and human resources. For example, State's Bureau of Western Hemisphere Affairs provides support to posts in its region through staff based in Florida. State announced in October 2005 it would identify and remove additional functions that do not need to be performed at post and could instead be performed domestically or at regional centers overseas.

State faces several challenges in trying to expand its use of remote support. For example, restrictions on what management functions non-American staff can perform might limit the extent to which services can be provided remotely. In addition, current funding arrangements for various regional bureaus and posts might limit opportunities for remote support to be offered from one region to another, while posts' reluctance to change is a further constraint. State is assessing whether certain regulations could be waived or changed and how institutional challenges might be overcome.

There are several potential advantages to providing administrative support to posts from remote locations, and several concerns. For example, one U.S.-based officer provides financial management support to multiple overseas posts, eliminating the need for an American financial management officer at each post served, which, according to State, could result in cost savings. Officials at posts we visited reported they were generally satisfied with the level of support and customer service at a regional or domestic service center, though some noted concerns. However, at the time of our review, State had neither analyzed the potential cost savings associated with providing remote support nor systematically assessed the quality of support provided. In addition, many officials in Washington and overseas were unaware of the full breadth of support offered by regional service centers.

The Regional Service Center in Florida and Supported Posts



Sources: GAO, and Map Art.

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Abbreviations

FAH	Foreign Affairs Handbook
ICASS	International Cooperative Administrative Support Services
OMB	Office of Management and Budget
PMA	President's Management Agenda
USAID	U.S. Agency for International Development

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United States Government Accountability Office
Washington, D.C. 20548

May 2, 2006

The Honorable Christopher Shays
Chairman
Subcommittee on National Security, Emerging Threats,
and International Relations
Committee on Government Reform
House of Representatives

Dear Mr. Chairman:

The Department of State (State) operates more than 260 embassies, consulates, and other posts in about 180 countries and employs more than 11,000 Foreign Service officers and over 35,000 Foreign Service nationals. Operating under a decades-old management model, most of these posts are still directly responsible for carrying out the majority of the administrative functions, such as processing vouchers for payment, necessary for their day-to-day operations. The President has emphasized the importance of safety, efficiency, and accountability in U.S. government staffing overseas by designating the achievement of a rightsized overseas presence as part of the *President's Management Agenda*.¹ One of the elements of rightsizing is to relocate certain administrative support functions from overseas posts to the United States or to regional service centers overseas, which can reduce costs, improve services, and lessen the overall U.S. government footprint.

On January 18, 2006, the Secretary of State announced her vision for the future of the Department of State, including plans for the global repositioning of the United States' official overseas presence. These plans, which include moving hundreds of positions to critical posts in regions such as Africa, South and East Asia, and the Middle East, call for new thinking on how State conducts its overseas operations. In particular, State intends to increasingly provide support functions remotely, as is presently done through regional service centers in Frankfurt, Germany, and Fort Lauderdale, Florida, which provide management support to overseas posts in areas such as human resources and financial management.

¹Office of Management and Budget, *President's Management Agenda, Fiscal Year 2002* (Washington, D.C.: August 2001). The *President's Management Agenda* is a set of management initiatives designed to make government more citizen-centered, effective, and efficient. Rightsizing is a concept that refers to having the right amount of staff at overseas posts with the necessary resources and expertise to accomplish U.S. policy objectives.

Over the past several years, we have provided the Subcommittee with reports and testimonies to assist in the oversight of staffing and operations at U.S. posts overseas. In order to ensure that the U.S. government's goals in rightsizing its overseas presence are being met, you requested that we review actions to expand the use of support from remote locations; the progress that the U.S. government is making on rightsizing, including activities of the Office of Rightsizing within State; and the implementation of measures to reduce the duplication of support functions between State and the U.S. Agency for International Development (USAID). This report (1) reviews State's efforts to provide administrative support from remote locations, (2) identifies the challenges it faces in doing so, and (3) outlines the potential advantages and concerns associated with providing support remotely. Later in 2006, we will report on the activities of the Office of Rightsizing and the implementation of measures to consolidate State and USAID support activities at overseas posts.

To address our objectives, we reviewed State's documents on its initiatives to provide support remotely and the foreign affairs regulations for carrying out administrative functions overseas. We spoke with officials at State's regional and functional bureaus in Washington, D.C., and met with senior management and regional staff at the Florida Regional Center in Fort Lauderdale, Florida, and the Financial Services Center in Charleston, South Carolina. We also met with senior management, regional staff, and locally employed staff that provide remote support from the Regional Support Center in Frankfurt, Germany. We met with ambassadors, deputy chiefs of mission, management officers, and other U.S. embassy staff, including locally employed staff, at four posts that receive remote support. We chose the posts located at Belize City, Belize; Helsinki, Finland; Nassau, Bahamas; and Valetta, Malta, because they represent a sample of both small and medium-sized posts that receive remote support. We also visited Mexico City to talk with embassy officials about how the U.S. mission to Mexico has been rightsized and how the embassy provides support to consulates throughout the country. In addition, we met with officials in Paris, France, to discuss the financial support that locally employed staff provide to posts in Africa. Also, we conducted telephone interviews with management staff at 20 overseas posts regarding their reporting on rightsizing efforts to Washington and, when applicable, regarding remote support they receive. Lastly, we reviewed post profiles and cost data associated with the placement of American personnel overseas. We performed our work from June 2005 until April 2006 in accordance with generally accepted government auditing standards. (For a detailed discussion of our scope and methodology, see app. I.)

Results in Brief

State has a number of regional and domestic offices that provide some management support remotely to overseas posts in areas such as financial management and human resources, and it plans to increase the use of remote administrative support provided to overseas posts. For example, State's Bureau of Western Hemisphere Affairs provides direct support to 16 small posts in its region through routine visits by staff based in a domestic regional service center in Fort Lauderdale, Florida, while State's Bureau of European and Eurasian Affairs provides consultative support through occasional post visits from staff on an as-needed basis from an overseas regional center in Frankfurt, Germany. Moreover, the Bureau of Resource Management provides a number of financial services, from its location in Charleston, South Carolina, to posts worldwide. Additionally, in late 2005, State announced that it would identify and remove functions that do not need to be performed at post and could instead be performed by personnel based in the United States or at regional offices overseas from seven posts in dangerous locations, where it is crucial to have as few personnel as possible due to security concerns. State also plans to eventually remove such functions from other overseas posts.

State faces several challenges in trying to expand its use of remote support. In particular, restrictions on what management functions non-American staff can perform might limit the extent to which services can be provided remotely, as could a regulation that requires original invoices for payment. In addition, current funding arrangements for the various regional bureaus and posts might limit opportunities for remote support to be offered from one region to another, while a reluctance to change further constrains opportunities to expand remote support. State is currently assessing whether or not certain regulations could be waived or changed and how institutional challenges might be overcome.

There are several potential advantages to providing administrative support to posts from remote locations—including cost savings, enhanced security for American personnel, and improved quality of administrative support—as well as several outstanding concerns, according to officials whom we spoke with both in Washington and overseas. For example, one officer located in the United States currently provides financial management support to multiple posts in the Western Hemisphere, thereby eliminating the need for an American financial management officer at each individual post served. Officials said that eliminating the need for American officers overseas could result in cost savings. In addition, according to State officials, potential cost benefits and other efficiencies might result from

making greater use of regional service centers overseas and by empowering locally employed staff to perform support functions traditionally carried out by U.S. officers overseas. Officials at the posts we visited said they were generally satisfied with the level of support and customer service received from a regional or domestic service center. However, they expressed some concerns relating to the quality of remote support, particularly regarding the timeliness of regional officers' responses to post issues. State has not conducted analyses of the potential cost savings associated with providing remote support and has not used systematic performance measures and customer feedback mechanisms to assess the quality of support provided. In addition, many officials both in Washington and overseas are unaware of the full breadth of support offered by regional service centers and said they would be more willing to use them if the cost and quality of available services was documented. State officials in Washington agreed that tools, such as customer service feedback, would be useful in marketing remote support; and, during the course of our work, one regional bureau has begun to develop them.

