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

# Report of Inspection

## Bureau of Human Resources

Report Number ISP-I-07-16, May 2007

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## KEY JUDGMENTS

- The Director General of the Foreign Service (Director General) and the Bureau of Human Resources (HR) face significant challenges in implementing the Secretary of State's vision of transformational diplomacy and ensuring the availability of a dynamic diplomatic corps that has a broad range of knowledge, skills, and capabilities.
- In responding to these challenges, the Director General and his team must balance high-stakes problems in international relations and a series of major personnel-related initiatives.
- The Civil Service fills some key policy jobs in Washington, provides crucial administrative support to the Department of State (Department), and increasingly provides support in critical posts overseas but also faces increasing retirements and recruiting challenges. The Civil Service personnel system, as currently structured, does not facilitate the optimal training, development, promotion, and utilization of these employees.
- The Department needs qualified human resources specialists and must move quickly to implement a certification process and associated training to address the problem. The program establishing human resource "centers of excellence" can only succeed if qualified people fill the associated human resources specialist jobs.
- More than half of all overseas positions are at posts that have a 15-percent hardship differential or higher. Because there are over 750 unaccompanied and limited accompaniment tours, more than 500 of which are one-year tours, staffing is much more complex than ever.
- A 15-percent deficit in mid-ranked Foreign Service positions that resulted from decreased hiring in the 1990s continues to hamper staffing for key positions worldwide. The Department could only overcome this problem before 2010 through an extraordinary intervention in the hiring and promotion process for Foreign Service officers (FSO).

- The breakdown in the servicing of Foreign Service assignment documents in the summer of 2006 was due to long-term mismanagement of the function and a poorly executed competition to obtain assignment services through the competitive-sourcing process, among other factors. The problems have not yet been satisfactorily addressed and must be resolved before the 2007 summer transfer cycle.
- Over 38,000 locally employed (LE) staff work for the Department at overseas posts. Since 1998, far more of them have been killed in the performance of their duties than have American Foreign Service employees. The Department needs to codify in one place and strengthen its commitment to LE staff.
- The bureau has made significant progress in some areas of information technology, but still faces major challenges in providing and managing information management systems for many key functions.
- Post assignment travel (PAT) funds are at high risk for waste, fraud, and mismanagement because of a weak controls environment and a costly, inefficient system for managing employee travel and the transportation of household effects.
- The Director General and his senior staff recognize these challenges, have a vision, and are charting a course to deal with them. Their successes and failures will be measured largely by what transpires in the next few months. The planned follow-on Office of Inspector General (OIG) inspection will review the new steps taken.

The inspection took place in Washington, DC, between September 12 and November 13, 2006. Ambassador Joseph E. Lake (team leader), Dr. Louis A. McCall (deputy team leader), Arne Baker, Thomas Carmichael, Gregory Cottone, Boyd R. Doty, Richard D. English, Renée Francis, Martha K. Goode, Siobhan Hulihan, Lee F. Jewell III, and John M. Jones conducted the inspection.

CONTEXT

HR's mission is to ensure that the Department possesses the best possible Civil Service and Foreign Service workforce to meet the needs of American diplomacy.

**Human Resources Bureau's Resources, FY 2006**

Line Item	Dollars
Operating Budget	\$64,422,780
Student Per Diem	2,138,000
Family Liaison Office	1,394,000
Professional Associates	282,000
Post Assignment Travel	144,057,198
Supplemental Annuity Program	628,000
Unconditional Gift Funds	27,000
Conditional Gift Funds	636,248
Expedited Passport Fees	11,267,000
Consular Affairs	5,424,000
<b>Total</b>	<b>\$230,276,226</b>

Source: Bureau of Human Resources

Secretary Rice's vision of transformational diplomacy requires HR to implement a global repositioning of the Department's human and other assets and to maintain a dynamic diplomatic corps that has a broad range of knowledge, skills, and capabilities.

The bureau has responded with new bidding procedures, assignment policies, and incentives to reposition the Department's human resources effort. HR

is taking part in rightsizing efforts, decentralizing human resource services through centers of excellence, and studying the outsourcing of some services.

HR provides human resources services for the Department's 8,200 Civil Service employees, 11,400 Foreign Service employees, and 38,000 LE staff at 267 diplomatic and consular posts. It also oversees human resources services, provided through the International Cooperative Administrative Support Services Council, for the LE staff of the U.S. Agency for International Development (USAID), the Department of Homeland Security, the U.S. Foreign & Commercial Service, and several other overseas agencies. Additionally, the Department's evolving blended workforce management uses contractors, employees working when actually employed (WAE), interns, and fellows. These situations require varying degrees of HR oversight.

As a result of the large size and complexity of the bureau, OIG divided its review into two inspections. This inspection looked at the front office of the Director General, the Executive Office (EX), and the offices of Career Development and

Assignments (CDA), Policy Coordination (PC), Civil Service Personnel Management (CSP), Resource Management and Analysis (RMA), and Overseas Employment (OE). The follow-up inspection will build on the work of this team and look at the offices of Performance Evaluation; Retirement; Recruitment, Examination, and Employment; Grievances; and Employee Relations. It will specifically address the initial implementation and impact of the new bidding process, look more closely at the shortage of experienced mid-level FSOs, and continue the review of technology issues. OIG inspected HR's Family Liaison Office and Office of Casualty Assistance in March 2006.

The bureau had a total budget of \$230 million in FY 2006 and a total of 444 authorized employee positions, including 335 Civil Service and 109 Foreign Service. (See Table 1.) As of the end of FY 2006, it had 270 Civil Service employees and 100 Foreign Service employees.

## EXECUTIVE DIRECTION

HR's front office has undergone significant changes with the arrival of a new Director General and new principal deputy assistant secretary, as well as the replacement of one of two deputy assistant secretaries in the last few months. The reporting chains for office directors were also realigned.

The new team faces significant challenges in implementing Secretary Rice's vision of transformational diplomacy and satisfying the staffing needs that transformational diplomacy demands. More than half of all overseas positions today are located at 15-percent differential or higher posts. There are also over 750 unaccompanied or limited accompaniment tours, more than 500 of them one-year tours. This means staffing today is much more complex than ever before. Adding to this challenge is a continuing shortage of people to fill these jobs. There is a 15-percent deficit in the mid-ranks of the Foreign Service, due largely to decreased hiring in the 1990s. (See Appendix A for additional detail on the deficit.) The core Civil Service, which fills crucial jobs in Washington and increasingly supports critical posts overseas, faces increasing retirements and recruiting challenges.

The Director General and his senior staff have stepped up to these challenges, have a vision, and are charting a course for the future. The Director General has been outspoken in outlining his goals and frank in discussing their implementation. He is aware of the responsibilities and needs of the three major personnel systems for which he has responsibilities—Foreign Service, Civil Service, and LE staff.

## TRANSFORMATIONAL DIPLOMACY

HR plays an important role in addressing the human resources dimensions of transformational diplomacy, particularly in the Secretary's Global Repositioning (GRP) initiative. The GRP was created to shift human resources to increasingly critical regions such as Africa, East Asia, South Asia, and the Middle East—actions that some bureaus have long resisted. The Secretary chose to move quickly on this initiative by delegating decisions to a seven-person task force on transformational diplomacy. The task force is managed jointly by the Under Secretary for Political Affairs and the Under Secretary for Management. HR quickly implemented GRP Phases I and II, which included the repositioning of 200 mid-level political, economic, and public diplomacy officers.



Implementing GRP Phase III will be more difficult. The first phases shifted the positions that were easiest to move, including some that had been unfilled for some time. Phases I and II were also implemented without additional funding. The Secretary will need Office of Management and Budget (OMB) support for additional funding from Congress to carry out Phase III. At present, USAID human resources are not a part of GRP. However, the joint Department and USAID 2004–2009 Strategic Plan specifies development of crossover assignments and closer coordination of training programs. (See Appendix B for additional detail on transformational diplomacy.)

## MEETING NEW CHALLENGES

In the last year, HR made a number of specific changes to assignments policies. It banned tour extensions at posts having a hardship differential of 10 percent or less; instituted new assignments procedures to ensure that positions at hard-to-fill posts are filled first; streamlined and automated some assignment procedures; and implemented new authorities to permit more flexible home leave at unaccompanied posts.

The new HR team has also begun reexamining Foreign Service hiring procedures to ensure the Department's competitiveness, using best practices from a study conducted by McKinsey and Company and seeking funds to implement the study's recommendations in 2007. A central registry of retired employees who are interested in working has been established to replace registers maintained individually by the bureaus. HR has piloted a Civil Service mid-level rotational program for foreign affairs officers and developed a privately funded Mid-Career Fellows program to bring professionals from private industry, foundations, and associations into the Department for one year. The new team has also instituted an active legislative agenda and pushed Foreign Service modernization legislation.

The team's successes and failures will be measured in large part by what transpires in the next few months. The follow-up OIG inspection will review the impact of the new leadership.

## POLICY AND PLANNING

### OFFICE OF POLICY COORDINATION

PC plays a key role in the bureau. It deals with the full range of human resource issues in work involving communications, congressional relations, and policy development, and it conducts the Department's relations with the organizations representing its employees. This work is crucial to the Department's ability to achieve the changes in human resource policies and programs needed for 21<sup>st</sup> century diplomacy.

The staff's work is all policy-related, but it is also diverse. One officer manages congressional relations and preparation of the bureau's strategic and performance planning documents. A second officer specializes in communications, writes speeches, and handles inquiries from the press. A third conducts liaison with the Office of Personnel Management (OPM) and prepares planning documents other than the strategic plan. A labor-management negotiator is the Department's principal day-to-day contact with the unions that represent some of the Department's employees. The office is also assigned taskings from the Under Secretary for Management.

Due to the major changes in the Department's personnel structure now underway, the office can continue to expect a heavy workload. The office needs more staff. OIG informally recommended that HR take advantage of any opportunity to place a Presidential Management Fellow in this office to alleviate the workload on other staff and provide valuable policy experience to a recent college graduate.

### OFFICE OF RESOURCE MANAGEMENT AND ORGANIZATIONAL ANALYSIS

RMA provides workforce planning and analysis, position management, classification, compensation, and statistical information to HR's front office, PC, and other units of HR. Specifically, RMA provides analytical insights, human resource studies,

statistics, and analyses for management decisions in mandated reports and responses to special requests. RMA's staff is customer-service oriented and highly regarded in the Department and in interagency circles.

The office prepares several plans and analyses to assist the Department in managing its workforce, including a hiring plan that identifies the number of needed Civil Service and Foreign Service employees, by cone, and a promotion plan for the Foreign Service. RMA examines the Department's mission, critical occupational competencies (such as languages for the Foreign Service), and skill gaps. RMA has computer models for retirement and attrition, and works with bureaus to ensure that future needs are met. RMA also provides workforce analyses to support the development of new HR policies, such as the Career Development Program.

HR produces substantial analysis of the Department's workforce and can produce further analysis and information on request. Since 2004, HR has annually produced a Five Year Workforce Plan, a comprehensive in-depth examination of the Department's workforce posture. The Plan identifies problems needing the attention of the senior levels of the Department. For example, the last three reports have described the looming deficit in mid-level FSOs, currently at 15 percent. The workforce plan is a workable means of presenting and describing almost any other problems in the Department's human resource systems as well. However, there is currently no formal process in place to ensure that these problems receive needed attention in each of the bureaus that play a role in the Department's HR processes. For this reason, problems identified in the workforce plan may linger unaddressed.

The Five-Year Workforce Plan could be a more useful informational and analytical tool if it received comments and input from the offices of the executive directors throughout the Department's bureaus. Currently, the plan lacks the perspective of such input, although the Director General sends this report to each Assistant Secretary in the Department. Because decisions about hiring Civil Service employees are made by the Bureaus, the lack of direct, systematic bureau input is a deficiency. RMA has recognized this deficiency and includes among its goals the development of a more collaborative process with bureaus for identifying mission critical occupations and a workforce plan to mitigate gaps.

The Department does not have a senior level board to identify critical problems and craft strategies to address them. A senior level advisory group could hold an annual senior review session to consider the information, analysis, and problems indicated in the Five-Year Workforce Plan and determine the actions necessary to address the problems. For example, in times of flat or declining budgets, it would

identify which lower priorities should go unfulfilled or be eliminated. Such a board is needed to help allocate resources to bureaus for the Department's highest priorities and to help achieve savings when there are inadequate funds. To the extent that restructuring or delayering is found necessary, such a board would be needed to assist in the necessary decisions.

**Recommendation 1:** The Bureau of Human Resources, in coordination with the Office of the Under Secretary for Management, should institute a double-tiered process to review issues and problems indicated in the Department's Five-Year Workforce Plan and related strategic human capital documents, establishing a manager-level board to obtain information and analysis from bureau executive offices and a senior-level board chaired by the Under Secretary of State for Management to review critical problems and craft strategies to address them. (Action: HR, in coordination with M)

## Resource Planning and Allocation

The Resource Planning and Allocation Division is responsible for full-time equivalent (FTE) management and position control. It works closely with the Department's Office of Rightsizing of the U.S. Government Overseas Presence to reconcile figures used in reporting to OMB and Congress.

The division's most important sources for data are the Domestic Staffing Model and the Overseas Staffing Model. The Overseas Staffing Model identifies staffing requirements at overseas posts, based on a comparative assessment that uses key workload and host-country environmental factors. The Domestic Staffing Model is a workload-driven analytical tool to make informed decisions about the size and structure of the domestic workforce.

