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Report of Inspection

Bureau of Administration,
Office of
Overseas Schools

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OVERVIEW

A/OS has a highly effective office director and a staff of 19 direct-hire and contract employees. The office's operating budget of \$2.7 million underwrites salaries and a school grants program that totaled over \$9.2 million in FY 2005. The Department assists 195 schools worldwide that teach 29,037 U.S. citizen children.

The adequacy of the education provided to employees' children ranks as perhaps the single most important issue for many employees as they consider overseas assignments. The quality of schools is important to parents and to mission managers, who clearly perceive the value of having a good school at post to be an enhancement to recruiting and morale. As important as dependents' education is to the Department, the attention and resources invested in it have not significantly grown in several years. Grant support to overseas schools has not changed significantly since the 1960s. For example, overseas schools' grants totaled \$7.3 million in 1967, but had risen only to \$9.2 million in FY 2005. Adjusted for inflation and student population, grant support per student is less than 20 percent of the levels provided 40 years ago. Recent budget increases underwritten from the Bureau of Administration's own limited resources have not been matched by significant increases from interagency funding sources.

Customer satisfaction with the work of A/OS is high, according to an Office of Inspector General (OIG) worldwide survey of management and human resources officers and school board members. For example, 88 percent of respondents said that they were either very satisfied or fairly satisfied with services provided by their regional educational officer (REO). OIG found A/OS is efficient and responsive to federal employees and to the broader constituency of Americans abroad. The value added by this office to the quality of life of U.S. government employees overseas cannot be overstated. A/OS provides an exceptionally wide range of outreach services to educational institutions in the United States and overseas, and some of the services are not well known outside of the office.

The office is informally divided into teams responsible for specific geographic areas. REOs are highly qualified individuals who decide on grant funding, the adequacy of overseas schools, and educational issues in general. REOs also are the points of contact for schools in the REOs' geographic areas. A staff of three program analysts processes grants, updates the office web site, and maintains information databases on overseas schools. The clerical staff works in a separate unit that supports the REOs and program analysts.

CORE FUNCTIONS

A/OS plans, coordinates, and administers the Consolidated Overseas Schools Assistance Program to American-sponsored overseas schools. The program assists schools abroad by enabling them to provide educational opportunities to dependents of U.S. government employees and to serve as showcases for U.S. education. A/OS also provides a nexus with private industry through participation in the Department's Overseas Schools Advisory Committee, which uses the advice and capabilities of a select group of U.S. business, foundation, and educational representatives.

In addition to helping overseas schools financially, A/OS offers educational advice and counseling to families. A/OS professionals are the key contacts when questions arise regarding how well a particular school educates students, especially students with learning or behavioral difficulties. The staff advises parents on available resources and works with schools to negotiate the satisfactory placement of students at the schools that meet their needs. Not commonly recognized, but becoming more crucial, is the ability of the office to help parents place children in U.S. schools when emergencies or evacuations occur. The ability of the REOs to use their contacts in local school systems to overcome obstacles to admission is impressive and vitally important as more posts transition to unaccompanied status.

A/OS also helps schools maintain U.S. accreditation by providing technical assistance as well as financial support to domestic accrediting bodies. Moreover, the office employs a consultant who provides guidance and advice regarding school construction. His work has reportedly saved schools millions of dollars at a very modest investment of Department funds.

DETERMINING ADEQUACY AT OVERSEAS SCHOOLS

The office is responsible for determining the adequacy of an overseas school under Section 270 of the Department of State Standardized Regulations. According to the regulation, "the major criterion of 'adequacy' is whether a child of normal ability, upon completion of a grade, or its equivalent, can enter the next

higher grade in a public school in the United States." Ostensibly, a determination of "adequate" establishes the level of an away-from-post educational allowance. The net effect is much more subtle. Parents use this measure to determine the advisability or desirability of a post when undertaking bidding for jobs and assessing an assignment. Even though there is a small coterie of parents who seek posts that offer higher away-from-post educational allowances, most American parents prefer to have their children live with them.

Arguably, no word in the above regulation conveys more misinformation than "adequate." Many schools are deemed inadequate, generating a substantial away-from-post educational allowance, although a parent can reasonably expect his or her child to receive a good education at the local school. For example, the Hong Kong International School provides an excellent education to students but requires mandatory religious instruction and cannot, under the regulations, be deemed adequate for this reason. The problem with the process is that it does not allow for any middle ground between "adequate" and "inadequate."

OIG found that a determination of adequacy is as much art as science. Each REO has a different point of view and uses different factors in making adequacy decisions. OIG agrees that there is no substitute for the subjective expertise of REOs regarding what constitutes adequacy. However, there are no written minimum standards to define what constitutes an adequate school. Similarly, OIG identified schools that had been characterized as inadequate, but the reasons for that determination were not always clearly documented in trip reports. A/OS could do a better job of regularly documenting its adequacy decisions and this would benefit its schools and embassy management. For example, to better serve clients, A/OS could regularly review schools to determine whether the "inadequate" label is still valid. A/OS could also assess individual REOs' adequacy decisions to ensure consistency between REOs and across geographic regions.