As State implements its plan for expanding remote support, it would be useful for State to concurrently assess the advantages and address the concerns of providing embassy support from remote locations, including the potential impacts on cost, service delivery, and security for American personnel. Therefore, we recommend that the Secretary of State take the following three actions:

- Identify and analyze the various costs associated with providing support at individual posts versus at regional service centers in the United States or overseas;
- Develop systematic performance measures and feedback mechanisms to measure the quality and customer satisfaction of support services provided remotely; and
- Use the cost analyses and feedback on quality and customer satisfaction to
 - inform post management of which services could be offered remotely, the various costs involved, and the quality of services offered;
 - consider ways to improve the quality of remote support, when necessary; and

-
- determine whether additional posts, including posts that are requesting new U.S. officer positions in management functions, might be logical candidates for receiving remote support.

We also encourage State to continue reviewing challenges to providing support remotely and finding ways to overcome them.

We provided a draft of this report to the Department of State for comment. State generally concurred with the report's substance and findings and indicated that it is taking steps to implement all of our recommendations. State also provided technical comments, which have been incorporated throughout the report, where appropriate.

Background

Following the 1998 embassy bombings in Nairobi, Kenya, and Dar es Salaam, Tanzania, a number of reviews called for the reassessment of overseas staffing levels and suggested a series of actions to adjust the overseas presence, including relocating some functions to the United States and to regional centers, where feasible.² The White House, Congress, the Office of Management and Budget (OMB), and GAO have emphasized rightsizing as vital to ensuring that the overseas presence is at an optimal and efficient level to carry out foreign policy objectives.³ GAO's rightsizing framework, which has been adopted by OMB and State, consists of three factors—mission, security, and cost—that should be weighed when making rightsizing decisions. In addition, the *President's Management Agenda* (PMA) has identified rightsizing as one of the administration's priorities. One way to provide efficient administrative support to overseas posts is by consolidating and centralizing service delivery within a geographic area

²These reviews include, Department of State, *America's Overseas Presence in the 21st Century, the Report of the Overseas Presence Advisory Panel* (Washington, D.C.: November 1999) and Department of State, *Report of the Accountability Review Boards: Bombings of the U.S. Embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania* (Washington, D.C.: January 1999).

³We have defined rightsizing as aligning the number and location of staff assigned overseas with foreign policy priorities and security and other constraints. It may result in the addition or reduction of staff, or a change in the mix of staff at a given embassy or consulate overseas. A number of our reports have focused on rightsizing and include GAO, *Overseas Presence: More Work Needed on Embassy Rightsizing*, [GAO-02-143](#) (Washington, D.C.: Nov. 27, 2001); GAO, *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives*, [GAO-02-780](#) (Washington, D.C.: July 26, 2002); and GAO, *Overseas Presence: Rightsizing Framework Can Be Applied at U.S. Diplomatic Posts in Developing Countries*, [GAO-03-396](#) (Washington, D.C.: Apr. 7, 2003).

through regional service centers located overseas and within the United States.⁴ Two objectives of regional service centers, which address the three factors of the rightsizing framework, are to improve administrative support to overseas posts (mission) and to reduce staffing overseas whenever possible (cost and security).

Within the State Department a number of bureaus and offices are responsible for the administration and oversight of regional operations overseas. The Under Secretary for Management is responsible for implementing the PMA initiatives and, in particular, working with the White House and OMB on the initiative focused on rightsizing the U.S. government's overseas presence. The congressionally mandated Office of Rightsizing⁵ leads State's efforts to develop mechanisms to better coordinate, rationalize, and manage the deployment of U.S. government personnel overseas. In addition, the Office of Global Support Services and Innovation in the Bureau of Administration coordinates State's efforts to improve the delivery of support services to all overseas posts. This office partners with service providers at posts and State's various regional⁶ and functional bureaus to move support work to safer and lower-cost regional and central locations.

The operation of U.S. embassies and consulates overseas requires basic administrative support services for overseas personnel, such as financial management and personnel services. At the post level, the management section, which is normally headed by a management counselor or management officer, is responsible for carrying out the administrative functions at a post. The typical management section of an embassy consists of several U.S. Foreign Service officers who are in charge of financial management, human resources, information management, and general

⁴Providing administrative support to overseas posts by consolidating and centralizing service delivery within a geographic area through regional service centers is also referred to as regionalization.

⁵In the fiscal year 2004 appropriations act (P.L. 108-199), Congress mandated the establishment of an Office on Rightsizing the U.S. Government Overseas Presence to be established within the Department of State. The office was directed to lead State's effort to develop internal and interagency mechanisms to better coordinate, rationalize, and manage the deployment of U.S. government personnel overseas, under Chief of Mission authority.

⁶State has six regional bureaus, each of which is responsible for working with posts in a specific geographic region of the world. State's regional bureaus include the Bureaus of African Affairs, East Asian and Pacific Affairs, European and Eurasian Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs.

services. They are assisted by locally employed staff⁷ who serve as voucher examiners, cashiers, and financial and personnel assistants and specialists. Smaller posts have not historically had full management sections with trained, experienced U.S. citizen officers filling each of the management positions, such as a financial management officer or human resources officer.⁸ Therefore, many times these posts rely on remote support from the United States or a regional service center to obtain administrative support.

A Number of State Bureaus Provide Embassy Support Remotely, with More Efforts Planned

State has a number of overseas regional bureaus that provide management support remotely in a variety of ways. State's functional bureaus also provide remote support. As a part of its rightsizing efforts, State developed plans to regionalize support by identifying all nonlocation-specific functions⁹ and removing them from overseas posts, starting with critical danger posts, where it is crucial to have as few personnel as possible due to security concerns.

State's Regional Bureaus Offer Remote Support in a Variety of Ways

Two regional bureaus provide remote support from a regional service center staffed with a cadre of management staff assigned to various posts. Other regional bureaus assign management staff at larger posts to assist neighboring posts that lack the management staff necessary to carry out all of the post's administrative functions.

Two Regional Bureaus Have Regional Service Centers

State's Bureau of Western Hemisphere Affairs and the Bureau of European and Eurasian Affairs offer a variety of personnel and other administrative support services remotely to their posts through regional service centers. Both regional service centers—the Florida Regional Center in Fort

⁷Locally employed staff includes any staff hired by the embassy on the host country's local economy. Foreign service nationals are considered locally employed staff.

⁸A financial management officer acts as a certifying officer for U.S. government agencies and provides a full range of financial services, including development of budgets and financial plans, control of obligations and expenditures, and preparation and audit of payment vouchers. A human resources officer supervises post human resources staff and ensures effective post operations in several functions, including labor relations, recruitment and staffing, compensation and benefits, performance management and appraisal, training, policy development, job classification, and career counseling.

⁹Nonlocation-specific functions are management functions that can be performed from a regional center or at a central location within the United States rather than at an overseas post.

Lauderdale, Florida, and the Regional Support Center in Frankfurt, Germany—have a director who oversees operations and reports to the executive director of each respective regional bureau in Washington, D.C. Both centers' buildings also house various other regional support activities that are managed by the respective functional bureaus, such as a regional procurement office that provides purchasing and contracting services to posts.

- The Florida Regional Center provides financial management and human resources support to about 16 posts located in Latin America and the Caribbean. The posts that receive remote support in these functions do not have a full-time, American financial management officer or human resources officer; rather, the U.S. post management officer at these posts serves multiple roles¹⁰ and spends a certain percentage of his or her time on various management activities, including the certification of vouchers and some personnel functions, with assistance from locally employed staff. However, the management officers might not be able to provide enough personnel or financial support due to their lack of experience or training in the function as well as time constraints, according to officials at the posts we visited. To compensate for these limitations, a regional human resources or financial management officer, based in Fort Lauderdale, visits each post for which he or she is responsible on an agreed schedule that is outlined in a memorandum of agreement between the post and the Florida center. For example, during a typical visit, a regional human resources officer ensures that the post is in compliance with local labor laws and regulations, evaluates post personnel operations and practices, addresses employee morale issues, conducts salary and benefits surveys, provides guidance on post training needs, and performs a host of other higher level human resources duties, as necessary. A regional financial management officer's responsibilities include reviewing post management practices to prevent waste, fraud, and mismanagement; conducting spot reviews of vouchers, purchase orders, and petty cash transactions; and providing assistance in post budget and financial plans. The Florida center also has one regional information management officer involved in a pilot program to provide support to two posts that do not have a permanent

¹⁰A management officer in small overseas posts may be designated with a wider variety of responsibilities than a management officer at a larger post. For example, the management officer in Belize City is partially responsible for the post's budget and fiscal, consular, human resources, medical, and other services.

information management officers assigned, as well as three information management specialists and two office management specialists that provide additional support to posts throughout the region, when necessary.