The staffing models provide basic workforce information. For example, the Profile of the Domestic Contractor Workforce provides valuable information, in one place, on the number of contractors employed by the Department.

## Workforce Planning and Analysis

The Workforce Planning and Analysis Division uses workforce analysis to support policy alternatives, the Five-Year Promotion Plan, and the Five-Year Workforce Plan. Its technical workforce planning capabilities link human resources to strategic goals, improve workload forecasting and staffing needs, and use performance metrics to monitor progress.

The division has been praised for the number and quality of its products, many of which are required by the President's Management Agenda. With significant work by the division, the Department maintained "green" status on the President's Management Agenda. It also developed a Human Capital Accountability System for the President's Management Agenda's strategic management of human capital. The system monitors and evaluates the results of human capital policies, programs, and activities to ensure that they effectively and efficiently contribute to the Department's organizational mission and goals. An OPM panel approved the system in June 2006. In 2005, HR won two Presidential Quality Awards, one for strategic management of human capital. The Department was the only agency that won an award in the human capital area in 2006. (See Appendix C for details of the 2006 award.)

## Classification and Compensation Policy

HR's Classification and Compensation Policy Division is responsible for compensation policy for the Department's overseas positions. It sets pay and compensation policy, develops standards to classify Foreign Service positions, and is involved in the pay-modernization effort. The division also hears appeals of position classification decisions made by CSP, but receives only a few appeals—always from individuals—each year.

Although the division grew by one position earlier in 2006, its workload remains heavy, in part because of the many taskings for special projects. With many changes afoot in the Department's personnel systems, employees in the division spend anywhere from 25 to 70 percent of their time on taskings. The division has just the equivalent of two full-time employees to handle compensation issues for 22,000 Department personnel.

## CIVIL SERVICE PERSONNEL MANAGEMENT

The Civil Service fills key jobs in Washington, provides crucial administrative support to the Department, and increasingly supports critical posts overseas. However, managing of the Civil Service faces a number of problems, including growing retirement and recruitment challenges.

During the past half century, the Department has instituted numerous changes to cope with emerging issues in a vastly changed world. Among those changes has been the increase in the number of functional bureaus that deal with global foreign policy topics. Civil Service employees fill the majority of positions in these bureaus, which deal with implementing and supporting foreign policy. The Civil Service personnel system, however, does not facilitate the optimal training, development, promotion, and use of these employees. OPM and OMB are encouraging federal departments and agencies to explore the possibilities of new personnel systems to fit their needs, and the Departments of Defense and Homeland Security have begun to create and implement such systems.

### A CHANGING CIVIL SERVICE

In a worldwide message in early July 2006, the new Director General said he was “committed to enhancing opportunities for the Department’s Civil Service so that they can contribute more directly to our worldwide mission of transformational diplomacy. Civil Service employees offer a wealth of talent and experience that is frequently untapped.” He also said he was committed to identifying “the opportunities that we do have,” exploring a rotational program, and “looking for ways to better facilitate service abroad for interested Civil Service employees.”<sup>1</sup>

HR said it is open to initiatives for promoting the development and better utilization of Civil Service officers. The bureau recently created a small, innovative, pilot Mid-Level Rotational Program for Civil Service employees in foreign affairs officer and equivalent positions. The Foggy Bottom Society, an organization of foreign

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<sup>1</sup> 2006 State 111571 (July 6, 2006), Department Notice: A Message from the Director General and Director of Human Resources, Announcement Number 2006-07-019 (July 10, 2006).

affairs professionals in Civil Service jobs at the Department, worked with HR to design the program. Other than temporary and part-time employees, more than 700 Civil Service employees have the title of “foreign affairs officer” and an unknown number of employees have equivalent responsibilities. These jobs require strong analytical, interpersonal, and oral communication skills; the ability to establish liaison with analysts and officials throughout the foreign policy and intelligence communities; and knowledge of the responsibilities of the U.S. foreign affairs agencies and the roles of nongovernmental organizations, media, academia, and citizen groups.

This pilot program had just been implemented as the inspection began, and it is too early to draw conclusions about its efficacy. Employee interest was substantial, but some bureaus were reluctant to release individuals.

The Civil Service system may not be adequate to meet the needs of the Department. It fails to develop the knowledge, skills, and abilities of Civil Service employees to the best advantage of the employees and the Department. This may be due, in part, to the Department failing to fully use the system’s flexibilities. The system comes up short for many hundreds of Civil Service employees whose job responsibilities require substantive expertise in specialized areas of foreign policy as well as knowledge of the larger context of foreign affairs. The Department needs a domestically based service that can develop personnel who can manage global political, military, economic, and social issues and provide administrative support to the Department. Many, including the Foggy Bottom Society, believe Civil Service employees should have more opportunities and better incentives to serve overseas, to gain more understanding of conditions in foreign countries and the operations of embassies, develop their careers, and meet critical needs for the Department.

A high-level external review of the Department’s Civil Service could examine in depth the range of responsibilities now performed by Civil Service employees, the specific needs of the Department for non-Foreign Service positions, and the contributions that Civil Service personnel can make. It could examine past efforts to reform the Department’s personnel systems, including the MacComber report, *Toward a Stronger Foreign Service (1954)*, and the Wriston report, *Diplomacy for the ‘70’s (1971)*, and the results those efforts achieved. It could also review the findings and recommendations of the Hart-Rudman commission (the U.S. Commission on National Security/21st Century). Its Phase III report, *Road Map for National Security: Imperative for Change (2001)* proposed the establishment of a National Security Service Corps that would place Civil Service professionals in the Departments of State, Defense, Treasury, Commerce, Justice, Energy, and Homeland Security into a personnel system that develops senior departmental managers and leaders with a breadth of experience in and knowledge of national security issues. The high-level review could

also examine the implementation and performance of the new personnel systems adopted for the Civil Service at the Departments of Defense and Homeland Security. Recognizing that many Civil Service employees intend to make foreign affairs work their careers, the high-level review could examine the ladder for promotion, facilitating rotation within the Department, opportunities for excursion tours abroad, the training curriculum, the Department's knowledge management practices, and other features of personnel management affecting the Department's Civil Service.

**Recommendation 2:** The Under Secretary for Management should institute a high-level external review of the options for the future of the Civil Service in the Department of State. (Action: M)

## CENTERS OF EXCELLENCE

In November 2005, the Under Secretary for Management issued a directive calling for the establishment of centers of excellence in four functional areas: procurement, human resources, financial management, and information technology. These centers would provide "high-quality, standardized services ... by trained professionals at a lower cost, but with increased accountability through metrics, performance standards, and customer service boards."<sup>2</sup>

In response, HR decided to create a system of shared human resource services to replace the previous HR-centric system. The system will be based on a number of human resource centers of excellence, located in designated bureaus and acting as service providers with delegated authority and managing the human resources of those bureaus and others grouped with them. A restructured CSP will use its technical expertise to provide guidance and oversight while giving up its current operational role.

A pilot program establishing centers of excellence was initiated with candidate centers in the Bureaus of Administration, Consular Affairs, and Diplomatic Security, at the Foreign Service Institute (FSI), and the Arms Control and International Security family of bureaus. This was done "because of the size of their human resources staffs, the complexity of the programs they oversee, and their full delegation of staffing and classification authorities, up to and including the GS-15 level."<sup>3</sup> These

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<sup>2</sup> State Magazine, *Moving to Shared Services*, by Under Secretary Henrietta Fore, October 2006, p. 4.

<sup>3</sup> Department Notice, Roll-Out of the HR Center of Excellence Pilot Program, October 17, 2006.



bureaus must provide shared human resources management services, with improved customer satisfaction, more efficiency, and measurable performance and accountability standards. The Department recently announced that, in July 2007, all bureaus will be required to either have a center or become a customer of a center. When the testing period is complete, the initial five candidate center pilots may be formally deemed centers of excellence. Further, additional centers of excellence are expected to come on line in the future.

The establishment of these initial human resources centers of excellence has been flawed. Although the Department participated in OPM's Human Resources Competency Assessment, the process used to select the pilot human resources centers of excellence was based on the size of existing operations, not performance metrics. Nor was there a clear delineation of the core mission of a center of excellence or an analysis of the functions and processes involved in being a center of excellence or the skills and staff size required to successfully carry out that mission.

**Recommendation 3:** The Bureau of Human Resources should define clearly the responsibilities of a human resources center of excellence and establish the range of human resources skill sets required in one. (Action: HR)

Clearly CSP did not have the staff to provide all human resources services on its own. Overall, there were already more human resources specialists in the bureaus than in HR. However, without confidence regarding their skill base, the centers of excellence could be building on an unsound foundation. Based on the results of the Human Resources Competency Assessment, HR developed improvement plans to address the knowledge and skills gaps revealed. Also, the OIG team reviewed correspondence between CSP and human resources specialists in the bureaus that indicated there was a human capital weakness regarding the skills of human resources specialists. According to 3 FAM 2636 d, human resources specialists who are responsible for position classification at the Departmental and bureau level must be sufficiently trained and experienced. Generally, employees should be able to perform at the level for which they have been certified.

**Recommendation 4:** The Bureau of Human Resources should formalize procedures, including a skill survey and certification of human resources specialists, that candidate human resource centers of excellence must follow to be certified as fully operational. (Action: HR)

Third, HR management may have taken questionable actions. Position descriptions for the senior human resources officers in the first three centers of excellence (in the Bureaus of Consular Affairs, Diplomatic Security, and Administration) were approved on December 6, 2005, at the GS-15 level. The incumbents of the positions were promoted on a noncompetitive basis on the grounds of “impact of person in the job.” The position descriptions document no review, and no written evaluation statement was attached, as required by 3 FAM 2636.3(a)(6). A review by OPM or a competent entity within the Department without a conflict of interest could resolve this situation.

**Recommendation 5:** The Bureau of Human Resources should request that an entity with the appropriate classification authority and objectivity review the position descriptions for the senior human resources officers in the centers of excellence and determine the appropriate classification of the positions. (Action: HR)

## Management of Human Resources Specialists

The Department needs qualified human resources specialists inside and outside of HR. This is evidenced by the use of contract position classifiers in many bureaus. Bureaus are also outsourcing some personnel work to OPM for writing job announcements, engaging in recruitment, determining knowledge and skill qualification, preparing job analysis, and crediting plans. The certification process and associated training to address these problems needs to move ahead quickly. The centers of excellence will be successfully implemented only when there are competent and fully performing people filling the human resources specialist jobs within each center. Although the Department has a training continuum and a curriculum for human resources specialists, the courses are only recommended or suggested. There are no standardized training requirements. Working with the Foreign Service Institute, HR could identify some mandatory courses for professionals to take before moving up the professional ladder.

**Recommendation 6:** The Bureau of Human Resources should establish certification requirements for human resources specialists that must be achieved, maintained, and verified by a regime of periodic testing and monitored by a database established and maintained by the bureau. (Action: HR)

Currently, there is no requirement for the certification of the skills and competency or for the continuing professional education of human resources specialists.

The duties in the position description for Human Resources Specialist GS-0201-12 in the Department, whether in a nondelegated or delegated bureau, say the incumbent “serves as full-performance specialist with expertise in any or all of the following: staffing, performance management, employee relations, position classification, payroll, benefits, and other related services.” OPM “position classification standards are prepared on the assumption that the people using them are either skilled personnel management specialists or managers who are highly knowledgeable about the occupations which are basic to their organizational units.”<sup>4</sup> A critical success factor identified by OPM’s Human Capital Standard for Success is an “HR function adequately staffed and prepared, in competencies and resources, to actively partner and consult with line managers.”<sup>5</sup> These functions ought to be performed at the bureau human resources specialist level, by a center of excellence, or by CSP. HR and FSI are exploring the possibility of using a private-sector certification to establish a body of knowledge for the human resources occupation that is universally accepted within the profession. The Human Resource Certification Institute is an independent certifying body for the human resources profession and the Society for Human Resource Management provides resources to assist human resources professionals in obtaining certification. The Department could use this industry standard or establish its own certification requirements.

**Recommendation 7:** The Bureau of Human Resources, in coordination with the Foreign Service Institute, should establish standardized required training for human resources specialists. (Action: HR, in coordination with FSI)

## REORGANIZATION OF THE OFFICE OF CIVIL SERVICE PERSONNEL MANAGEMENT

While centers of excellence will take over most of the operational HR work for the Department’s bureaus, HR retains policy, oversight, compliance, and evaluation functions. HR is working on a proposal to reorganize CSP to provide oversight and audit of actions in the centers of excellence. CSP’s new role will include managing the transition of operations from CSP to the bureaus, supporting the centers of excellence through oversight and technical assistance, and ensuring consistency in the formulation of policies and procedures as they improve the efficiency of human resources work.

<sup>4</sup> TS-134, July 1995, p. 9

<sup>5</sup> OPM, Human Capital Assessment and Accountability Framework, p. 3.

There has been much controversy surrounding CSP. While no one questioned the expertise of CSP staff, the OIG inspectors received numerous complaints from the bureaus about CSP's lack of timeliness and customer service. Dissatisfaction with the automated staffing tool that bureaus had to use was also high. Some viewed CSP as an obstacle, alleging it was inflexible in the application of OPM guidance and tended to downgrade positions sent to it for classification. Some also criticized CSP for not providing consistent guidance or using consistent internal procedures. It was common for bureaus to seek the intervention of HR management, at least as a last resort.