- The Regional Support Center in Frankfurt, Germany, provides management assistance in financial management and human resources to about 40 posts throughout Europe and Eurasia; however, it does this on a more consultative, as-needed basis than the Florida center. The Frankfurt center’s focus is to promote self-reliance in the full range of financial and personnel activities at European and Eurasian posts. It provides management oversight to posts and assists staff in developing various managerial skills through oversight visits and training. Many of the posts the center serves do not have full-time human resources officers or financial management officers, and a number of them are staffed by junior or first-tour management officers who need occasional assistance or training in core management functions. Regional support is provided through occasional post visits from regional officers and senior, locally employed staff located at the Frankfurt office, as well as through training provided at the Frankfurt center.

Table 1 provides a breakdown of the number of regional management staff, the number of posts they cover, and the types of support they provide from Fort Lauderdale and Frankfurt.

Table 1: Support Offered by Regional Service Centers

Type of support provided by regional managers	Florida Regional Center, Fort Lauderdale	Regional Support Center, Frankfurt, Germany
	Primary service provider for the function at post; post visits six times per year.	Consultative support, training, guidance, and oversight; post visits once or twice per year depending on post needs.
Number of regional officers/Number of posts supported by function		
Financial management	Two officers/6 Posts	Six officers ^a /30 Posts
Human resources	Four officers/16 Posts	Three officers ^b /32 Posts
Information management	One officer/2 Posts	Zero officers/0 Posts

Source: Department of State.

^aThree American direct hire and three locally employed staff.

^bTwo American direct hire and one locally employed staff.

Table 2 provides data on the four posts that we visited that receive financial and personnel support from a regional service center in Fort Lauderdale or Frankfurt and the various characteristics of those posts, including the total number of staff, the number of local staff that carry out financial and personnel functions, the posts' budgets, and the number of annual visits received from a regional manager. Fort Lauderdale and Frankfurt currently provide administrative support remotely to small and medium-sized posts, which in some instances removes the need for an American officer to carry out those support functions at post.

Table 2: Characteristics of Posts Receiving Remote Support

Overseas post	Belize City, Belize	Nassau, Bahamas	Helsinki, Finland	Valletta, Malta
Staffing at post				
Total staff at post (all agencies)	121	236	134	99
Americans	33	177	58	32
Locals, Non-Americans	88	59	76	67
American officers in functions at posts				
Human resources	0	0	0	0
Financial management	0	0	0	0
Locally employed staff at functions in posts				
Human resources	2	2	2	1
Financial management	4	6	4	3
Post administration				
Total budget size of post, 2006	\$3.7 million	\$16.4 million	\$9.3 million	\$3.8 million
Number of vouchers processed, 2005	3,200	4,305	5,000	1,550
Regional support				
Regional service center	Fort Lauderdale		Frankfurt	
Visits in financial management/year	6	6	1	1
Visits in human resources/year	6	6	1	1

Source: Department of State, as of March 2006.

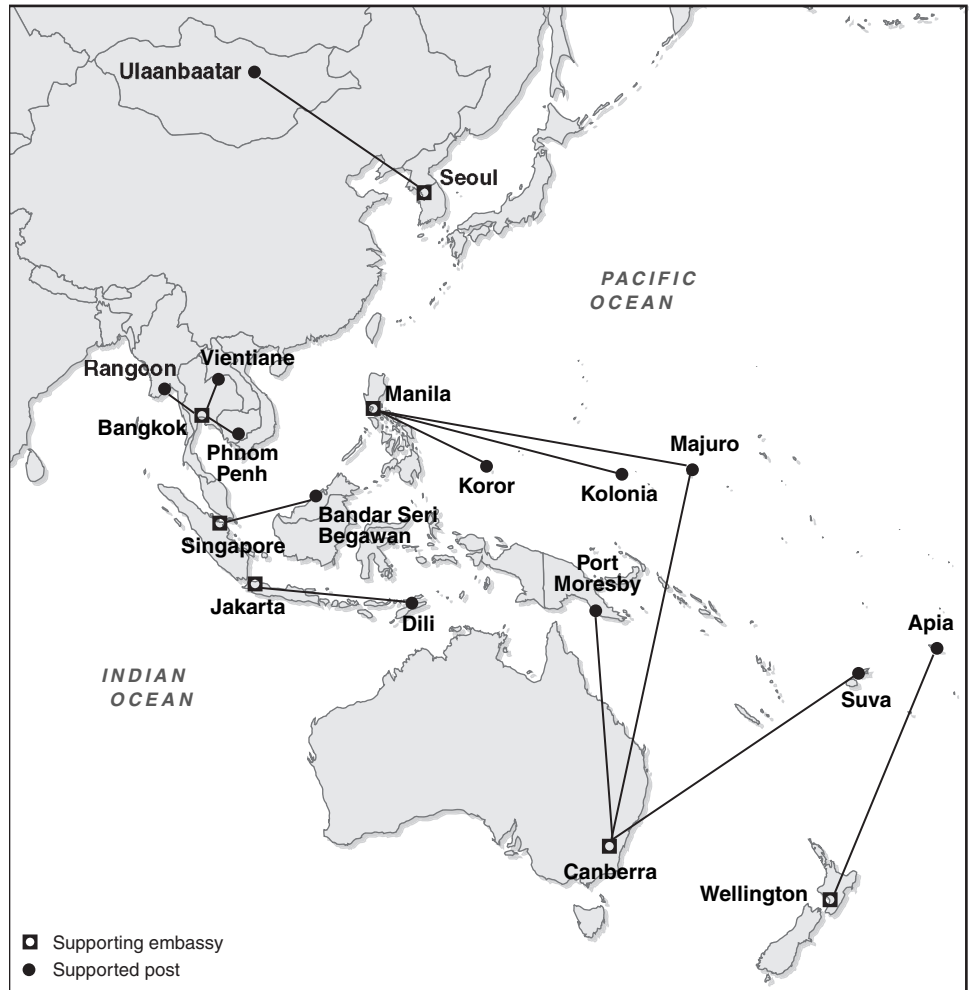
Some Regional Bureaus Use Other Methods of Remote Support

State's other regional bureaus use mechanisms other than regional centers to support posts' administrative needs remotely. In particular, the Bureaus of African Affairs, East Asian and Pacific Affairs, Near Eastern Affairs, Western Hemisphere Affairs, and South and Central Asian Affairs use partnering arrangements to provide remote support from larger posts or

embassies to small or medium-sized posts that do not have resident American human resources or financial management officers. For example, because Embassy Phnom Penh does not have a resident human resources officer, the management staff at Embassy Bangkok provides support by reviewing human resources operations and providing ad hoc advisory assistance at least twice per year. In Mexico, the Embassy in Mexico City provides financial management support to about nine consulates throughout the country that do not have resident financial management officers. In addition, the Bureau of African Affairs employs staff in Paris to provide financial support to posts in Africa. Some posts have a support agreement that outlines how many visits will be made and what functions will be carried out under such partnering arrangements.

Officials from the Bureau of East Asian and Pacific Affairs in Washington said that posts in Asia use partnering because geographic distances and language and cultural differences between posts in some areas make it difficult to devise a regional service center that, like those in Frankfurt and Fort Lauderdale, meets all posts needs. Furthermore, officials said the regional bureau currently lacks the funding to establish a regional service center with a new building and additional management staff. See figure 1 for a map of several remote support partnerships in East Asia and the Pacific.

Figure 1: Several Remote Support Partnerships in East Asia and the Pacific



Sources: GAO, and Map Art.

In addition, the Bureau of Near Eastern Affairs has embarked on an effort to make extensive use of remote support provided from the United States due to the extreme security threat faced at new embassies, particularly in

Baghdad, Iraq.¹¹ For example, an official from the Bureau of Near Eastern Affairs told us that State plans to provide increased financial management support to the embassy in Baghdad from centralized operations in Charleston, South Carolina, rather than performing all financial management operations at post. However, he pointed out that it would take significant time and money before the bureau could remove all nonlocation-specific functions from critical danger posts, as outlined in State's 2006 operational plan.

State's Functional Bureaus Also Provide Remote Support

Several functional bureaus within State provide remote support in financial management, information management, procurement, security, courier, medical, and other functions. Some of these operations are offered centrally from locations within the United States and others at overseas locations such as the regional center in Frankfurt. One example of a domestic support operation is the Global Financial Services Center within the Bureau of Resource Management, which has a central location in Charleston, South Carolina, and receives support from offices in Bangkok, Thailand, and Paris, France. The center is responsible for disbursement, payroll, accounting, cashier monitoring and training, customer support, and other financial management support for posts around the world. Additional examples of remote support from functional bureaus include the following:

- The Bureau for Information and Resource Management sponsors Regional Information Management Centers, which provide telecommunications, network, systems, engineering, installation, and maintenance support to overseas posts from a number of locations.
- The Bureau of Administration operates the Regional Procurement Support Office, which provides contract and procurement services and provides goods and services to posts throughout the world, for a certain fee.