CSP acknowledged its shortcomings but also pointed out that the office had been plagued by continuous vacancies and an excessive workload. CSP criticized the competencies of bureau human resource specialists, and the OIG inspectors found numerous indications that CSP had spent an inordinate amount of time correcting work from the bureaus' human resources offices. In some cases, documents revealed that the bureaus were making basic and repeated errors. In addition, the frequency of intervention by HR management, which overrode CSP's determinations on many occasions, further undermined the office's morale, which was already suffering from the staffing shortage and workload.

The inspection team concluded that the real and perceived problems with CSP's performance resulted from CSP's internal shortcomings, weaknesses with bureau human resource specialists, and the collateral impact of necessary intervention by HR management. The inspection team believed the situation could be rectified by improved training and certification as recommended above, restructuring HR offices, and reorganizing CSP.

**Recommendation 8:** The Bureau of Human Resources should finalize and set a date for the implementation of its plan for the reorganization of the Office of Civil Service Personnel Management. (Action: HR)

## AUTOMATION OF PROCESSES AND RESOURCES

The e-Gov initiative requires all competitive service agencies to automate their hiring systems. Agencies can select any system they want as long as it is automated and compatible with OPM's system, USA Staffing. According to an OPM representative, "All (of the automated) products work. The problem is training, particularly the users."

The Department's move to an automated job announcement and hiring system has had difficulties. In November 2004, the Department implemented an automated hiring system called Quick Hire, which is also known as Gateway to State and Monster Hiring Management. Although OPM endorsed Quick Hire for use by agencies, many users in the Department complained that the system is not quick and that the certification process produced unqualified finalists. A closer look revealed the product works fine, has a lot of potential, and has improved dramatically since its implementation. However, more improvements are needed in skills, knowledge, and system performance.

To prepare the Department for the transition to Quick Hire, CSP formed a working group of four to six people working part-time on the project. CSP used the concept of training the trainer, sponsoring two employees per bureau who would return to their bureaus to train others. EX provided the funds for training on Quick Hire implementation and to develop the occupational question library. In addition, the Quick Hire vendor made major improvements to the system and recently built an assessment tool that tests computer skills and can target groups that need assistance.

Despite these efforts, there were problems with the implementation of Quick Hire. Trainers indicated that some users did not have basic computer skills or human resources knowledge. In addition, the hiring official was not always as involved in the process as needed and was disconnected from the human resources specialist. In some instances, human resources specialists were expected to create the occupational questions alone, although input from the subject matter expert is required for the process to work. HR needs to continue to provide training and awareness programs to support management officials in the use of Quick Hire. Elements of the program at least should include initial training, monitoring, and annual awareness certification.

**Recommendation 9:** The Bureau of Human Resources should require selecting officials to take mandatory training in the use of the Department's automated staffing tool. (Action: HR)

## CIVIL SERVICE POSITION CLASSIFICATION

The classifiers in CSP are hampered by staff shortages (a government-wide problem) and a lack of automation. Each classifier has one or more five-foot-tall bookcases filled with binders holding the original position descriptions and professional reference materials that are used to prepare and classify position descriptions. The binders were intended to contain the original signed copies of any posi-

tion description that was classified in the Department. Delegated bureaus, which perform classifications up to the GS-15 level, are supposed to send copies of their classified position descriptions to CSP for inclusion in its hard-copy file of position descriptions. Because this does not always occur, CSP estimates that its files contain approximately 85 percent of the Department's current position descriptions. In addition, managers in other bureaus do not have easy access to CSP's position description archives. Having online access to this resource would enable managers to select from and modify position descriptions that could then be sent to the appropriate classification authority.

An abbreviated online resource available to all Department employees is a position description library that has a limited number of generic positions covering several major job series. The library is accessed via the Intranet at the HR web site. However, this limited resource is no substitute for a complete and fully digitalized electronic position description library. This position description library is not to be confused with the automated library of questions used with job announcements available in CSP. CSP cannot do a position description digitalization project with its current staff and demands.

**Recommendation 10:** The Bureau of Human Resources should initiate a program to digitalize the Office of Civil Service Personnel Management's position description libraries, to create a fully electronic position description library that is accessible by human resources specialists and Department managers. (Action: HR)

## CASE-TRACKING SYSTEM

CSP's case-tracking system is an inhouse creation that is not robust; does not integrate with the Global Employment Management System (GEMS), the personnel data system; and does not generate reports well. During its survey of the Department, the OIG team heard many complaints about CSP information processing. However, CSP said it was sometimes blamed for work that was actually still in the bureaus. CSP has been working with EX to obtain an off-the-shelf product that would greatly enhance case tracking and reporting for personnel purposes, but the product has not been deployed. Fiscal constraints are the primary reason why CSP lacks an adequate case-tracking system.

Time is wasted in attempting to track down the status of cases. Data that would otherwise improve case management is not retrievable, frustrating bureau manag-

ers and hurting morale in CSP. Reliable case tracking would provide accountability and ensure that the processing of Civil Service personnel cases is well managed and within OPM and Department performance guidelines. The tracking system should interface with the Department's GEMS personnel database, to generate complete and useful reports that improve management of Civil Service personnel case processing.

**Recommendation 11:** The Bureau of Human Resources should acquire and implement an effective case-tracking system for the Office of Civil Service Personnel Management. (Action: HR)

## STANDARD OPERATING PROCEDURES

With the exception of the automated staffing program, CSP divisions lack written up-to-date standard operating procedures. The Human Capital Assessment and Accountability Framework established, as a critical success factor, the expectation that an agency will document all of its human capital management processes, measures, and results.<sup>6</sup>

For the smooth integration of new and future employees and to provide efficient and consistent customer service, written standard operating procedures should be used. The OIG team made an informal recommendation on this issue.

## CAREER ENTRY PROGRAM

The Department has implemented an excellent Career Entry Program (CEP), but improvements are needed to provide greater efficiency and effectiveness. In 2001, the Department established the CEP to attract and retain exceptional individuals to certain professional occupations. This program is governed by OPM guidelines under Executive Order 13162, Federal Career Intern Program. It was envisioned to assist bureaus in preparing for the retirement of Baby Boom-era employees by training entry-level participants for journeyman-level positions. The CEP is a rigorous two-year career development program consisting of classroom training, rotational assignments, self-development activities, and on-the-job training. Positions are offered in several professional and technical career fields. The program is rapidly growing,

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<sup>6</sup> OPM Human Capital Assessment and Accountability Framework: Human Capital Standard for Success, 6-A-1, p. 19

with 20 allotments made in the first year and over 40 planned for the following years. There are currently 65 participants, and another 50 positions have been allocated for FY 2007. Almost 300 CEP positions (passport specialists) are maintained separately within the Bureau of Consular Affairs.

The CEP has been treated as a collateral duty by CSP and has taken a backseat to other priorities. Within its brief existence, the program has been passed to several coordinators, all having a full workload of other tasks. The program is currently shared by two coordinators who work on it part time. The OIG team received complaints that applications were not processed or were extremely delayed, and applicants were not being kept informed. Some program coordinators said they could not focus on the CEP requirements because of other pressing duties and a staffing shortage. The program also lacked organization and structure. The necessary resources have not been provided for the program to operate more effectively and efficiently. The Presidential Management Fellows Program, which is similar to the CEP in size and requirements, has a full-time manager and assistant.

**Recommendation 12:** The Bureau of Human Resources should provide a full-time employee to manage the Career Entry Program. (Action: HR)

The OIG team received allegations of favoritism and a lack of transparency in the CEP. The Department accepts applications throughout the year and maintains a continuous register of candidates who have been ranked by OPM. Some participants apply through CSP's web site while other participants are recruited by the Office of Recruitment, Examination, and Employment, which is proactive and successful in identifying exceptional candidates. However, the recruited applicants are sometimes given the opportunity to come in and meet key players in the Department while those on OPM's register are not. Although this practice may simply be networking, it presents a perception of favoritism, given the limited number of centrally funded positions.

The push for quick processing of recruited applicants compounds the program coordinator's workload and the processing of candidates who have made the list and are awaiting interviews or selection. This arrangement requires a significant amount of administrative processing and creates a potential backlog of candidates who have made the list but are never called because new candidates, who scored higher, are placed ahead of them. The recruiters and program coordinator need to process applicants to ensure maximum efficiency. Transparency and efficiency would be promoted by the establishment of a part-time board, which would not require new FTE positions. An informal recommendation addressed aspects of this issue.



**Recommendation 13:** The Bureau of Human Resources, in coordination with the Foreign Service Institute, should establish an Executive Advisory Board to provide oversight of the Career Entry Program and include representatives from the Office of Civil Service Personnel Management; Office of Recruitment, Examination and Employment; Foreign Service Institute; and an individual from outside the Department. (Action: HR, in coordination with FSI)

Although Department policy opposes movement between intern positions in the CEP, some exceptions have been made and have created a perception of inequalities in the program. The Office of Recruitment, Examination, and Employment, a strong proponent for the program, has assisted participants in making career-track changes. In one instance, a human resources specialist served a three-month tour overseas but performed foreign affairs work. When applicants are accepted into the program, they are required to sign a Conditions of Employment Agreement that states they are expected to remain in position with their host bureau. The Department needs to clarify, promote, and enforce its policy, to make the program more equitable and transparent. An informal recommendation addressed this issue.

Bureaus are using the CEP as a critical tool in their attrition planning, but problems arise when participants want to change to another career track. Although CEP positions are centrally funded, bureaus are required to provide training, travel costs, and a bureau-funded position upon the participant's successful completion of the program. Bureaus invest significant resources and design activities for the participant to acquire the competencies, knowledge, and skills for successful job performance. Each career track has its own requirements and formal development program. CEP positions are highly competitive and limited. When participants change career tracks, and especially when they leave the bureau, the bureau loses that position and must start over again, suffering considerable loss on its investment.

**Recommendation 14:** The Bureau of Human Resources should require the receiving bureaus of individuals choosing to change intern positions to reimburse the losing bureau for the training and travel costs expended during the internship. (Action: HR)

The CEP is not restricted to college graduates, yet the program's description on CSP's web site requires a college transcript for the applicant to receive consideration. Although some grade levels and occupations may require a college degree, this requirement does not apply to all options available. This information should be corrected on the web site, and any other relevant material made available. An informal recommendation addressed this issue.

## FOREIGN SERVICE CAREER DEVELOPMENT AND ASSIGNMENTS

CDA has 100 employees in five functional units. The Senior-Level Division provides career counseling to senior-level Foreign Service generalists and specialists. In addition it serves as secretariat for the deputy chief of mission/principal officer and chiefs of mission selection committees and includes the presidential appointments staff and the Long-term Training and Detail Assignments Division. The Mid-Level Division counsels mid-level generalists and specialists. The Entry-Level Division manages the orientation of new Foreign Service personnel, counsels them, and directs their first assignments. The Assignments Division (AD) manages the Foreign Service assignments process for most mid- and senior-level positions and processes permanent change of station (PCS) travel between assignments for Foreign Service employees and their families.

A fifth, and much smaller, functional unit, is the Office of Continuity Counseling, which is attached to the CDA front office and advises the Director General and provides long-term career counseling to officers being considered for tenure or at risk of not being retained. It runs the Department's Foreign Service domestic mentoring program.

Foreign Service employees on two-year rotations work in CDA, primarily as division chiefs, career development officers (CDO), assignments officers (AO), assignments technicians, or office management specialists. CDOs are supposed to counsel and represent the interests of FSOs during the assignment process. AOs represent the bureaus to ensure that CDA panels approve the bureaus' candidates. Officers also develop expertise in regulations on specific topics and provide advice during panels. They also support policy development and maintain data on fair-share bidding, home leave, and language training waivers, among other issues.

### NEED FOR IMPROVED MANAGEMENT OF ASSIGNMENTS

OIG's 1998 Inspection Report said CDA has "had problems dating back to the lean years when, trying to lead by example, the Bureau of Personnel took relatively more cuts," leaving offices understaffed while workloads increased. CDOs also did not have enough time for clients, and clients complained, "There is no one in per-

sonnel.” The systemic lack of resources continues. HR leadership must give more attention and resources to CDA to match the challenges of the recent expansion of Foreign Service personnel, the increase in one and two-year assignments, needed information technology upgrades, and major changes the Director General is making to the assignments process to allow CDA to fill critical and other hardship positions.

The number of FSOs has increased since the last OIG report. About 900 officers were added in the 1999 consolidation of the United States Information Agency into the Department. Another 1,600 officers were added in 2002-04 by the Diplomatic Readiness and Security initiatives. The number of FSOs increased 39 percent from 1999 to 2006. The Department expanded Entry-Level Division to handle the 2002-04 influx of officers, but those officers have since risen to mid-level. Although some resources have been shifted to mid-level, CDOs there may have up to 400 clients, not the 150 they consider ideal. In the words of several CDOs, the workload is “overwhelming.” The CDOs and AOs also lack adequate computer support, a reflection of a broader shortcoming in HR information technology (IT) management.

The increase in one- and two-year restricted-accompanied positions from 200 before the U.S. liberation of Afghanistan to 750 today and the Director General’s tighter rules on extensions and U.S. residency limits are multiplying officer turnover. In addition, CDOs now must spend more time monitoring these rules, the 2005 Career Development Plan, and stricter fair-share bidding regulations. This takes time away from counseling clients.