¹¹In addition, State created the Model for Overseas Management Support within the Bureau of Administration to ease the burden of administrative support on overseas posts in dangerous environments. The model was initially designed to meet the challenges of supporting the numerous demands for establishing and maintaining support services to Embassy Baghdad, and State plans to expand the model concept to other dangerous posts in the Middle East.

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- State's Bureau of Diplomatic Security provides regional engineering support and diplomatic courier operations to posts overseas.
 - State also has various regional medical offices throughout the world that are administered by the Office of Medical Services.

State Developed an Operational Plan for Rightsizing

State's fiscal year 2006 operational plan, *Organizing for Transformational Diplomacy: Rightsizing and Regionalization*,¹² identifies post functions that can be performed remotely. The plan focuses on first removing nonlocation-specific functions—or functions that could potentially be removed from posts and carried out either from the U.S. or a regional center—from critical danger missions,¹³ where State officials said it is crucial to have as few personnel at posts as possible due to security concerns. The plan envisions eventually removing those functions from all overseas posts. Officials from the Office of Global Support Services and Innovation identified 78 nonlocation-specific functions and, in December 2005, State selected 16 of these functions that it planned to provide to critical danger posts from remote locations, according to officials. For a list of some of the nonlocation-specific functions that can be provided remotely, see table 3.

¹²Department of State, *Organizing for Transformation Diplomacy: Rightsizing and Regionalization FY 2006 Operational Plan* (Washington, D.C.: Oct. 6, 2005).

¹³State Department has identified Afghanistan, Burundi, Haiti, Liberia, Pakistan, Saudi Arabia, and Sudan as the most critical danger posts that will be initially affected by State's operational plan focusing on nonlocation-specific functions. However, plans for operations in Iraq, also considered a critical danger post, are proceeding separately.

Table 3: Select Functions that Can Be Provided Remotely

Nonlocation-specific function	Activity
Human resources management services	Orientation and in-processing
	Local staff job evaluations
Training	Distance learning applications
Procurement services	Purchase order processing
	Contracting
Financial management services	Voucher examination and certification
	Budget submissions and report preparation
Travel Services	Travel request processing
	Travel order preparation

Source: Department of State.

State's operational plan includes goals and timelines for action. As of April 2006, State indicated that a number of initiatives to remove nonlocation-specific functions were under way in a number of posts; however, it is too early to assess State's progress in implementing the plan.

In December 2005, State's Office of the Inspector General (IG) recognized State's operational plan as a good start and recommended that the Under Secretary for Management produce a Departmentwide master plan for formally accrediting regional centers. This recommended plan would include long-term capital construction requirements for housing and office space, standardized service expectations, and management structures that ensure accountability to serviced bureaus and posts.¹⁴ As of March 2006, officials from the Office of Rightsizing and the Bureau of Administration said they were beginning to address the IG's findings.

While officials from the executive offices of some of the regional bureaus told us that State's operational plan is on the right track, they cautioned that the implementation of the plan must take into consideration the various realities faced by posts in different regions of the world. For example, an official of the Bureau of African Affairs told us that many posts in Africa lack the technological capabilities to be able to utilize remote support, which requires more processes to be done electronically. He

¹⁴Department of State, Memorandum Report, *Rightsizing the U.S. Government Presence Overseas: A Progress Report*, (ISP-I-06-11, Washington, D.C.: December 2005).

cautioned that certain posts would need to obtain better bandwidth connectivity to handle online financial management transactions. In addition, officials from the bureau did not believe that the three African posts identified as critical danger posts would meet the strategy's March 2006 timeline to receive nonlocation-specific services remotely. Officials from the Bureaus of Near Eastern Affairs, South and Central Asian Affairs, Western Hemisphere Affairs, and East Asia and Pacific Affairs agreed that there is not a one-size-fits-all approach to providing support remotely. An official from the Bureau of Western Hemisphere Affairs added that if more nonlocation-specific functions are moved from posts to remote locations, regional bureaus would have to release or shift many local staff that currently carry out those functions at posts and hire additional Americans in the United States or staff at regional service centers overseas.

Officials in the Bureau of Western Hemisphere Affairs also pointed out that the various administrative bureaus within State, to which the workload related to remote support might be assigned, may not yet have the capacity to handle the additional work. For example, they said that the Bureau of Resource Management had not yet reported that it is ready to provide additional remote support in the area of financial management. However, according to the officials, the Bureau of Information Resource Management is an example of a functional bureau that is committed to maximizing the way in which it provides information technology services to overseas posts and it is standardizing its regional information management centers.

State Department Faces Challenges in Its Plans to Increase Embassy Support from Remote Locations

State is currently looking to move forward with its fiscal year 2006 operational plan for remote support; however, it faces several challenges that could hinder its further expansion of remote support services. In particular, limits on what management functions non-American staff perform might limit the extent to which services can be provided remotely. In addition, one regulation requires original invoices for payment, which could hinder additional remote support provided electronically. Also, current funding arrangements for the various regional bureaus and posts might limit opportunities for remote support to be offered from one region to another. Finally, a reluctance to change further constrains opportunities to expand remote support.

Limits on Non-American Staff Responsibilities Might Hinder Remote Support

Officials at the posts we visited told us that empowering local staff could play a significant role in expanding remote support; however, such staff are limited in the types of support that they may provide. For example, while several officials stressed that there are certain tasks that, for reasons of national security, must be carried out overseas by security-cleared American citizens, some tasks, such as certifying vouchers, may be done by non-American staff. In fact, according to the Foreign Affairs Handbook (FAH), direct-hire, locally employed staff members who meet certain professional qualification criteria and have proven records of integrity and consistent superior performance may be designated to certify vouchers as Alternate Certifying Officers.¹⁵ Several officials at the Florida center said that allowing such staff to certify with oversight from a regional officer could remove the need for American officers at some posts. However, we found a lack of clarity regarding this issue at several posts. In particular, several officials whom we spoke with in Washington and overseas either were unaware that non-American staff could certify vouchers or said there were limitations on which types of vouchers or what maximum monetary value those staff may be designated to certify.

Additionally, State officials told us that other tasks, such as procurement, could also be carried out by non-American staff with oversight from an American regional officer if current regulations limiting their authority were changed.¹⁶ State is exploring this issue through a pilot program at Embassy Brussels to implement contracting authority for locally engaged staff. If successful and expanded, the program could free up American officers for essential operational and management controls activities, or potentially eliminate some American positions at posts, according to officials in Washington. Officials in Washington and at posts we visited said that State should reexamine its policies and determine, based on a risk-benefit analysis, what additional powers or responsibilities could be given to local, non-American staff, and then communicate that to posts.

¹⁵4 FAH-3 H-065.2-2.

¹⁶Department of State Acquisition Regulation at 601.603-3 (c) provides that only U.S. government direct-hire employees who are U.S. citizens shall be appointed as contracting officers. The regulation specifically provides that personal services contractors, foreign service nationals, and third country nationals are not eligible for appointment as State contracting officers. See 6 *Foreign Affairs Manual*, appendix E.

Existing Regulation Could Hinder Use of Technologies in Providing Remote Support

State officials noted that, with the right technological applications, some administrative functions, such as the entire payment process, could be performed from a remote location with minimal involvement from posts. However, State faces challenges in making this transition due to a regulation that requires original invoices in processing payments.¹⁷ State recognizes that leveraging today's Web-based technologies and global business practices is essential to carrying out administrative functions remotely, and it reports that it is working aggressively with embassies and agencies to use technology and improved management methods to eliminate the nonessential U.S. government presence overseas.¹⁸ In addition, the Under Secretary for Management asked posts to move ahead with efforts to provide additional support remotely and to identify any legal or regulatory barriers, according to State officials. For example, State has waived the regulation requiring an original invoice in order to allow a pilot post being served by the regional center in Frankfurt to e-mail or fax vouchers, invoices, and other supporting documentation to Frankfurt for certification of payment and submission to the Global Financial Services Center for disbursement. However, this pilot is not yet under way due to resistance from officials who believe that there should be a financial management officer at every post, according to State officials in Washington. In addition, the pilot post—Nicosia, Cyprus—lacked the bandwidth capabilities necessary for the electronic transactions at the time of our study, according to officials.