New management practices would help carry out policy changes. CDA does not use a comprehensive set of performance metrics to assess whether it meets its goal of “transparently and equitably assigning employees with the right skills to the right positions at the right time [and] . . . meet[ing] the needs of the Foreign Service while helping employees achieve their career goals.” A set of metrics would provide an assessment of CDA’s work. This could perhaps be provided simply through a matrix of what are now agreed-upon output elements. The elements include assignments of officers in code at grade, curtailment due to incompatibility, level of achievement of language and tradecraft training before arrival at post, acceptance rate of bureau candidates without panel discussion, and number of stretch candidates. Such a matrix of metrics would also clarify factors other HR elements must address to ensure CDA can meet its goals.

**Recommendation 15:** The Bureau of Human Resources should develop performance metrics to assess its effectiveness in assigning the most qualified officers to the available positions. (Action: HR)

HR has not provided CDA with adequate IT to do its job efficiently. AD technicians are not as productive as they should be because of the poor performance by the GEMS and PCS travel systems used in processing client documentation. These systems need upgrading. CDOs and AOs spend too much time using primarily manual systems to maintain statistics on the assignments process because available databases were not designed to evaluate complex assignments trends. A single database designed to analyze assignment trends would help CDA evaluate the effectiveness of bidding rules and create models for changes. HR will need to seek the resources to make these changes.

**Recommendation 16:** The Bureau of Human Resources should develop a database that contains appropriate data from the bidding process to support analysis of the elements of bidding and assignment trends. (Action: HR)

**Recommendation 17:** The Bureau of Human Resources should upgrade the systems used by the assignments technicians to ensure they accept data properly and minimize downtime. (Action: HR)

## ASSIGNMENTS DIVISION AND COMPETITIVE SOURCING

HR's years of inattention to CDA manifest most clearly in the major breakdown in AD service during summer 2006. AD failed to process in a timely manner (or not at all) travel orders for Department employees to transfer from post to post, and employees and family members were sometimes forced to travel without orders. As late as November 2006, AD technicians had yet to process stacks of travel order messages that authorized payment of post salary differentials and allowances. Overtime work has not ended the paperwork backlog, and management is unable to say when it can be cleared up. Morale is low.

Those interviewed, including officers close to the problem, said HR for years failed to ensure adequate management and supervision of CDA human resources technicians who process Foreign Service PCS travel. In 1997, the Government Accountability Office's (GAO) audit of PCS travel (GAO-NSIAD-98-19) characterized the wider travel process as "inefficient, cumbersome, and costly" and recommended consolidating the HR, Bureau of Administration, and Bureau of Resource Management (RM) functions into a single PCS travel office.

The Department neither addressed GAO's recommendations as part of a larger reorganization nor did it increase attention and resources to relieve AD's problems. As the workload steadily increased, so did the problems in customer service. Finally, in 2005, HR implemented a competitive sourcing initiative for technician services under the Federal Activities Inventory Reform Act of 1998. In choosing this process, HR continued to avoid the straightforward, but more difficult, management options long available to it; OIG is recommending some of these options in this report.

In addition, HR's implementation of competitive sourcing did not take advantage of the benefits inherent in the process. As noted on the A Bureau's competitive sourcing web site, competitive sourcing should be "a management tool, not just as an operational or tactical intervention." Although encouraged by the competitive sourcing office to expand the competition to encompass other aspects of the assignments process, HR chose to limit the effort to only 16 FTE positions. Such a small competition offers relatively modest savings, compared to other larger units that were available for competitive sourcing, and did not allow for a strategic approach to improving the assignments and travel function.

According to HR management and staff involved, the competitive sourcing process was time-consuming, due to the paperwork burden and attendance at meetings to develop the Performance Work Statement and the agency's tender. Poor communications with AD staff on progress further damaged section morale. The complexity of the competition process was exacerbated by miscommunications and personality conflicts between most of the major players involved in preparing for and implementing the competition, leading many of those involved to believe that the process was fatally flawed and could not result in a successful outcome. Finally, the process also took much longer than anticipated. An outside competitor's bid to provide services and AD's own bid as Most Efficient Organization both failed twice to meet minimum technical standards, requiring extensions to allow the bidders to revise their proposals. A third submission was due for review on November 13, 2006.

Competitive sourcing has proven to be a complex and poorly executed solution for a small division's performance problems, which could have been solved with improved management, supervision, and more resources. The current competitive sourcing bidding is unlikely to resolve the serious problems in the assignment and travel function.

**Recommendation 18:** The Bureau of Administration should cancel solicitation S-AQMPD-06-R1020 for Bureau of Human Resources Career Development and Assignments Division technician services. (Action: A)

## BETTER MANAGEMENT AND SUPERVISION OF THE ASSIGNMENTS DIVISION

If the Bureau of Administration cancels the competitive sourcing solicitation, HR will need to develop a new structure that supports better management and supervision of AD and improve the performance of the assignments technicians.

Lack of HR attention to AD has allowed the growth of the number of clients to outstrip the capacity of its technicians to provide service. The number of overseas assignments alone increased 27 percent from 2001 to 2006. Only one technician was added to process the additional 1,600 officers added between 2002 and 2004. In the past, the client base for each technician was approximately 450; this number has jumped from 950 to 1,000 clients, and the technicians routinely receive 100 to 150 e-mails each day. Two of the 14 positions are vacant, and one person is on extended sick leave. No actions have been taken to fill the vacant position.

**Recommendation 19:** The Bureau of Human Resources should fill existing vacancies and hire additional staff to meet the workload in the Assignments Division. (Action: HR)

The CDA assignments technicians include Civil Service and Foreign Service personnel. Civil Service employees occupy their positions for years, have the time to thoroughly master positions' technical elements, and ensure CDA continuity. Foreign Service employees provide overseas experience useful to the division but generally arrive without human resources experience and stay for two to three years only. The turnover of Foreign Service technicians creates problems of continuity and training. CDA lacks the appropriate mix of Civil Service and Foreign Service personnel in CDA to ensure continuity, sufficient understanding of an FSO's overseas environment and needs, and training efficiencies.

**Recommendation 20:** The Bureau of Human Resources should develop and implement a methodology to assess and hire as assignments technicians the optimum mix of Civil Service, Foreign Service, and contracted personnel. (Action: HR)

As late as November, 2006 CDA/AD technicians had not finished the 2006 summer transfer cycle's backlog of stacks of personnel actions, travel orders, or filing. Additional temporary staff would address the backlog and give CDA/AD management the resources to develop standard operating procedures, training programs,

and other reforms that the OIG team recommends in this report, before the 2007 summer transfer cycle.

**Recommendation 21:** The Bureau of Human Resources should immediately assemble a team to address the assignment technicians' backlog and resolve other immediate workload problems. (Action: HR)

The AD technicians' responsibilities have changed significantly since their positions were last classified in 1989 under the 303 Clerk Typist series. Updated classifications for the technicians' positions would ensure recognition of their work and encourage mobility for AD personnel within the Department. The position descriptions are outdated, and CSP has not done a desk audit to determine whether a new series code is justified and a reclassification is warranted.

**Recommendation 22:** The Bureau of Human Resources should conduct a desk audit of the assignment technician positions and submit the positions for reclassification, if warranted. (Action: HR)

Foreign Service AOs have not provided adequate supervision for the AD technicians, due to their heavy primary responsibilities and lack of understanding of the responsibilities and technical aspects of the technicians' work. These AOs often arrive with no previous human resources experience, and their work is different from that of the technicians. They do not share the same level of access to the databases the technicians use; therefore they cannot monitor the work. Client comments may be the only feedback a supervisor receives on a technician's performance. Supervisors who understand the technicians' work will be better able to guide the section. A Civil Service supervisor with experience in the work of the technicians might better promote continuity, quality control, and standardization.

**Recommendation 23:** The Bureau of Human Resources should establish and fill a Civil Service supervisory position for the Assignments Division. (Action: HR)

The organization of the AD technicians' client bases is inefficient. Each technician must create travel orders covering all of the regions of the world and must be knowledgeable of the unique circumstances associated with each country. Redistributing the technicians' client workload based on the region served, rather than their client's alphabetical listing, would increase efficiency because the technicians would become more specialized and more knowledgeable of the unique travel situations for their assigned region. This proposal better addresses the needs of officers transfer-

ring into their sections. The technicians could also coordinate their work with a smaller number of domestic offices and counterparts, promoting closer personal working relationships and more efficient interactions.

**Recommendation 24:** The Bureau of Human Resources should assign clients to the Assignments Division's technicians by geographic areas. (Action: HR)

Some AD technicians often do not follow standard procedures or understand complex regulations. The technicians' training has been inadequate. The current training program for new technicians is limited and consists of a one-week tradecraft offsite training and a four-day training on GEMS. New technicians work closely with the more experienced technicians when they receive hands-on training, but this ad hoc arrangement reduces productivity and leads to a lack of standardization. As there is a need for a detailed training manual, one of the technicians is trying to develop a manual but has not had the time to complete it. A comprehensive training program would increase standardization, reduce errors, enhance productivity, and provide performance standards.

**Recommendation 25:** The Bureau of Human Resources should develop training manuals and mandatory in-house courses for Assignments Division technicians. (Action: HR)

## BUILDING AN EFFECTIVE AND FAIR ASSIGNMENTS SYSTEM IN DIFFICULT TIMES

Global change and the realignment of U.S. foreign policy priorities are affecting the conditions under which FSOs work. The Department is increasing the incentives for them to work in areas with more instability, danger, and other undesirable conditions. The break-up of the Soviet Union and new security threats have increased the number of hardship posts having a 15 percent or greater pay differential from 108 in 1998 to 131 in 2006. Posts with a 25 percent or greater pay differential totaled 44 in 1990 and 73 in 2006. In 2003, the hardship differential pay cap was lifted for Afghanistan and Iraq to permit 35 percent danger pay and 20 percent premium pay among other elements of a special recognition package. In 2003, special allowances were developed for evacuated family members.

The Director General has made clear that, along with incentives, new, tougher assignment procedures will be enforced to ensure that officers consider "service need"



as a priority and that CDA fills the Department's most critical positions – including those in war zones. The Director General has admitted that these changes represent new territory for HR and the Department and emphasized that, if the normal assignments process does not work, he will use directed assignments to fill critical positions.

CDA meets weekly with the Bureau of Near Eastern Affairs to review assignments for its high-priority positions. Bid numbers for 2007 summer positions at high-priority posts in Iraq and elsewhere have been encouraging, but as of mid-November 2006, officers have not bid on all posts.

The Director General is reviewing additional tougher rules, such as shortening to five years the six-year limitation on consecutive domestic service. He is also considering tightening the fair-share bidding rules and reviewing CDA's other options for making assignments under the new directives. His stated goal is an effective and fair system that supports the career development of the Department's employees and shares the burden of hardship assignments. (See Appendix D for additional information on effective and fair assignments.)

It is too early to determine whether the Director General must resort to directed assignments to fill critical assignments. An assessment of the results of the Director General's new policies will be a major topic for the second phase of this inspection.

## GLOBAL WHEN-ACTUALLY-EMPLOYED EMPLOYMENT REGISTRY

The Department faces significant challenges in staffing hardship posts, managing staffing gaps at all posts, and retaining personnel with key skills. These difficulties are expected to be magnified in the next few years by an increase in retirements. Fourteen percent of Civil Service employees are eligible to retire now and 33 percent will be eligible over the next five years. Fifty-four percent of the most senior Civil Service employees (GS-15 and Senior Executive Service) are eligible within the next five years, and several mission-critical occupations expect significant increases in their attrition rates.

The Foreign Service generalist workforce suffers from a mid-level staffing deficit. As of September 30, 2006, the Department had deficits of 20 percent in FS-03 officers, 17 percent in FS-02 officers, and 6 percent in FS-01 officers. The worst gap is in FS-02 public diplomacy officers, where the deficit is 44 percent.

In addition, 79 percent of Senior Foreign Service generalists are eligible to retire now, and a total of 97 percent will be eligible in the next five years. Although the Foreign Service specialist attrition rate is expected to decrease over the next five years, due to increased hiring over the last five years, the actual number of employees separating from the Department will increase by about 12 percent per year for each of the next five years.

The Department has inadequate human resources to effectively carry out all of its duties. In particular it is extremely difficult to fill all positions with qualified people in a number of posts, such as those in Afghanistan, Haiti, Iraq, and Nigeria. Staffing gaps of up to 11 months have been identified.

The global repositioning of positions and the new assignment procedures are expected to positively affect some gaps at the most difficult to fill posts, but for the next few years the Department may continue to have a shortage of personnel. To address this situation, the Department might put to use the growing pool of retired Foreign Service and Civil Service staff to meet specific short- and long-term staffing needs. HR has established a WAE Global Employment Registry of self-selected individuals who express their willingness to work and identify their skills. However, without maintaining security clearances, individual availability may not have the flexibility to meet emergent needs. In addition, the employment registry needs to be maintained and expanded to encourage all bureaus to go to one central location to identify available individuals. The Secretary currently has the authority to waive dual-compensation (salary and annuity) restrictions for Foreign Service and Civil Service annuitants hired to facilitate assignments to Iraq and Afghanistan. Greater flexibility might be achieved if the Department sought to expand its authority to use the dual compensation waiver authority for Foreign Service and Civil Service annuitants. When waiver authority for Civil Service annuitants is obtained (for assignments other than those related to Iraq and Afghanistan), the annuitants should be included in the WAE registry.

**Recommendation 26:** The Bureau of Human Resources, in coordination with the Bureau of Diplomatic Security, should define the inclusion of an individual's name in the global registry as a conditional offer of employment, allowing the individual's security clearance to be kept current. (Action: HR, in coordination with DS)

**Recommendation 27:** The Bureau of Human Resources, in coordination with the Bureau of Legislative Affairs and the Office of Legal Adviser, should seek legal authority to expand dual compensation waiver authority for Foreign Service annuitants to allow them to be rehired for extended periods to meet staffing gaps as required. (Action: HR, in coordination with H and L)

**Recommendation 28:** The Bureau of Human Resources, in coordination with the Bureau of Legislative Affairs and the Office of Legal Adviser, should work to broaden the use of dual compensation authority waivers for Civil Service employees so that these employees can be used as temporary employees. (Action: HR, in coordination with H and L)

## PUBLIC DIPLOMACY AND THE ASSIGNMENTS PROCESS

The integration of public diplomacy officers in the Department's assignments system since the 1999 consolidation of the U.S. Information Agency has been a topic of concern in the Department and Congress. The OIG team found that the Department's public diplomacy leadership contributes fully to assignment decisions. The geographic area offices' public diplomacy offices helped identify, for the geographic area offices, most of the public diplomacy officers who were assigned to their positions. The Under Secretary for Public Diplomacy and Public Affairs (R) also provides input into public diplomacy positions critical to transformational diplomacy. The Bureau of Educational and Cultural Affairs and the Bureau of International Information Programs coordinate with R on assignments.

R has asked that public diplomacy officers consider it their "home bureau," and it advocates for them in the career process. For instance, when R perceived an inadequate number of public diplomacy cone promotions in 2005, it contracted for a study of the HR evaluations process to advise public diplomacy officers on improving their writing of evaluations. Public diplomacy officer promotions increased in 2006.

FSI has developed additional public diplomacy classes and refined old offerings. FSI's public diplomacy training staff has briefed CDOs and AOs on training opportunities. Public diplomacy officers have been well represented in HR's long-term training details.

## LOCALLY EMPLOYED STAFF

There are over 38,000 LE staff members working for the Department overseas. Since 1998, far more LE staff members have been killed in the line of duty than have American Foreign Service employees. The Department needs to codify in one place and strengthen its commitment to these employees. OE also needs additional staff to carry out its duties.

## STAFFING FOR OVERSEAS EMPLOYMENT

OE appears to have too few employees. With approximately 20 employees, it functions like an OPM for more than 38,000 LE staff and for thousands more LE staff of other federal agencies. It does so by developing, coordinating, and administering the human resources management policies, regulations, systems, and procedures used to employ the LE staff. OE formulates policy and programs for overseas employees of the Department, other foreign affairs agencies, and other participating U.S. agencies at missions abroad. LE staff compensation totals over \$1 billion annually, more than 10 percent of the Department's operating budget.

OE reorganized in 2005 and includes the Policy and Coordination Division, the Compensation Management Division, and the Human Resources Management Division. The office is understaffed and overworked. The excessive workload does not allow OE's staff to complete all requests from posts in a timely manner. As a result, old policies have not been updated, and new ones have not been written. In addition, the FAM regulations governing the LE staff have not been revised since 1995, despite changes that have occurred, and employee benefits have been delayed. Site visits are at a minimum.

**Recommendation 29:** The Bureau of Human Resources should review the adequacy of the staffing within the Office of Overseas Employment and adjust staffing based on the review. (Action: HR)

## BILL OF RIGHTS

LE staff members are unaware of all of their rights as U.S. government employees. One reason is that statements of LE staff members' rights are not always easily found in one location.<sup>7</sup> The rights may not all be summarized in LE handbooks or local compensation plans produced by posts.

LE staff and the Department have mutual obligations, responsibilities, and remedies specified in existing U.S. law, regulations, local compensation plans, and LE staff handbooks. In addition, each country where the U.S. government has diplomatic representation has local labor laws and prevailing practices. It is a human resources best practice to advise employees of their rights. Such rights for LE staff might include the right to:

- a workplace free of sexual harassment or intimidation;<sup>8</sup>
- contact the Office of Civil Rights for guidance in complaints involving sexual harassment;
- form voluntarily an effective employee association and hold meetings of the association at the diplomatic or consular establishment;
- receive timely annual performance evaluations;
- grieve in a meaningful process, according to procedures in line with local laws and prevailing practices;
- not work outside one's regularly scheduled work hours without mutual agreement or compensatory provisions;
- have whistleblower protection;<sup>9</sup>
- work in a safe and healthful workplace, including freedom from reprisal related to unsafe and unhealthy working conditions;<sup>10</sup>
- be informed of the standards of discipline in place and employee obligations;

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<sup>7</sup> 15 FAM 941 Employee Rights.

<sup>8</sup> Department Sexual Harassment Policy: FSN Rights and Processes for Foreign Service nationals

<sup>9</sup> Whistleblower Protection Act of 1989.

<sup>10</sup> 15 FAM 943 Employee Protection From Reprisal

- have freedom from improper or arbitrary disciplinary action or dismissals;
- be treated in accordance with local labor laws and applicable U.S. laws;
- receive a current and accurate position description;
- participate in an equitable and open recruitment process for opportunities for upward mobility within a mission;
- file complaints of discrimination with Office of Civil Rights, although complainants are encouraged to attempt to resolve such issues directly at post.<sup>11</sup>

If LE staff members are unaware of their rights and options they may not act in their own best interests and, thus, may be effectively denied their rights. Settlement of issues is encouraged at post, with final appeal to the chief of mission. If a complaint is against the chief of mission, the chief of mission cannot be the final level of appeal without a conflict of interest. The OIG team informally recommended that HR consider an equitable way to address this issue.

**Recommendation 30:** The Bureau of Human Resources should, in coordination with the Office of the Legal Adviser and the Office of Civil Rights, develop, publish, and disseminate a bill of rights for locally employed staff and instruct posts to include it in locally employed staff handbooks. (Action: HR, in coordination with L and S/OCR)

## OMBUDSMAN

Unlike Foreign Service, Civil Service, and eligible family member employees, LE staff members do not have a mechanism for advocating on issues of fairness. There is an annual Foreign Service national (FSN) conference in which selected FSNs are brought to Washington, supported by FSI funding. OE and the Director General come closest to being advocates for LE staff. FSN committees do have a voice, but it is mainly limited to the post level and is heard on a wider scale only in special circumstances, such as visits by the Director General. To address their general issues, Foreign Service employees can turn to the Foreign Service Act and the American Foreign Service Association; Civil Service employees can turn to the American Federation of Government Employees and/or the Civil Service ombudsman. Even

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<sup>11</sup> 97 STATE 53229 FSN Rights Relating to Filing Complaints of Discrimination

eligible family members, a subset of the LE staff, can turn to the Family Liaison Office. However, LE staff members do not have a channel dedicated to speak on their behalf.

Host-country laws and prevailing practices offer some protection for local employees. Nonetheless, the absence of an advocate means LE staff must rely on post management and that most issues must be resolved at the post level. This works fairly well, but it is not without the potential for abuse or failure. Although the Director General and OE have a watchful eye on LE staff issues, the focus can be sharpened with the establishment of a position dedicated to the LE staff, within limits to be prescribed by the Director General. As in the cases of the Civil Service Ombudsman and the American Foreign Service Association, that position would be best located outside of HR.

**Recommendation 31:** The Bureau of Human Resources should establish a locally employed staff ombudsman position and determine the scope of the ombudsman's role. (Action: HR)

## PERFORMANCE EVALUATIONS

A common problem at missions worldwide is that many supervisors of LE staff, American and FSN, either do not complete performance evaluations on time or at all. This deficiency has been documented in several OIG post management inspection reports. At one post, more than 200 evaluations were overdue in 2004. This post was previously cited for delinquent evaluations in 1994 and 1999. At another post, an American supervisor did not complete evaluations for several years, causing one employee to forego an award. In some cases, supervisors departed the embassy before completing evaluations. These reports are rarely completed after the officer's departure. In addition, some supervisors wrote evaluations for periods covering more than a year. According to 3 FAH-2 H-135.5A(2), reports are required each year.

At several posts, the human resources office sends monthly reminders and delinquent reports to supervisors, requesting the submission of evaluation reports. The office has also informed the management officer, but with little result in either case. Some supervisors did not seem to regard the timely processing of evaluations as important because within-grade increases are retroactive to the date of eligibility; nevertheless, inattention to rewarding good performance can deteriorate morale. In addition, promotions are not retroactive. Another instance of inattention occurs

because the LE staff becomes ineligible for a periodic, within-in grade promotion once staff members reach the top of their grades. Evaluations for these employees are sometimes deemed insignificant. New procedures have been implemented over recent years to notify the deputy chief of mission of delinquent raters, but the problem continues. OE has created a new LE staff performance management policy that will create a cycle similar to the existing American staff reporting cycle. It is scheduled to be implemented in 2007, and all but one regional bureau has adopted the policy.

**Recommendation 32:** The Bureau of Human Resources, in coordination with the Foreign Service Institute, should require first-time American supervisors of locally employed staff to receive such training and instruction as the Director General may prescribe. (Action: HR, in coordination with FSI)

## RETIREMENT PLAN

In many countries, the retirement system is broken, or there may not be and may never have been a retirement system. The result is that local employees are sometimes retiring in poverty. Approximately 30 years ago, all LE staff members were under the Civil Service Retirement System. When that system was phased out, local employees were placed under the local social security system in accordance with prevailing local practices. However, some of those systems did not provide adequate protection. OE has spent years searching for a solution and remains focused on resolving this issue.

OE has created a process to replace the local social security system's coverage with that of a defined contribution plan (DCP) for LE staff who are paid under a local compensation plan. The DCP is offered in countries where a "public interest" has been declared because there is no sound and dependable financial system. Currently 14 countries are covered by the DCP, and another 14 have been approved for enrollment. Under the plan, the U.S. government pays 12 percent of a covered employee's earned basic salary each pay period. Employees cannot contribute because of the fund's tax-exempt status. Upon separation, benefits are paid in a lump sum in the local currency. The DCP is evaluated quarterly. As of October 2006, the \$35.2 million fund covered approximately 5,000 participants.

OE has explored with the Thrift Savings Plan (TSP) the possible inclusion of LE staff in the TSP, which is offered to Civil Service and Foreign Service employees. The TSP offered to assist in developing a request for proposals for a private sector



savings plan. OE is looking at filing the request for proposals with life insurance companies, investment houses, international banks, and other sources. The TSP will also be receiving input from the Federal Retirement Thrift Investment Board, which administers the TSP. On December 21, 2006, a notice was posted on FedBiz, the U.S. government web-based procurement bulletin board, advising potential offerers of a request for proposal for a Global Savings Plan for LE staff. The target date for an award is July 2007. HR will partner with RM in the issuance, review, and award of a contract for financial management services. The Director General has committed to addressing this issue, and an employee in OE has been dedicated full-time to this initiative.

**Recommendation 33:** The Bureau of Human Resources should, in coordination with the Bureau of Resource Management, establish a global savings mechanism to supplement the locally employed staff's retirement plan. (Action: HR, in coordination with RM)

## RESOURCE MANAGEMENT

### OFFICE OF THE EXECUTIVE DIRECTOR

EX is somewhat atypical in that it manages resources for several major Departmentwide programs in addition to its own internal operations. Accordingly, its client base is not limited to employees in its home bureau but includes the global Department community for certain programs and functions, such as PAT and the corporate IT applications that support human resources processes. These programs are costly and complex—requiring extensive coordination with other bureaus and entities—and directly affect employees throughout the Department personally and professionally. The bureau is attentive to these corporate responsibilities and, despite cutbacks in bureau resources in the mid-1990s from which it has not recovered, manages these resources judiciously.

### INTERNAL STAFFING ISSUES

HR experienced internal staffing challenges due to the gap between its authorized employee position level of 444 and the 370 employee positions that were actually filled at the time of the inspection. This report earlier noted the critical unfilled vacancies found among CDA assignments technicians and recommended filling vacancies and hiring additional staff. Even more so, for an entire year CSP's classification division suffered unfilled vacancies. For one period of several months in 2006, there were only two or three classifiers, including the division chief, in an office that has nine classifiers when fully staffed. During the survey, many bureaus pointed to the staff shortage in the CSP classification division as a primary reason why they felt stymied in accomplishing the classification and filling of their own Civil Service position vacancies. Other divisions in CSP also struggled with vacancies. This, in turn, negatively affected the CEP, which was treated as a collateral duty by CSP, and the OIG team received complaints relating to CEP's timeliness. The Administration Services Division of EX also had two vacant positions out of 11, which negatively affected its ability to provide general services and human resources support for the bureau.

## Restructuring the Post Assignment Travel Function

PAT funds pay for the travel of employees and eligible family members and the shipment of household effects and privately owned vehicles. In FY 2006, the bureau processed approximately 5,764 PCS travel orders at a total cost of \$144 million. GAO described the Department's PCS travel process as "inefficient, cumbersome, and costly" in a 1997 audit.<sup>12</sup> The PCS travel process has not changed significantly since then. According to a survey conducted by the General Services Administration, the Department's PCS travel costs accounted for over 19 percent of total federal government spending for this function – nearly as much as the Department of Defense, which employs a far larger civilian workforce.