Funding Structures Complicate Remote Support Efforts

Current State bureau funding structures might limit the application of remote services. Since regional centers are currently funded primarily by their respective regional bureaus, it is commonly believed that it is difficult for posts to cross bureau lines to obtain regional services, according to officials from the regional bureaus in Washington. This makes it difficult, for example, for the Florida Regional Center to provide services to a post not covered by the Bureau of Western Hemisphere Affairs. Another example is the Bureau of African Affairs' employment of staff in Paris to provide financial support to posts in Africa. The bureau believes these employees are ideally suited for this work because of their financial management expertise, their French-speaking skills that are necessary to

¹⁷4 FAH-3 H-422.6 requires that payment be made on original invoices only.

¹⁸Quarterly Report by the Office of Rightsizing the U.S. Government Presence Overseas (2005/III).

serve many African posts, and their access to transportation links to Africa. We asked if these staff could also serve some North African posts, which are even closer geographically to Paris and where French is also widely spoken. But we were told that this is not currently possible, largely because the posts in North Africa are not within the Africa Bureau, and funding structures to cross regional bureaus have not yet been established. State's IG recently pointed out that a Departmentwide plan clarifying the resources and funding structures for regional centers would add needed coherence to State's rightsizing efforts.¹⁹

Several examples demonstrate that State is trying to address the issues involved with financing remote support. For example, the International Cooperative Administrative Support Services (ICASS)²⁰ Executive Board approved a proposal to initiate the charging of customer agencies for regional services and to enable posts to utilize regional center services outside their regional bureau. Furthermore, remote services are already beginning to cross regional boundaries. For example, the Florida Regional Center recently added to its portfolio Hamilton, Bermuda, a post that belongs to the Bureau of European and Eurasian Affairs, because the Florida center is geographically closer to Hamilton than is the Regional Support Center in Frankfurt. This arrangement currently entails the Bureau of European and Eurasian Affairs paying for the travel of the regional manager to post.

Reluctance to Change Hampers Remote Support Efforts

State officials pointed out that management officials at overseas posts might be reluctant to accept support remotely rather than having an American at post to provide the support. For example, officials at the Florida Regional Center have made two proposals to expand the center's support in financial management and human resources and have identified posts, with similar characteristics to those currently receiving support (see table 2), that would benefit from remote support. One proposal, which calls for the empowerment of locally employed staff, backed by oversight from a regional manager at the Florida center to certify vouchers, would free up the need for a full-time American financial management officer at post.

¹⁹ISP-I-06-11, December 2005.

²⁰ICASS was implemented in 1998 and is a shared administrative support system through which government entities at overseas posts obtain and share costs of essential services. ICASS is governed by a 14-member board, composed of assistant-secretary level representatives of the largest customer U.S. government agencies.

However, officials in Washington and at some posts we visited overseas told us that most posts are reluctant or unwilling to give up their American management officers because they prefer to have direct access to them. Officials told us that post receptivity to such remote support proposals depends on management's willingness to relinquish some of its current positions, as well as the assurance from the regional bureaus in Washington, D.C., that the regional service centers would have the resources to provide additional support. For example, Haiti was recently identified as a post that could utilize financial management support from the Florida center but, according to officials from the Bureau of Western Hemisphere Affairs, senior management at the post would not relinquish the American staff position.

In addition, State reports resistance to change from a number of its bureaus. For example, officials from the Bureau of Resource Management (as well as some officials overseas) believe that having fewer management staff at posts overseas could increase internal control vulnerabilities and that there should be an American financial management officer at all overseas posts. Additionally, in its technical comments on this draft, the Office of Global Support Services and Innovation said that, while developing the pilot programs to remove nonlocation-specific functions from critical danger posts, such as Haiti, the regional bureaus were reluctant to impose this experiment on posts already under such stress. This reluctance, along with State's desire to expand remote support to the largest possible number of posts, has led State to consider all posts, not just critical danger posts, for implementation of such pilot programs, according to the office.

Providing Support Remotely Offers Potential Advantages, but Cost Analyses and Performance Measures Are Needed

According to State officials, there are several potential advantages to providing administrative support to posts from remote locations rather than at individual posts, including potential cost savings, enhanced security for American personnel, and improved quality of administrative support. However, at the time of our review, State had not conducted analyses of the cost advantages associated with providing administrative support remotely rather than at posts and had no systematic performance measures and feedback mechanisms in place to assess the quality of support provided.

Support Provided from Remote Locations Could Offer Advantages in Mission, Cost, and Security

We have identified several examples to demonstrate the potential advantages, in terms of financial benefits, enhanced security for American personnel, and improved quality of administrative support, of posts receiving support remotely. The first example demonstrates the advantages of providing remote support from a regional service center located in the United States. The second example depicts the advantages associated with providing support from a regional service center located overseas. Finally, the third example illustrates the advantages associated with locally employed staff providing remote support to posts. There are also several issues of concern relating to remote support, namely the quality of services, though these issues require further analysis.

Providing Support from the United States

According to officials at the Florida center, assigning certain duties to regional officers based in the United States is one way to save money while retaining the expertise of a foreign service officer. Officials told us there are cost savings associated with having one regional officer perform the duties of several officers who would otherwise be assigned to posts. Officials told us that eliminating the need for American officers overseas could result in cost savings after factoring in offsetting costs, such as costs for travel and technology enhancements, to accommodate the change. For example, each overseas position costs approximately \$400,000, according to an average computed by State's Bureau of Resource Management for fiscal year 2007. This amount includes salary, benefits, and support costs plus a number of costs that apply only to officials overseas, such as housing allowances; educational allowances for their children; and additional pay, such as danger pay, depending on which region of the world the officer is located. It also includes costs for providing a secure building for the officers to work in overseas. By assigning regional officers in the United States, State could avoid such costs, which do not apply to personnel stationed domestically. Although officials have not conducted a formal cost comparison to assess the size of the potential savings, they believe the potential savings could be in the millions of dollars.

For example, in 2002, the U.S. Embassy in Nassau, Bahamas, requested a full-time American financial management officer at post to handle its financial management workload, according to the post management officer. To avoid the additional costs associated with posting a financial management officer in Nassau, officials from the Bureau of Western Hemisphere Affairs said the bureau instead assigned a regional officer from the Florida Regional Center to assist the Nassau post management officer who handles a variety of financial management responsibilities, such as

certifying vouchers. The total cost for the Florida-based regional officer would be his salary and benefits plus travel costs of about \$60,000, according to the center's officials, which includes travel to Nassau and three other posts also served by that officer.

In addition to cost efficiencies, officials said the Florida Regional Center's model of support would enhance security, while the quality of support would not suffer from the change. Officials told us that U.S. officials, in general, are much safer living and working in the United State than at overseas posts. In addition, staff at both posts we visited said that the support the posts received from the Florida Regional Center was generally satisfactory and meeting post needs. One management officer said that the regional managers were highly experienced and competent in their functional areas, which led to a high level of quality support.

Officials at the Florida Regional Center added that, in cases where a regional center is located within the United States, civil servants or retired employees could also be used as a cost-effective way of providing remote support, when feasible. Another potential advantage of assigning civil service or retired employees to provide remote support would be continuity, as they would not be required to transfer every 2 to 3 years as foreign service officers do.

Providing Support from an Overseas Regional Center

According to officials in Washington and overseas, potential advantages also could arise from providing support remotely from a regional service center overseas. For example, approximately 20 posts in Europe and Eurasia have requests in their Mission Performance Plans²¹ for an American financial management officer at post, according to the Deputy Assistant Secretary for Global Financial Services. To eventually avoid assigning such new staff to posts overseas, State is piloting a project to determine whether it can remotely certify vouchers in Frankfurt by using scanned rather than original documents. Center officials said that there would be a savings in cost and space and gains in security at those posts where this concept of remote certification removes the need for an American financial management officer position overseas. For example, while some posts in Europe and Eurasia do not have facilities that meet

²¹A Mission Performance Plan is one of State's planning tools. These plans require, among other things, every chief of mission to outline current rightsizing objectives and accomplishments, including plans to use regionalized services and programs when practicable.

security standards, the Regional Support Center in Frankfurt is located in a safe facility that meets security standards, including 100-foot setback between office facilities and uncontrolled areas, and controlled access at the perimeter of the compound. Also, officials said that posts could receive highly skilled and experienced financial oversight from the center. Officials acknowledged that it is costly to operate from the Frankfurt facility because of local wage rates and the cost of living allowance for U.S. staff. However, they believe that high operating costs would likely be outweighed by a combination of factors, including the potential efficiencies achieved at posts served by the regional facility and the eventual reduction in staff needed at posts overseas due to the remote support offered from Frankfurt. However, center officials said they had not performed cost analyses to demonstrate if servicing posts from Frankfurt was cost effective, and they agree that such analysis would be useful.

Providing Support Using Non-American Staff Rather than Americans

State officials told us that using non-American staff to provide remote support offers several advantages. For example, State uses these staff in the Foreign Service National Executive Corps and Paris Rovers Programs.

- The Foreign Service National Executive Corps, one method of providing remote support, is used by the Bureau of European and Eurasian Affairs to leverage in-house resources to benefit smaller missions throughout the world, according to officials at the Frankfurt center. Corps members are locally employed staff, from a variety of posts throughout the various regional bureaus, who are highly experienced in various administrative functions and can assist, train, and mentor staff at posts in areas such as facilities maintenance, financial management, general services (such as procurement), human resources, and information management. State officials told us that, by using the corps members to provide remote support, State has avoided the assignment of additional American officers overseas.
- The Paris Rovers Program, another means of providing remote support by using non-American staff, is cost-efficient and effective, according to officials from the Bureau of African Affairs. The program operates with six locally employed staff—five of whom are based in Paris—serving as financial management experts for about 44 posts in Africa, many of which either have first-tour financial management officers or no full-time American financial management officers. The rovers are experts in post budget needs and cashier problems and spend much of their time providing on-the-job training to staff at posts, as well as occasionally filling post staffing gaps. According to bureau officials, by educating

first-tour officers in the use and management of appropriated funds and reviewing financial management reports, the Paris rovers provide needed financial management internal control oversight, which likely reduces financial losses to the bureau.

In addition, bureau officials said they are committed to not sending an American to post when there is no need to do so, due to the security risk levels of many posts in Africa. Recently, several posts in Africa, including Bangui in the Central African Republic, have requested American financial management officers, according to an official from the Bureau for African Affairs. To avoid hiring a financial management officer for Bangui, the bureau added Embassy Bangui to the Paris Rovers Program.

Although the bureau has not determined the full potential of the program, its initial data demonstrate that the operation is cost-effective. According to bureau officials, the total cost of the six employee rover program in 2005 was about \$934,000, including employee salaries and travel costs. The Bureau of African Affairs prepared an estimate, at our request, of what it would cost to provide financial services without the Paris-based rover operation. The bureau estimated that it would have to spend over one million dollars to fund three additional U.S. officer positions and three part-time employees, slightly more than the cost of the Paris operation. Officials agreed that a more detailed cost analysis could demonstrate if the program is clearly cost-effective and therefore should be expanded to cover additional posts.

In Addition to Advantages of Remote Support, Several Concerns Exist

Despite overall satisfaction with regional support, management officers and locally employed staff at the posts we visited mentioned a few issues of concern relating to the quality of remote support, including timeliness and the distribution of assistance. One management officer said that it once took 4 weeks for his regional financial management officer to respond to him on a certain issue, by which time the issue was no longer relevant. Another management officer agreed that posts are subject to regional officers' availability, and when an officer is not at a post, an issue may take too long to resolve. Officials at regional centers told us that the quality of partnering support was not as good as the service provided by a regional center. One management officer told us that an officer with regional responsibilities who is located at a post will likely prioritize the home post's issues over the needs of other supported posts. In addition, State's recent IG inspections found substandard regional support at smaller posts in Africa where partnering is used, and often recommended updating the memorandum of understanding to delineate regional support

expectations.²² However, at the time of our review, State did not have performance data for remote support. An official from the Bureau of European and Eurasian Affairs told us that, absent performance measures and feedback tools to ensure customer satisfaction, accountability, and adequate internal controls, customer service could decrease when a service provider is located outside of the post.

In addition, an official from the Global Financial Services Center in Charleston and other officials overseas reported concerns that fewer on-the-ground American management staff could increase internal control vulnerabilities. For example, some officials believe that there needs to be an American financial management officer at every overseas post to prevent fraud, waste, and mismanagement of funds. According to GAO's Internal Control Management Evaluation Tool,²³ government agencies should formulate an approach for risk management and decide upon the internal control activities required to mitigate risks that could impede the efficient and effective achievement of objectives. The approach should be modified to fit the circumstances, conditions, and risks relevant to the situation of each agency and should also consider the type of mission being performed and the cost/benefit aspect of a particular control item. In this example, State would weigh the potential internal control risks of allowing non-American staff to certify vouchers and carry out other financial management activities against the costs of having an American at every post to carry out such functions.

Cost Analyses and Performance Measures Are Needed

At the time of our review, State had not conducted analyses of the costs associated with providing administrative support at posts versus providing it remotely. In addition, State lacked systematic performance measures and feedback mechanisms to assess the quality of support provided. Further, officials whom we interviewed from several posts were not aware of the types of remote support that could be made available to them and said they would be more willing to use it if the cost and quality of available services was documented.

²²State OIG Memorandum Report, "Rightsizing the U.S. Government Presence Overseas: A Progress Report." (ISP-I-06-11, December 2005).

²³GAO, *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

Cost Analysis Would Be Useful in Determining Whether to Provide Support Remotely

At the time of our review, State had not conducted cost analyses to show potential cost efficiencies, such as those outlined in the examples described earlier, of providing support to overseas posts remotely. Officials we talked to in Washington, at the regional centers, and at some posts we visited said that cost analyses would be useful in deciding how to provide support remotely. For example, the Deputy Director of the Florida Regional Center told us that there had been no analysis on how much money has been saved by serving posts from the Florida center rather than having management officials at the posts, and he said that such a study would be useful, not only for the Bureau of Western Hemisphere Affairs, but also for other regional bureaus when they consider using regional centers to provide remote support.

Cost analyses were not incorporated into State's 2006 operational plan for rightsizing.²⁴ The plan recognizes that additional resources, such as facilities and staff, would be needed to implement the plan. However, it does not address any of the cost savings or efficiencies that could be achieved by providing remote support from regional centers or the United States and whether the savings would exceed the cost of additional resources.

A cost analysis would include the various costs and alternatives associated with providing remote support through regional service centers in the United States or overseas. Such cost components would include the various direct and other personnel and support costs associated with providing support at a post. It would weigh these costs against costs required to facilitate remote support, such as travel expenses; costs for technology enhancements, such as improved bandwidth connectivity; costs for new or expanded facilities and other related expenses to accommodate increased staff at existing or new regional centers; costs for changes in local staffing or staffing in the United States; and other costs.

Performance Measures and Feedback Mechanisms Needed

The concerns with remote support described earlier—particularly relating to quality of services—underscore what officials indicated at both regional

²⁴The Office of Rightsizing commissioned a consulting firm to study remote support efforts. RGS Associates, Inc., conducted a review of State's efforts to provide support remotely and indicated the need for more efficient and standardized remote support efforts. The study included cost analyses and recommended the standardization of remote support efforts based on a corporate model, according to officials from that office. However, an official from the office told us the study was met with resistance by State officials because it was a business model and did not reflect an accurate depiction of State operations.

centers and all four serviced posts that we visited, which is, that performance measures and customer feedback processes would be useful and beneficial in rating the current level of customer support and oversight.²⁵ Officials also said that performance measures and customer feedback processes would be essential for making decisions about expanding remote support. Officials from State's Office of Rightsizing said that, before agreeing to any change, posts would first want proof that remote support provides the same level of customer service as support provided at posts. For example, the Executive Director of the Bureau of Near Eastern Affairs said that the bureau would be willing to use remote support from regional centers, such as the Regional Support Center in Frankfurt, if the cost was reasonable and the quality and reliability of service was demonstrated to be high. He said that, to convince decision-makers about the quality of remote support, all regional centers need to have standards of performance with metrics and data to demonstrate that offering services regionally or centrally, rather than at individual posts, results in adequate service and internal controls. An official from the Bureau of European and Eurasian Affairs said one performance metric could be the amount of time it takes for a voucher to be processed. One post management officer suggested that a performance measure, such as a required weekly telephone call to a serviced post by the regional officer, would be another way support could potentially be improved from the Florida center.