The PCS travel process is inefficient because of fragmentation of responsibility between service providers, a lack of performance metrics, poorly integrated IT applications, an absence of focus on customer service by HR offices, and the separation of key management functions between HR and A. PCS travel requires coordination from a host of organizations, such as CDA, EX, A's Office of Logistics Management (A/LM), the Office of Medical Services, the Bureau of Resource Management, and 267 overseas embassies and consulates. Because a single travel order may generate as many as 100 separate payments from offices around the world, internal controls are difficult to maintain. Customer service is similarly fragmented between offices responsible for different elements of the transportation process. As a result, Department clients do not have a single point of contact for travel issues. The division of responsibility for the PCS travel program between HR, which controls funds, and A, which expends funds, also hinders efficient decisionmaking.

GAO recommended in 1997 that the Department consolidate PCS travel services in a single office responsible for all aspects of employee transfers. The Department did not act on this recommendation, citing the impending challenge of consolidation with the United States Information Agency and the United States Arms Control and Disarmament Agency. In the intervening years, it has become clear that structural problems inherent in the current PCS travel process need to be addressed, either through an internal HR reorganization or a merger of HR and A/LM offices responsible for the PCS travel process.

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<sup>12</sup> Using Best Practices to Relocate Employees Could Reduce Costs and Improve Service (GAO/NSIAD-98-19).



## ADMINISTRATIVE SERVICES

HR's Administration Services Division provides general services and human resources support for the bureau. There are 11 positions in the division, with two positions currently vacant. Morale and teamwork within the division could be improved with more management attention to positive recognition and awards. The establishment of a training program could also sharpen employee skills. Customer service could also be improved by upgrading the division's web page to make it more informative and user friendly, as informally recommended later in this report. By regularly updating its web site, the bureau would help reduce the workload by providing ready answers to frequently asked questions.

EX has a small branch of three human resources specialists who provide service for the bureau's internal HR support requirements. This function received mixed scores in OIG's surveys. The branch has struggled to fill vacant positions in offices in the bureau. Staffing gaps and delays in filling positions in several key offices, such as CDA, CSP, and EX, have adversely affected bureau operations. EX staff attributed these delays to the implementation of the new electronic hiring system, and it believes that delays should be reduced as managers and HR specialists gain familiarity with the new system.

### **BEST PRACTICE: Permanent Change of Station Lodging Program**

**Issue:** Department employees receive reduced per diem lodging payments for long-term training assignments. Employees assigned to training for longer than four months generally pay about \$80 a day out of pocket for hotel lodging expenses, creating a disincentive to long-term training.

**Response:** The Bureau of Human Resources contracted for lodging with a commercial hotel that agreed to provide rooms at 33 percent below the government per diem rate. The rooms were made available to students on a first-come, first-served basis with priority given to those on long-term training assignments. The program has filled 20,000 room-nights in its first three months and expects to exceed targets by year-end. The Bureaus of Diplomatic Security and Overseas Buildings Operations and the Foreign Service Institute plan to participate in the expanded program.

**Result:** The Department has removed a significant disincentive to long-term training at minimal or no cost to the U.S. government. Substantial costs savings to the government should result as the program expands to 200,000 room-nights a year later in FY 2007.





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## UNUSED AIRLINE TICKETS

The Department has not established an effective process for obtaining refunds for unused paper airline tickets. Travelers must turn in to their post’s management officer or their bureau’s executive office unused airline tickets immediately upon completion or cancellation of travel, in accordance with 14 FAM 517.2 and 4 FAM 472.2. Refund procedures for unused paper tickets remain problematic. A recent GAO audit found that approximately 3 percent of premium-class airline tickets were not used by travelers. It is possible that as much as \$1 million in PAT funds could be recovered through improved paper-ticket refund procedures. A/LM, RM, and the General Services Administration are developing a permanent solution to this complex, Departmentwide problem.



## DESIGNATION OF LEAVE ADDRESSES

HR does not have a review process for employee requests to change home leave addresses, as required by 3 FAH-1 H-3435. Foreign Service employees are authorized travel benefits that include travel for purposes of home leave, separation, and post assignment. In determining employees' addresses, the Department requires employees to complete an OF-126, the Foreign Service Residency and Dependence Report. This report allows employees to designate different addresses for purposes of legal residence, home leave, and separation travel. However, designation of home leave addresses without proper documentation might result in the authorization of travel to which the employee might not normally be entitled.

**Recommendation 37:** The Bureau of Human Resources should institute procedures to require submission of supporting documentation for changes of home leave and separation travel addresses, with review by appropriate bureau officials prior to approval. (Action: HR)

## RESTRICTED AIRFARES

Use of restricted fare tickets for PCS travel could likely reduce Department airfare travel costs significantly. In FY 2006, HR funded an estimated \$39.2 million in PCS air transportation expenses. HR/EX authorizes the unrestricted, full-fare government contract rate in PCS travel orders. Travelers may deviate from officially authorized routes of travel for personal convenience on a cost-construct basis. Travelers are not required to use restricted fares, even when such fares are less costly than the unrestricted, full-fare government contract rate. HR/EX has proposed a change to the regulations to require travelers to use restricted fares when advantageous to the government. The OIG team endorses this proposed change and believes that greater use of restricted commercial fares could lead to substantial cost savings for the bureau.

## PREMIUM CLASS TRAVEL

In March 2006, GAO issued a report critical of the Department's controls over premium-class travel.<sup>13</sup> In particular, the report found that two-thirds of all premium-class tickets were not properly authorized, justified, or both. In response to the report, the Department required that all travelers complete the DS-4087 form authorizing premium class travel. HR/EX requires that all PCS travelers, overseas and domestic, be specifically authorized premium-class travel by this form. HR/EX has developed an electronic process to approve premium-class travel, and issued 3,249 approvals in FY 2006. HR/EX does not have the ability to monitor compliance with premium-class travel requirements by overseas posts, but the domestic travel contractor does require these forms prior to ticket issuance. OIG made an informal recommendation that HR provide the Department's travel contractor with electronic access to the PCS travel system and the premium-class travel authorization database. Currently, the travel contractor must rely on paper documents submitted by travelers.

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<sup>13</sup> *State's Centrally Billed Foreign Affairs Travel: Internal Control Breakdowns and Ineffective Oversight Lost Taxpayers Tens of Millions of Dollars*, GAO-06-298, March 2006.





The office's overall technical objectives include the modernization of the technical architecture, unification of disparate hardware platforms, elimination of duplicate data entry and storage programs, and updating business applications to maintain compliance with amended regulations and legislation. EX has a lead role in implementing the post personnel system used worldwide to track overseas staffing levels, a project that consolidated five separate personnel databases used by different bureaus.

## Allocation of Information Management Resources

HR's effectiveness increasingly depends on strategic allocation of IT resources. Under the current budgeting system, office managers in the bureau submit information management resource requests to EX, which forwards requests to the front office with its recommendations. The front office makes the resource allocations, generally following the recommendations of EX. Several office directors expressed a desire for more input in the allocation of the bureau's IT budget. The OIG team counseled HR to establish a users' group for making allocation recommendations to the front office, with representatives from throughout the bureau, to improve collaboration and planning.

## LIFECYCLE MANAGEMENT PLAN

EX does not have a systems development lifecycle management plan for the major human resources applications that support the Department. For example, GEMS, the Department's corporate human resources management information system, provides comprehensive employment data for all direct-hire Department employees. It is also the primary application for processing personnel transactions. In 1999, GEMS version 7.0, a commercial, off-the-shelf product, went online. HR did not upgrade the application to version 8.8 until approximately seven years later, in July 2006. During that time, HR skipped many updates and upgrades for the product. Because of that gap, the implementation of version 8.8 was essentially a new implementation of a major application. Life-cycle management plans for major projects are required by 5 FAM 658. The lack of lifecycle management plan for major projects hinders the bureau's ability to deploy key applications in a timely, cost-effective manner.

**Recommendation 38:** The Bureau of Human Resources should create a systems development lifecycle management plan for all major applications. (Action: HR)

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## WEB SITE MAINTENANCE

Some of the information on HR’s web site is outdated. A properly maintained web site can be a valuable knowledge management tool for Department users and internal HR employees. Each office in HR is responsible for overall web site maintenance and content for its operations. However, EX has not consistently reviewed the web site for outdated information, due to competing priorities. The web site should be routinely reviewed and updated to reflect current information on HR programs and procedures. The OIG team made an informal recommendation on this issue.

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## FORMAL RECOMMENDATIONS

**Recommendation 1:** The Bureau of Human Resources, in coordination with the Office of the Under Secretary for Management, should institute a double-tiered process to review issues and problems indicated in the Department's Five-Year Workforce Plan and related strategic human capital documents, establishing a manager-level board to obtain information and analysis from bureau executive offices and a senior-level board chaired by the Under Secretary of State for Management to review critical problems and craft strategies to address them. (Action: HR, in coordination with M)

**Recommendation 2:** The Under Secretary for Management should institute a high-level external review of the options for the future of the Civil Service in the Department of State. (Action: M)

**Recommendation 3:** The Bureau of Human Resources should define clearly the responsibilities of a human resources center of excellence and establish the range of human resources skill sets required in one. (Action: HR)

**Recommendation 4:** The Bureau of Human Resources should formalize procedures, including a skill survey and certification of human resources specialists, that candidate human resource centers of excellence must follow to be certified as fully operational. (Action: HR)

**Recommendation 5:** The Bureau of Human Resources should request that an entity with the appropriate classification authority and objectivity review the position descriptions for the senior human resources officers in the centers of excellence and determine the appropriate classification of the positions. (Action: HR)

**Recommendation 6:** The Bureau of Human Resources should establish certification requirements for human resources specialists that must be achieved, maintained, and verified by a regime of periodic testing and monitored by a database established and maintained by the bureau. (Action: HR)

**Recommendation 7:** The Bureau of Human Resources, in coordination with the Foreign Service Institute, should establish standardized required training for human resources specialists. (Action: HR, in coordination with FSI)

- Recommendation 8:** The Bureau of Human Resources should finalize and set a date for the implementation of its plan for the reorganization of the Office of Civil Service Personnel Management. (Action: HR)
- Recommendation 9:** The Bureau of Human Resources should require selecting officials to take mandatory training in the use of the Department's automated staffing tool. (Action: HR)
- Recommendation 10:** The Bureau of Human Resources should initiate a program to digitalize the Office of Civil Service Personnel Management's position description libraries, to create a fully electronic position description library that is accessible by human resources specialists and Department managers. (Action: HR)
- Recommendation 11:** The Bureau of Human Resources should acquire and implement an effective case-tracking system for the Office of Civil Service Personnel Management. (Action: HR)
- Recommendation 12:** The Bureau of Human Resources should provide a full-time employee to manage the Career Entry Program. (Action: HR)
- Recommendation 13:** The Bureau of Human Resources, in coordination with the Foreign Service Institute, should establish an Executive Advisory Board to provide oversight of the Career Entry Program and include representatives from the Office of Civil Service Personnel Management; Office of Recruitment, Examination and Employment; Foreign Service Institute; and an individual from outside the Department. (Action: HR, in coordination with FSI)
- Recommendation 14:** The Bureau of Human Resources should require the receiving bureaus of individuals choosing to change intern positions to reimburse the losing bureau for the training and travel costs expended during the internship. (Action: HR)
- Recommendation 15:** The Bureau of Human Resources should develop performance metrics to assess its effectiveness in assigning the most qualified officers to the available positions. (Action: HR)
- Recommendation 16:** The Bureau of Human Resources should develop a database that contains appropriate data from the bidding process to support analysis of the elements of bidding and assignment trends. (Action: HR)
- Recommendation 17:** The Bureau of Human Resources should upgrade the systems used by the assignments technicians to ensure they accept data properly and minimize downtime. (Action: HR)

**Recommendation 18:** The Bureau of Administration should cancel solicitation S-AQMPD-06-R1020 for Bureau of Human Resources Career Development and Assignments Division technician services. (Action: A)

**Recommendation 19:** The Bureau of Human Resources should fill existing vacancies and hire additional staff to meet the workload in the Assignments Division. (Action: HR)

**Recommendation 20:** The Bureau of Human Resources should develop and implement a methodology to assess and hire as assignments technicians the optimum mix of Civil Service, Foreign Service, and contracted personnel. (Action: HR)

**Recommendation 21:** The Bureau of Human Resources should immediately assemble a team to address the assignment technicians' backlog and resolve other immediate workload problems. (Action: HR)

**Recommendation 22:** The Bureau of Human Resources should conduct a desk audit of the assignment technician positions and submit the positions for reclassification, if warranted. (Action: HR)

**Recommendation 23:** The Bureau of Human Resources should establish and fill a Civil Service supervisory position for the Assignments Division. (Action: HR)

**Recommendation 24:** The Bureau of Human Resources should assign clients to the Assignments Division's technicians by geographic areas. (Action: HR)

**Recommendation 25:** The Bureau of Human Resources should develop training manuals and mandatory in-house courses for Assignments Division technicians. (Action: HR)

**Recommendation 26:** The Bureau of Human Resources, in coordination with the Bureau of Diplomatic Security, should define the inclusion of an individual's name in the global registry as a conditional offer of employment, allowing the individual's security clearance to be kept current. (Action: HR, in coordination with DS)

**Recommendation 27:** The Bureau of Human Resources, in coordination with the Bureau of Legislative Affairs and the Office of Legal Adviser, should seek legal authority to expand dual compensation waiver authority for Foreign Service annuitants to allow them to be rehired for extended periods to meet staffing gaps as required. (Action: HR, in coordination with H and L)







## INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside of the inspected unit and/or the parent regional bureau and will not be subject to the OIG compliance process. However, any subsequent OIG inspection or onsite compliance review will assess the mission's progress in implementing the informal recommendations.