State has recognized the need for performance measures and customer feedback mechanisms in its operational plan, but has not yet developed them. However, during our review, one regional bureau developed a customer service survey. Six months after our visit in June 2005, the Florida Regional Center sent customer satisfaction surveys to the posts it provides with regional financial management and human resources support. The survey asked management officers at posts to note the frequency and duration of visits by a regional officer to a post, as well as the frequency of communication between the officer and posts, and to rate the level of guidance and supervision provided by the officer to the local staff. At the time of our review, the Florida center had not yet completed an analysis of

²⁵At the time of our visits to the centers, the Florida Regional Center and the Regional Support Center in Frankfurt measured customer service informally using mechanisms such as trip reports and post management input into the regional manager's employment reviews. In addition, regional bureaus that use partnering had only informal mechanisms to show whether or not the support provided to serviced posts was satisfactory, according to officials.

the results of the surveys; however, according to officials at the center, the respondents had favorable views of the center's services.

Lack of Awareness of Remote Support Opportunities Limits Their Use

Various initiatives to provide support remotely are occurring within the multiple regional bureaus; however, how they are integrated and communicated at a Statewide level is not clear. Several management staff at the posts we visited and those we interviewed by telephone were not fully aware of all the services they could utilize from a remote location. For example, management officers stationed in Asia and Africa said they lack information on what types of support could be provided remotely and how to access that support. Some officials indicated that it would be helpful for them to know the full extent of remote support available, and whether it results in cost efficiencies and effective service, in order to make an informed decision about whether to utilize it.

In addition, we found that regional centers were not always fully communicating the types of services and support available to posts, either within their region or across regional bureaus. The Executive Director of the Bureau of Near Eastern Affairs said he would consider using regional support from Frankfurt if he knew the full range of services that were offered there, the quality of customer service, and the potential costs of services. State officials at the Regional Support Center in Frankfurt agreed that while they do talk to post officials, particularly at management conferences, about the regional services that Frankfurt offers, they could do a more comprehensive job of documenting and marketing the full range of services and expertise provided by regional support center.

State officials in Washington and overseas told us that communication is the key to ensuring that efforts to expand remote support are maximized, and that a dialogue has recently begun. In particular, the Office of Global Support Services and Innovation and the Office of Rightsizing have set up a Regional Initiatives Council to discuss ongoing efforts to provide remote support in each regional bureau. According to State officials, recent discussions at such meetings have centered on whether or not to set up consolidated administrative service centers, called Centers of Excellence, within the regional bureaus to provide certain management-related functions, such as human resources or travel administration, for posts around the world. For example, a dialogue already has begun regarding how to use existing resources to provide additional remote support from Bangkok for posts in East Asia and the Pacific.

Conclusions

By providing administrative support remotely, State has the potential to reduce costs and improve customer service. However, State has not conducted cost analyses nor established systematic performance measures and feedback mechanisms to demonstrate the full potential of providing support remotely. Without data depicting the range of implications—relating to cost, efficiency, security, and quality of services—involved with providing and receiving support remotely, decision-makers lack the tools to make informed decisions about investing staff and resources at individual posts or at regional centers overseas and in the United States.

Recommendations for Executive Action

As State moves forward with its plan for expanding remote support and attempts to overcome institutional resistance to this process, it would be useful to concurrently assess and promote the potential full advantages in providing embassy support from remote locations, including potential cost reductions, improved services, or enhanced security for foreign service officers. Therefore, we recommend that the Secretary of State take the following three actions:

- Identify and analyze the various costs associated with providing support at individual posts versus at regional service centers in the United States or overseas;
- Develop systematic performance measures and feedback mechanisms to measure the quality and customer satisfaction of support services provided remotely; and
- Use the cost analyses and feedback on quality and customer satisfaction to
 - inform post management of which services could be offered remotely, the various costs involved, and the quality of services offered;
 - consider ways to improve the quality of remote support, when necessary; and
 - determine whether additional posts, including posts that are requesting new U.S. officer positions in management functions, might be logical candidates for receiving remote support.

We also encourage State to continue reviewing challenges to providing support remotely and finding ways to overcome them.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of State for comment. State's comments, along with our responses to them, can be found in appendix II.

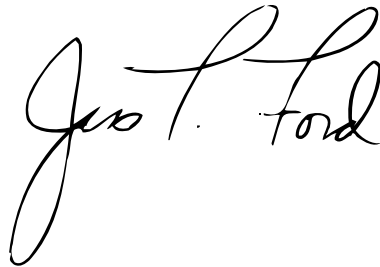
State generally concurred with the report's substance and findings and indicated that it is taking steps to implement all of our recommendations. State agreed that a more systematic and rigorous costing model would be beneficial in determining whether or not providing support from regional centers is cost-effective. State also agreed that systematic performance measures and feedback mechanisms are needed to measure the quality of and satisfaction with remote support, and State plans to strengthen its efforts in this area as part of its plans for providing support remotely. State added that the Office of Rightsizing would coordinate the development of a customer-focused service standard for regional centers. Lastly, State said that it plans to use more consistent and accurate data in making decisions to improve its remote support services.

The department also provided a number of technical comments, which have been incorporated throughout the report, where appropriate.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the date of this letter. At that time, we will send copies of this report to other interested Members of Congress, the Library of Congress, and the Secretary of State. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Jess Ford at (202) 512-4268. Other GAO contacts and staff acknowledgments are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J" and a distinct "T" and "F".

Jess T. Ford
Director, International Affairs and Trade

Scope and Methodology

To describe the Department of State's (State) progress in providing administrative support from remote locations, we reviewed documents from the Office of Rightsizing and the Office of Global Support Services and Innovation, including its operational plan for rightsizing and regionalization. We spoke with officials at State's various regional and functional bureaus in Washington, D.C., to discuss the efforts each bureau has taken to provide administrative support to overseas posts, whether from regional service centers overseas, from the United States, or from other posts through partnering. To assess regional support provided from the United States to overseas posts, we met with senior management and regional staff at the Florida Regional Center in Fort Lauderdale, Florida, and the Global Financial Services Center in Charleston, South Carolina. We also met with senior management, regional staff, and locally employed staff at the overseas Regional Support Center in Frankfurt, Germany, to review remote support provided from an overseas regional service center. We focused our efforts on evaluating the various ways in which financial and personnel support are provided by the various regional bureaus. We did not perform an evaluative audit of the regional support provided by functional bureaus, consular affairs, or the Model for Overseas Management initiative because those operations either have been recently inspected by the Office of the Inspector General or did not fit into the scope of our work.

To assess some of the regulatory challenges that State faces in expanding regional support, we reviewed foreign affairs regulations for carrying out administrative functions overseas. This included a review of regulations on what functions locally employed staff can carry out in the areas of procurement and payments. We also reviewed the regulations pertaining to the use of original documentation in processing payments and State's proposal to waive that regulation.

To identify the potential advantages of providing support remotely, we met with ambassadors, deputy chiefs of mission, management officers, and other U.S. embassy staff, including locally employed staff at various posts that receive remote support from either the Florida Regional Center or the Frankfurt Regional Support Center. We chose Belize City, Belize, because it is a small post supported by the Florida center and Nassau, Bahamas, because it is the largest post supported by the center, pertaining to the number of staff and size of budget, according to an official at the Florida center. We chose Valetta, Malta, because it is a small post support by the Frankfurt center, and it recently conducted a rightsizing review, which addressed remote support issues. We chose Helsinki, Finland, because it represents a medium-sized post supported by the Frankfurt center and

because it was originally the post chosen for the pilot project to certify vouchers remotely, according to officials in the Bureau of European and Eurasian Affairs. We also visited Mexico City to talk to embassy officials about how the U.S. mission to Mexico has been rightsized and how the embassy provides support to consulates throughout the country. Lastly, in order to explore the advantages of using locally employed staff in providing remote support, we met with officials in Paris, France, to discuss the financial support that locally employed staff provides to posts in Africa. Because our interviews were limited to only a few posts that received regional support, we did not generalize the results of our interviews to the universe of posts receiving regional support. We reviewed the post profiles of the four posts we visited to demonstrate the staffing and other characteristics of posts currently using regional support and verified the data with the post management officers.

We also reviewed cost data from the Bureau of Resource Management and the various regional bureaus to estimate the average cost of placing one foreign service officer at an overseas post, including personnel and support costs, and costs that apply only to officers located overseas. For reporting purposes, we rounded the bureau's estimate of \$393,000 to \$400,000 for the cost of an American officer overseas. We conducted (1) a data reliability assessment of the data using sample cost data from the posts we visited; (2) interviews with officials from the regional bureaus and the Bureau of Resource Management; and (3) discussions with the Office of Rightsizing at State and the Office of Management and Budget, and we determined the data to be sufficiently reliable for the purposes of this engagement.