CSP had no written standard operating procedures, although it is a good management practice to have written standard operating procedures.

**Informal Recommendation 1:** The Bureau of Human Resources should prepare written standard operating procedures for the Office of Civil Service Personnel.

The chief of mission is usually the final level of appeal for a complaint brought by an LE staff member. This represents an inherent conflict of interest when the complaint is against the chief of mission.

**Informal Recommendation 2:** The Bureau of Human Resources should examine and suggest to the Department ways to address the conflict of interest that arises when the chief of mission is the source of a locally employed staff member's complaint.

The Department maintains a continuous register and accepts applications throughout the year for the CEP. This arrangement requires a significant amount of administrative processing and creates a potential backlog of candidates who have made the list but are never called because new candidates, scoring higher, are placed ahead of them.

**Informal Recommendation 3:** The Bureau of Human Resources should establish a limited timeframe to accept and process applications and streamline the requirements for the Career Entry Program.

Although Department policy prevents movement between intern positions in the CEP, some changes have occurred and have created a perception of inequalities in the program. Some applicants have been allowed to change positions. HR's office of Recruitment, Examination, and Employment, which has been a strong proponent



for the program, has also assisted participants in making career track changes. In one instance, an HR specialist served a three-month tour overseas but performed foreign affairs work. However, when applicants are accepted into the program, they must sign a Conditions of Employment Agreement that states they are expected to remain in position with their host bureau.

**Informal Recommendation 4:** The Bureau of Human Resources should clarify and enforce its policy on participants changing career tracks in the Career Entry Program.

The CEP is not restricted to college graduates, yet the program's description on CSP's web site requires a college transcript in order for the applicant to receive consideration. Although some grade levels and occupations may require a college education, this requirement should not apply to all options available.

**Informal Recommendation 5:** The Bureau of Human Resources should correct the requirements for consideration in the Career Entry Program, stating a college transcript is only required if applicable to the position.

Some HR employees did not complete the required training for the Quick Hire system.

**Informal Recommendation 6:** The Bureau of Human Resources should create a monitoring system or metrics to track human resources specialists and hiring officials' completion of the required Quick Hire training.

There are outdated information and forms on the HR web site.

**Informal Recommendation 7:** The Bureau of Human Resources web site's information should be routinely reviewed and updated.

PC often experiences periods of heavy workload and urgent deadlines simultaneously affected all staff members. This situation would be greatly alleviated by the addition of a Presidential Management Fellow.

**Informal Recommendation 8:** The Bureau of Human Resources should take advantage of any opportunity to place a Presidential Management Fellow in the Office of Policy Coordination.

Giving bureau human resources officers and CDOs and AOs access to the same information in candidates' employee profile reports would allow them to work more closely in identifying and evaluating candidates for positions. At present EX rules for the personal audit reports' database give CDA users a more expanded screen than is provided to bureaus' human resource officers.

**Informal Recommendation 9:** The Bureau of Human Resources should establish a panel cochaired by the Director General or his designee, to develop and implement new written guidelines defining what employee profile report information is available to the bureau human resource officers.

Officers assigned under the GRP will be expected to implement the new transformational diplomacy policy once they arrive overseas; however, consideration of additional training needs, especially in the area of contracts, grants, and program management, such as USAID offers, would be useful.

**Informal Recommendation 10:** The Human Resources Bureau should coordinate its training agendas to ensure that Department personnel have access to the appropriate United States Agency for International Development training prior to departure for post.

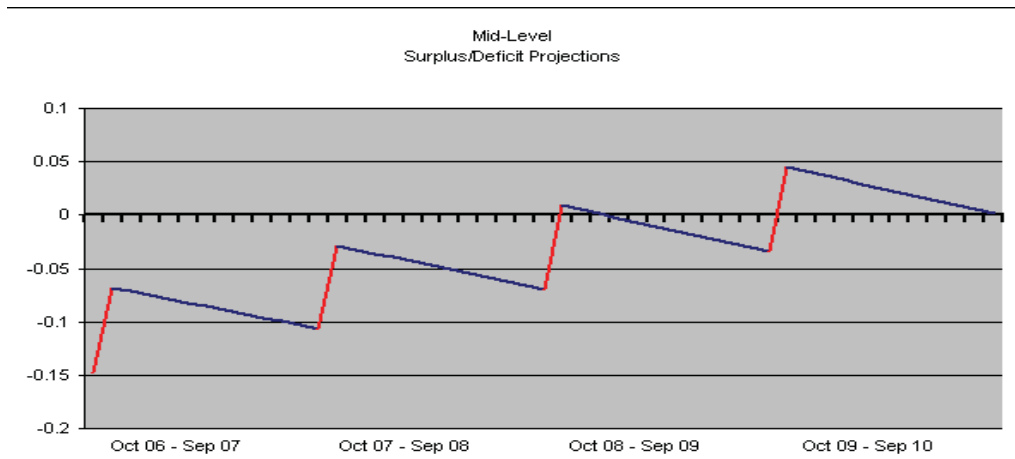
LE staff supervisors are, like their American counterparts, sometimes delinquent in completing performance evaluations.

**Informal Recommendation 11:** The Bureau of Human Resources should include in the locally employed staffs' performance policy the requirement that locally employed supervisors complete their subordinate's evaluations in a timely manner.



## APPENDIX A: THE DEFICIT IN MID-LEVEL FOREIGN SERVICE OFFICERS

As of March 2006, the Department had a deficit of 487 Foreign Service generalists for mid-level (FS-03 to FS-01) positions. These statistics mean that the Department had a shortage of almost 15 percent in the number of qualified officers available to fill these positions. There was also a deficit of 329 employees for specialist positions, three-fourths of which were positions in diplomatic security.



Source: Bureau of Human Resources

The size of the deficit oscillates during the year. The trend is a gradual decrease with projected elimination of the mid-level deficit occurring around 2010. Promotions in the early fall annually reduce the deficit, but attrition resulting from the departures of officers from the Foreign Service throughout the year causes the deficit to grow back. For example, promotions from the summer of 2006 reduced a 14.8-percent deficit to 6.8 percent, but RMA projects that the deficit will grow back to 11 percent by September 2007.

By October 2007, summer promotions are expected to again reduce the deficit to around 4 percent, and it is projected to grow to 7 percent by September 2008. When the promotions in the summer of 2008 take effect, the deficit will be temporarily eliminated entirely. From October 2008 to October 2010, the numbers will oscillate between surpluses and deficits of less than 5 percent until equilibrium is reached in September 2010.

The 15-percent deficit of September 2006 can be best seen by comparing the number of mid-level officers with the number of positions, as shown below.

**Positions Versus Employees, September 2006\***

Grade	Positions	Employees	Surplus/ Deficit	Percent
01	972	914	-58	-6.0
02	1,520	1,250	-270	-17.8
03	1,200	982	-218	-18.2
Overall	3,692	3,146	-546	-14.8

\* Data changed with implementation of the 2006 promotions.  
Source: Bureau of Human Resources

The impact of attrition on these numbers during FY 2007 is shown in the following table.

**Mid-level Projections\* for September 2007**

Grade	Positions	Employees	Projected Attrition	Surplus/ Deficit	Percent
01	976	979	41	-38	-3.9
02	1525	1308	55	-272	-17.8
03	1200	1162	49	-87	-7.3
Overall	3701	3449	145	-397	-10.7

\*Projections assume no external interventions into the system.  
Source: Bureau of Human Resources

The FSO deficit in ranks FS-01 to FS-03 arose from the Department's failure to hire new FSOs at a sufficient rate in the 1990s. In these years, the intake of officers was limited to 50 percent of attrition. That rate arose from the view that, with the Cold War having ended, fewer officers would be needed. The Department was forced to reduce the number of all employees by 2 percent annually from 1992 to 1996 and did not have the funded positions to recruit and hire FSOs it once had. The deficit did not result solely from lack of strategic workforce planning but from decisions externally forced on the Department.

By 1996, the Overseas Staffing Model had disclosed the existence of this mid-level gap. When Secretary of State Colin Powell took over, he highlighted the problem, and his advocacy was crucial in winning the Department more positions. The Diplomatic Readiness Initiative begun in 2002 increased the number of funded positions by 1,180 to allow the Department to reach the number of officers needed. However, the new officers were hired primarily at the usual levels of FS-06 to FS-04, and it would take time for them to be promoted. The entry-level officer shortage

moved, over the years, toward the mid-level positions. The senior levels of the Department believed that addressing this issue would take several years.

Two recent developments have made the deficit worse. First, the Department asked bureaus to prioritize their Foreign Service positions, and 180 positions to which the bureaus gave the lowest priority were removed and used to create new mid-level positions in Iraq. Second, the GRP's first two phases took 200 positions from domestic bureaus and reallocated them to missions overseas. Many of the positions, probably a majority, were Civil Service positions. Most of the positions created overseas were mid-level Foreign Service positions. To the extent the positions removed were not already mid-level Foreign Service positions, the GRP exacerbated the deficit. (The bureaus were able to hire WAE employees to continue doing the work formerly done by full-time employees in the bureaus.) The third phase of the GRP will involve repositioning from domestic bureaus, mostly from Civil Service positions, and it will contribute to a larger deficit. Other initiatives that could exacerbate the deficit are Transformational Diplomacy, American Presence Posts, forward deployment of Foreign Service officers with troops, and coordination of Iraq reconstruction and stabilization.

Foreign Service generalists are typically hired at the FS-06 to FS-04 levels and officers are promoted to the FS-03 level only four to five years after entry. The Department's experience suggests that it takes new officers that long to obtain the necessary experience to be successful at higher levels and meet tenuring criteria. After achieving the FS-03 level, officers must wait at least two years before promotion to FS-02, but on average an officer can expect to wait five years before promotion from the FS-03 level. Thus, on average, an officer hired in 2002 would not be promoted to FS-03 until 2007 and not reach FS-02 until 2012. The system of Foreign Service hiring and promotion creates a pipeline through which personnel must flow, and the stream cannot be enlarged without extraordinary injections into the pipeline.

RMA has addressed the mid-level deficit by proposing hiring and promotion plans that would best meet the needs of the Department. The problem was generally recognized several years ago. RMA only quantified the deficit in 2006.

The deficit cannot be fixed solely by internal HR planning but would require a higher intake of new FSOs. HR could instruct the promotion boards to promote officers as rapidly as possible, but participants in this process would need to be mindful that promotions made too rapidly could result in officers having insufficient experience and training.

Fixing the deficit more quickly would have also required increasing the number of FSOs who enter at mid-career at the FS-03 to FS-01 levels. The Department would have to hire more people with employment experience from outside the Foreign Service, including experience in the private sector; it would then have to train them and place them in positions at the FS-03 to FS-01 levels. These entrants would still lack the specific experiences that are unique to FSOs. In addition, mid-level officers may face built-in biases in promotions and may not receive the same promotion opportunities. If, despite these concerns, the Department conducted a robust mid-level hiring program, it would need to ensure that it had the resources to implement such a program. Such a decision would need the concurrence of the Director General and higher-level Department officials.

Currently, the Department copes with the mid-level deficit in several ways. Officers are placed in mid-level positions through “upstretch” and “downstretch” assignments. For example, the Department is “stretching” FS-04 officers to Class 3 positions and FS-03 officers to Class 2 positions where appropriate. Positions are temporarily converted from Foreign Service to Civil Service, especially in domestic positions. Some work previously done by FSOs is now done by WAEs and contractors. These practices have alleviated the staffing shortages and in some cases have given officers experience at higher levels.

## APPENDIX B: SUPPORTING TRANSFORMATIONAL DIPLOMACY

*“I would define the objective of transformational diplomacy this way: To work with our many partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people—and conduct themselves responsibly in the international system.”*

--Secretary of State, January 18, 2006

HR has energetically carried out the GRP initiative. In a January 2006 cable to all diplomatic and consular posts (State 009017), the Director General announced an initial wave of repositioning under GRP to implement the vision of transformational diplomacy that the Secretary provided in her January 18, 2006, Georgetown University speech. This speech, with some later elaboration, has been the major guide to her thinking on the Department’s new mission.

The GRP carries on the themes of Secretary of State Colin Powell’s Diplomatic Readiness Initiative, in which he declared that today’s Department does “more than observe and report” and needs “...the right people in the right place with the right skills.” In addition, GRP responds to needs expressed earlier by observers who called for a shift of human resources to increasingly dynamic and critical regions such Africa, East Asia, South Asia, and the Middle East. The Secretary’s vision of transformational diplomacy adds a broadly appealing policy dimension to the GRP that justifies additional new resources in support of the mission.

The GRP provides a useful vehicle to shift resources, a move some bureaus have long resisted. The Secretary chose the GRP with a minimum of lengthy negotiation, limiting decisionmaking to a seven-person task force on transformational diplomacy and the GRP that the Under Secretary for Political Affairs and Under Secretary for Management actively manage. HR’s principal deputy assistant secretary represents the bureau on the task force.