In addition, we developed a structured interview instrument and conducted telephone interviews with management staff at overseas posts that have recently conducted a rightsizing report, which is required by Congress.¹ We administered structured interviews between February and March 2006 by telephone. We primarily spoke with management counselors or management officers at overseas posts. In one case, we spoke with a deputy chief of mission at the post. We conducted interviews with 20 of 22 posts that were tasked to complete the rightsizing review in the fall 2005 cycle: Asuncion, Baku, Bandar Seri Begawan, Bucharest, Bujumbura, Colombo, Harare, Jakarta, Karachi, Kiev, Krakow, Maputo, N'djamena,

¹The Office of Rightsizing is expected by Congress to oversee the process by which Chiefs of Mission conduct 5-year reviews on the staffing of their missions.

Pretoria, Reykjavik, Rome, Santo Domingo, St. Petersburg, Taipei, and Tunis.

The structured interview contained open- and closed-ended questions about guidance, timing, the review process, rightsizing considerations, headquarters' involvement and feedback, and the impact of the review on the post. The interview instrument included questions regarding whether or not post management staff were both aware of and using regional support services. We developed the interview questions based on our review of rightsizing documentation and discussions with post officials during field work in Mexico City and Valletta. We provided an early version of the questions to State's Office of Rightsizing and Office of Global Support Services and Innovation for their review and comment, and we also pretested the interview with three current management officers to ensure that the questions were clear and could be answered. We modified the interview questions on the basis of the pretest results and an internal expert technical review. We provided the management officers and deputy chief of mission with the interview questions in advance to allow them time to gather any data or information necessary for the interview. We also conducted follow-up discussions with posts as needed. The responses of the structured interviews are not intended to be representative of all posts.

We performed our work from June 2005 until April 2006 in accordance with generally accepted government auditing standards.

Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State
Assistant Secretary and Chief Financial Officer
Washington, D.C. 20520

APR 13 2006

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "OVERSEAS PRESENCE: Cost Analyses and Performance Measures Are Needed to Demonstrate the Full Potential of Providing Embassy Support Remotely," GAO Job Code 320409.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Patrick Truhn, Director, Office of Management and Rightsizing, at (202) 647-6518.

Sincerely,

A handwritten signature in black ink, appearing to read "Bradford R. Higgins".

Bradford R. Higgins

cc: GAO – Andrea Miller
M – Henrietta Fore
State/OIG – Mark Duda

**Department of State Comments on GAO Draft Report
OVERSEAS PRESENCE: Cost Analyses and Performance Measures
Are Needed to Demonstrate the Full Potential of Providing Embassy
Support Remotely**

(GAO-06-479, GAO Code 320409)

Thank you for allowing the Department of State the opportunity to comment on the draft report "Overseas Presence," which addresses the need for cost analyses and performance measures for providing remote support to embassies.

We appreciate the contribution this study makes, coming as it does in connection with a series of reports on efforts the Department is undertaking to modernize its overseas staffing and staffing support. The report recognizes the efforts the Department has made to date and confirms that the Department is on the right track.

The Department agrees with the recommendation to "identify and analyze the various costs associated with providing support at individual posts versus at regional service centers in the United States or overseas." Some of this work has already been done, which is why several bureaus have found it cost-effective to create regional centers. However, the Department agrees that a more systematic and rigorous costing model would be beneficial for a number of reasons. It is in the Department's overall strategy to undertake this effort, if for no other reason than that it will be a prerequisite for the inclusion of these services in ICASS (International Cooperative Administrative Support Services.)

The Department is also actively involved in working with the Agency for International Development to harmonize our regional support platforms, adopt best practices from both organizations, reduce or eliminate duplicative services, and improve quality.

With respect to the recommendation to "develop systematic performance measures and feedback mechanisms to measure the quality and customer satisfaction of support services provided remotely," the Department already has mechanisms in place to take these measurements. The 2005 study conducted by the Department on the Special Embassy Program (SEP has since been discontinued) examined the quality of

See comment 1.

See comment 2.

remotely provided services. The Florida Regional Center (FRC) has also recently done a customer satisfaction survey of its serviced posts, in order to benchmark quality. As a last example, the ICASS Service Center conducts an annual survey of customer satisfaction that informs and focuses our efforts. This tool includes customer reactions to locally- as well as regionally-provided services, although the feedback was not specifically analyzed along those axes. The survey of last year showed that all services provided were at a satisfactory level. However, the Department identified the lowest ranked service, procurement, and instituted a program to improve that service from a global, regional and local delivery perspective. The Department's implementation plan for regional services includes a strong Quality Management System component, which will provide the necessary customer service feedback to the continuing efforts. The Department agrees with GAO that strengthening its efforts in this area is important and is central to its planning for success in this endeavor.

With respect to the subsequent recommendation:

- “Use the cost analyses and feedback on quality and customer satisfaction to:
 - Inform post management of which services could be offered remotely, the various costs involved, and the quality of services offered.
 - Consider ways to improve the quality of remote support, when necessary.
 - Determine whether additional posts, including posts that are requesting new U.S. officer positions in management function, might be logical candidates for receiving remote support.”

As we stated at the outset, while the Department agrees with GAO generally, the Department observes that it has been successfully involved in these efforts for decades. The methodology and analysis in the report is incomplete without addressing support services that are provided to the smallest Embassies and Consulates. The Department already remotely supports (e.g. Human Resources, accounting, budgeting, vouchering) almost all Consulates, some of which are larger than some Embassies. For example – one Financial Management Center in Mexico supports nine consulates without Financial Management Officers. There are inefficiencies, but remote support in the Department of State is neither hypothetical,

See comment 3.

prospective nor ineffective. Yet, State has had a difficult time scaling that support model to larger embassies. The Department's plan to use more consistent and accurate data in this regard, as GAO recommends, will improve our delivery of these services.

The Department's Undersecretary for Management has encouraged and empowered the Regional Bureaus to innovate and try a variety of methods to provide remote support in order to assist posts, which themselves have widely varying abilities and requirements. The Regional Bureaus are now determining which techniques and methods work best, and as they find out, are looking for ways to expand those capabilities and programs to include additional posts. Partnering with the "M Family" offices, the Regionals have established a Regional Initiatives Council to discuss and vet these initiatives, and those members meet routinely with the Undersecretary for Management.

Because these programs are first steps to use newly expanded or available bandwidth and other capabilities, it isn't surprising that all posts aren't aware of all developments, or that performance measures are still being devised to determine their costs and benefits. Based on the initial findings, Bureaus expect to see savings and improvements in the quality of services at post as these programs mature.

In an effort to coordinate better the level and delivery of regional support, personnel from the officially designated regional support centers in Ft. Lauderdale, Florida and Frankfurt, Germany, as well as Embassy Bangkok, which has increasingly assumed the role of a *de facto* regional service provider, are meeting in April in Frankfurt. At the request of one of the regional centers, the Office of Rightsizing will also be coordinating development of a customer-focused service standard for regional centers.

Once again, we appreciate the opportunity to comment on the draft provided to us.

The following are GAO's comments on the Department of State's letter dated April 13, 2006.

GAO Comments

1. We are conducting a separate review of the consolidation of State and USAID support activities at overseas posts. We plan to issue a report on our findings later in 2006.
2. We recognized the efforts of the Florida Regional Center to measure customer service satisfaction with a survey and state this in our final report. We also acknowledged that State has recognized the need for performance measures and customer feedback mechanisms in its operational plan but has not yet developed them. We encourage State to develop performance measures and customer feedback mechanisms in its operational plan for all posts providing and receiving remote support, and not only for selected posts, such as those that receive support from the Florida Regional Center. We encourage State to use tools such as the ICASS Service Center annual survey to compare local support with remote support and identify areas where remote support could be improved.
3. We agree that the support the embassy in Mexico City provides to nine consulates throughout Mexico is a good example of providing support remotely, and we added this example in our final report.

GAO Contact and Staff Acknowledgments

GAO Contact

John Brummet (202) 512-5260

**Staff
Acknowledgments**

In addition to the person named above, Joseph Carney, Lyric Clark, Martin De Alteriis, Ernie Jackson, Andrea Miller, Deborah Owolabi, José M. Peña III, and Michelle Richman made key contributions to this report.

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