The two Under Secretaries, through the task force, decided upon position revisions. During GRP Phases I and II, the Under Secretaries asked the geographic bureaus to specify the new positions they wanted added to address the Secretary’s transformational diplomacy mission. The Under Secretaries evaluated the requests, authorized the positions, and instructed the losing areas to offer up positions based



on the parameters they provided. Once the task force agreed to these cuts, HR implemented the broken assignments and curtailed positions. It also expedited with special rules the assignment of officers to the positions created under GRP.

The Secretary wanted to reprogram 200 mid-level political, economic, and public diplomacy officer positions to transformational diplomacy positions under GRP Phases I and II. The Under Secretary for Management relies on the International Cooperative Administrative Support Services system at the gaining posts to compensate for the administrative load caused by the additional positions.

Transformational diplomacy is based upon program activity. The Under Secretary for Public Diplomacy and Public Affairs, through GRP, has successfully matched the movement of program officers with money to support the initiative. The Under Secretary has established and funded regional public diplomacy hubs, developed a small group of specialists in selected embassies to report on Iran issues in the media, and ensured that positions have been moved to the highest priority countries.

The Department is developing training for personnel in their new transformational diplomacy missions. FSI coursework relevant to transformational diplomacy includes traditional public diplomacy tradecraft courses, plus classes on managing grants and cooperative agreements that are aimed at projects that are generally much smaller than USAID's developmental projects. In addition, FSI now has courses on issues integral to the Secretary's Office of the Coordinator for Reconstruction and Stabilization. A new FSI seminar series addresses strategic planning in addressing transformational diplomacy and is titled *Democracy Building, Disease Eradication, Human Rights Promotion, and Fighting Corruption*.

Transformational diplomacy requires program platforms that U.S. diplomats can use to conduct outreach outside of foreign capitals and spread themselves more widely across the countries. American Presence Posts are one of the most important of these platforms. Meeting the challenge of finding additional funding for the American Presence Posts may be pivotal to transformational diplomacy's success.

Lists for reprogramming and new hiring under GRP III are being developed now. Determining cuts will be more difficult than earlier phases, because Civil Service positions have already been trimmed and bureau Foreign Service positions will be more difficult to identify. Using a ratio of three domestic jobs cut for every overseas job created, domestic Foreign Service and Civil Service cuts, added to overseas presence cuts, will be painful. In addition, having repositioned much of the Department's existing available resources in GRP I and GRP II, the Secretary needs to approach the Office of Management and Budget and Congress for the increased funding to carry out GRP III.

Transformational diplomacy includes a strong developmental vision. At present, the Millennium Challenge Account is included within the Secretary's vision for transformational diplomacy. The Department can greatly benefit from USAID's expertise in important elements of transformational diplomacy, such as support for rule of law, health care, and education. The Department's organizational leadership and USAID talent and resources have not yet been joined under the GRP. USAID's human resources operation is separate from GRP, although this runs counter to the present movement toward coordination. More specific details on assignment duties will help CDA assign training, including USAID courses, to officers who are taking on transformational diplomacy duties. The OIG team made an informal recommendation on this issue.

With the development of the joint Strategic Planning Framework, the Department and USAID now share common goals. The annual State/USAID Joint Management Performance Plans seek to ensure that foreign policy and development assistance programs are fully aligned to achieve these goals.

The 2004–2009 Strategic Plan gave high priority to the establishment of a formal Department–USAID Crossover-Assignments Program. This effort was initiated in March 20, 2006, in a cable that said USAID and the Department were exploring ways to share the administrative expertise of executive and management officers in the field and Washington to capitalize on shared services pilot programs and best practices and eliminate duplicative services. USAID and the Department's Bureau of African Affairs volunteered to pilot test the crossover management assignments. Up to ten Foreign Service employees will be selected to participate in the two-year crossover program. Results of the 2007 bidding cycle will indicate the outcome of this initiative.

Another priority noted in the 2004–2009 Strategic Plan was joint Department–USAID training. The plan states that the closer alignment of foreign policy and development assistance can only occur if employees are armed with the professional training to carry out the mission. Adequate and appropriate training must be addressed in order to effectively implement the Secretary's GRP strategy and advance transformational diplomacy.

The Secretary has noted that Foreign Service officers will increasingly serve in hardship posts. "To succeed in these kinds of posts," she said, "we will train our diplomats not only as expert analysts of policy but as first-rate administrators of programs, capable of helping foreign citizens to strengthen the rule of law, to start businesses, to improve health and to reform education."

Although the above discussion of transformational diplomacy suggests general guidelines as to its implementation, the details of officers' actual activities and responsibilities are still unclear. Detailed position descriptions and skill sets have yet to be developed for some assignments. Fuller definitions of officers' duties are necessary to ensure proper training before officers take up their new assignments.

Two phases of the GRP exercise have been completed with the assignment of personnel to new positions. These officers will be expected to implement the new transformational diplomacy policy once they arrive overseas; however, it would be useful to consider their additional training needs, especially in the areas of contracts, grants, and program management, such as USAID offers. The OIG team made an informal recommendation on this issue.

## APPENDIX C: THE DEPARTMENT OF STATE'S RETIREMENT NETWORK ALUMNI ORGANIZATION

On November 15, 2006, OPM gave the Department the 2006 Presidential Award for Management Excellence for the Department's Retirement Network Alumni Organization (RNet). The award was for a Talent Management System in the category of Strategic Management of Human Capital, Innovative, and Exemplary Practices. RNet is an innovative human resources strategy that increases the Department's future capabilities by keeping it in touch with retirees.

The Department has begun to fashion its retiree community as an integral part of its potential talent pool. Rather than viewing retirement as a definitive break in the employment relationship, the Department has created a unique mechanism to redefine retirement as a transition to a different type of employment relationship.

The Department's approach uses technology to create a unique personnel management system. Combining the standard web site with the traditional concept of a university alumni network, RNet uses web-delivered services for retirees to create a workforce continuity mechanism. Retirees receive services and establish an ongoing employment relationship with the Department via that system.

The Department's efforts will mitigate the impact of the increase in retirements and act as a catalyst for modernizing workforce management. RNet is replicable throughout the Executive branch and may serve as a model for addressing the imminent Executive branch talent drain. The RNet concept implements OPM guidance to Executive branch agencies on this issue and is unique in the federal sector.



## APPENDIX D: MOVING TOWARD EFFECTIVE AND FAIR ASSIGNMENTS

The Director General is intent on having the Department fill positions with the best FSOs available, using an effective and fair process in which HR reasserts its prerogatives and “service need” is again a priority.

The Director General has increased the financial incentives available for service in critical posts. The hardship salary differential system has long been the carrot to entice FSOs to hardship posts. Financial enticements lose effectiveness, however, when officers reach the mid-level ranks, and family issues become more important. Officers will serve in difficult and dangerous posts but may also expect that the personnel system will eventually allow them to move themselves and their families to less-demanding countries.

The Director General has reasserted control over assignments for officers from critical posts, to ensure a substantial reward for the employees’ service and to allow them to later serve in nonhardship posts. He has guaranteed that the 25 officers from the Iraq Provisional Reconstruction Teams will get one of their top five choices of onward assignments and promised strong support for all bidders completing tours in Iraq and Afghanistan.

The Director General has reduced bureau influence over the assignments process by strengthening the bidding requirements for Fair Share bidders—officers who have not served at a posts with at least a 5-percent differential during eight years prior to transfer. Fair Share bidders now submit three bids on 15-percent and higher differential posts, rather than bid as before on less-arduous 5-percent-differential and higher positions. A bureau at any time can then submit the bid for approval by the CDA panel without protracted consultation. Fair Share rules also ensure that additional positions that do not have pay differentials are available for bidders transferring from hazardous duty in Iraq and Afghanistan or other difficult positions.

The Director General has announced a related new policy on extensions that aims to broaden the pool of talent for filling unaccompanied posts and the most difficult hardship assignments and to open up nondifferential assignments for those coming from hardship positions. In this new policy, CDA would routinely deny requests for extensions for employees serving at posts with a hardship differential of 10 percent or less, except for the needs of the Foreign Service.

Increased use of one-year assignments aims to reduce the harshness of positions for the assigned officers and make the positions easier to fill. The practice, however, also has caused problems within the assignment process. The accelerated turnover of officers to and from the posts has added to the Department's administrative workload and increased CDA assignments and PCS processing. In addition, the number of one-year tour veterans seeking less-strenuous onward assignments may overwhelm the available nonhardship three-year positions.

CDA must still work with the bureaus and has not reasserted full control over the selection procedures. Under its previous guidelines, a bureau could identify a preferred candidate and give him or her an informal "handshake," and CDA would treat the position as having been filled before the bidding process was complete. The CDA assignments panel would "bless" the assignment, and that officer would be assigned to that position. Bureaus' selection of favored candidates outside of CDA scrutiny will still play a role in the assignments process under the new assignment guidelines.

Candidates are expected to lobby within the bureaus for their positions. Lobbying is an institutionalized process, and there are instructions on this practice in CDA's bidding instructions to officers. Some question the fairness to all candidates of this networking and handshake system and its efficiency in identifying the best-qualified candidate for the position. Candidates lacking lobbying skills or those who have not developed connections in the bureau where they seek a position are disadvantaged in the assignments process.

The Director General's guidelines have effectively eliminated the formal "handshake" in the preseason of the bidding process. The bureaus have responded with the Bureau Leading Candidate system, an informal, "unofficial handshake" system that identifies desirable candidates early on in the assignment process. Other candidates can request that their career development officer take them to panel for the position. It is too early to determine whether the Bureau Leading Candidate designation will simply replace the older handshake system.

The Director General also has modified bidding and assignment rules to change the structure and timing of the assignments process. These new rules are meant to encourage officers to bid on high-priority, unaccompanied, and restricted (adult eligible family members only) positions early in the bidding season.

The bidding cycle runs from fall to spring. During the newly constituted fall "preseason," CDA will permit assignments only to the unaccompanied and restricted countries (Iraq, Afghanistan, and certain Near Eastern, South Central Asian, and African positions). Next, during the "early season" CDA will permit assignments

in unaccompanied positions, positions created by GRP, positions with a higher than 15-percent differential or danger pay, positions considered critical, or positions that are historically difficult to staff. CDA then panels all the remaining positions and the stretch positions (officers in positions above their grade) during the “regular season.”

With the exception of bidders from Iraq and Afghanistan, CDA now accepts “handshakes” only during the designated seasons where the positions are paneled. This prolongs a candidate’s uncertainty over whether he or she will be placed in the nondifferential position he or she desires. CDA expects that officers will choose a higher differential position at an earlier season, rather than wait without a binding agreement for a nondifferential position.

CDA is reviewing the Department’s Language Incentive Program to ensure that financial incentives are targeted to officers learning languages for countries relevant to current foreign policy priorities and human resource needs. The biennial review of that program was last done in 1999 and is overdue.

Although the Director General is aggressively filling critical posts, he has promised that HR will give proper regard to the professional contributions of FSOs with Class Two medical clearances. (Class Two is a limited clearance for assignment abroad.) If employees identify and bid on the positions for which they can be approved, he has said he will seek to ensure that their medical inability to serve in critical hardship positions will not handicap their careers.





PRINCIPAL OFFICIALS

		Arrival Date
Director General	George M. Staples	05/22/2006
Principal Deputy Assistant Secretary	Heather M. Hodges	06/01/2006
Deputy Assistant Secretaries:		
	Linda S. Tagliatela	01/04/2002
	Teddy B. Taylor	06/20/2006
Office Directors:		
Career Development	Robert Nolan	07/12/2001
Civil Service Personnel Management	Sharlyn Grigsby	07/11/1999
Executive Director	Ruben Torres	02/01/1999
Overseas Employees	Wayne Salisbury	08/21/2006
Policy Coordination	Karen Krueger	10/05/2003
Resource Management	Philippe Lussier	10/31/2004



## ABBREVIATIONS

A	Bureau of Administration
AD	Assignments Division
A/LM	Bureau of Administration's Office of Logistics Management
AO	Assignments officer
CCB	Configuration Control Board
CDA	HR Office of Career Development and Assignments
CDO	Career development officer
CEP	Career Entry Program
CFMS	Centralized Financial Management System
CSP	HR Office of Civil Service Personnel Management
DCP	Defined contribution plan
Department	Department of State
Director General	Director General of the Foreign Service
EX	HR Office of the Executive Director
FSI	Foreign Service Institute
FSN	Foreign Service national
FSO	Foreign Service officer
FTE	Full-time equivalent
GAO	Government Accountability Office
GEMS	Global Employment Management System
GRP	Global Repositioning
HR	Bureau of Human Resources
IPMS	Integrated Personnel Management System
ISSO	Information systems security officer
IT	Information technology

ITGBL	International Through Government Direct Bill of Lading
LE	Locally employed
OE	HR Office of Overseas Employment
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAT	Post assignment travel
PC	HR Office of Policy Coordination
PCS	Permanent change of station
R	Under Secretary for Public Diplomacy and Public Affairs
RM	Bureau of Resource Management
RMA	HR Office of Resource Management and Analysis
RNet	Retirement Network Alumni Organization
TSP	Thrift Savings Plan
USAID	United States Agency for International Development
WAE	When actually employed