Recommendation 1: The Bureau of Administration should develop a set of minimum written standards for determining school adequacy under Section 270 of the Department of State Standardized Regulations. (Action: A)

OVERSEAS SCHOOLS GRANTS PROGRAMS

Grants Program Performance Measurement

A/OS administers an International Cooperative Administrative Support Services (ICASS)-funded grants program for overseas schools. The office also executes certain categories of security enhancement grants under the Department's Soft Targets Program. A/OS's FY 2005 obligations for these programs were, respectively, \$9.2 million and \$5.7 million. Unlike most other offices that provide administrative services to other agencies, A/OS does not receive ICASS funding for its \$2.7 million in operating expenses. At present, there is no interest within the Department regarding including A/OS operating expenses under ICASS.

Through consultation with the Overseas Schools Policy Committee and the Washington-based ICASS Executive Board, A/OS develops school policies that have interagency input. A/OS also assesses the functioning of the grants program through REO site visits. However, the office's travel schedules and funding do not permit it to make annual visits to programs.

A/OS could also use an additional performance measure, one that focuses on emerging problem areas. In 2004, ICASS instituted a worldwide web-based survey of ICASS customers. In 2005, 25,371 U.S. government employees responded to the survey. The survey, however, did not include questions on overseas schools, although schools receive ICASS funding and support from A/OS. The survey could be used to provide A/OS with objective, broad-based information on parents' perceptions of school quality at posts worldwide, which could supplement existing A/OS program performance measures.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of Resource Management, should request that the annual International Cooperative Administrative Support Services customer satisfaction survey be updated to include a measure relating to overseas schools. (Action: A, in coordination with RM)

Grants funding in real dollars has declined significantly from the levels of the 1960s, although the number of posts and schools has significantly risen. Irrespective of the diminution of the real funding level due to inflation, grants continue to be effective and to serve the U.S. government well even as financial pressures on schools are increasing.

Other goals of the grants program are necessarily opaque because the goals involved may be controversial with local school management. Two such goals are access to schools and maintaining the "American" nature of a school. To promote dependent students' access to schools, A/OS provides grants to large schools that are affluent and do not need financial support but which have long waiting lists for admission. By accepting a grant, the school is obliged to admit dependents of U.S. government employees. Although an administrator may be favorably inclined to admit American dependents anyway, acceptance of the grant provides the administrator with cover if pressure arises from local parents whose children were waiting for admission in a long queue. Without such leverage, schools in otherwise highly desirable locales might not admit the children of embassy personnel on a priority basis.

Equally important is the Department's ability to keep a school "American." In 1964, U.S.-sponsored overseas schools had a population that consisted of 54 percent U.S. citizen students. Today, that percentage has fallen to 27 percent. American teachers comprise less than half of the faculty and administrators at overseas schools. In this environment, maintaining a U.S.-standard curriculum and educational environment is a challenge. The leverage gained by a grant to hire a teacher or administrator may be crucial to maintaining a curriculum that follows U.S. educational standards. Such grants may be given to schools in countries that have equally good educational systems, but where the systems are sufficiently different from those in the United States as to cause problems for a transferring student. By accepting a grant, the embassy gains leverage with the locally elected independent school board, which may be swayed for financial or cultural reasons to compromise an "American" curriculum.

OIG noted two areas where A/OS could better manage the grant program and provide the data to support budget requests. Many grants appear to be "fair-share" allocations that vary little, if at all, in funding level from year to year. Although sums have been set aside to meet limited worldwide goals, the majority of the money provided by a grant falls into a predictable pattern, based on the prior year's funding level. OIG observed that this approach does not clearly link the office's strategic goals, identified in the Bureau of Administration's Bureau Performance Plan, to the office's funding decisions for schools.

Department management should have the tools to make informed decisions when allocating resources, but A/OS does not collect or provide comprehensive data on the purposes of its grants. OIG believes that, by tracking the purposes of its grants, A/OS would be better able to demonstrate the effectiveness of its programs. OIG informally recommended that A/OS modify its existing internal

tracking system to document the purposes and goals of grants as they relate to the Bureau Performance Plan's strategic goals. For example, it would be useful to know how much money is used to ensure school access at schools with a waiting list or to underwrite children with special needs.

GRANTS PROGRAM ADMINISTRATION

Schools request grant assistance and provide general and other information about themselves by using the Grant Request Annual Submissions Program, which has for years met the data requirements of A/OS and the many schools requesting assistance. Another automated system, the Overseas American Schools Information System (OASIS), is used to prepare grant documents. OASIS generates accounting data that is used to create obligations in the Department's central accounting system. These systems cost \$400,000 to develop in 2002 and \$50,000 per year to maintain. A/OS is converting them to a Department-wide grants management system that is scheduled for implementation in FY 2009.

A/OS works actively with schools and posts in administering its schools grants program. The grant officer, stationed in Washington, has little opportunity for hands-on grants management after the award of a grant, but the office employs other controls to oversee its programs. Management officers at overseas posts are charged with grants administration under 2 FAM 613.1. For example, management officers ensure that payments to schools are in accordance with provisions of the awards. This is achieved in part by Departmental internal controls over payment processing. Furthermore, there is continuing, onsite monitoring of school programs by REOs, providing another means for obtaining reasonable assurance that grant requirements are met.

A/OS has successfully administered its overseas schools grants program for many years, and has developed processes and guidelines for various aspects of administering overseas schools' grants. However, it would be useful to have a central point to access school grants' technical information. Having a grants management handbook would help ensure consistent application of appropriate grant administration methods. OIG informally recommended that A/OS prepare and distribute a short, concise handbook on the grants program for management officers, school board members, and school administrators.

CHILDREN WITH SPECIAL NEEDS

Approximately 10 percent of U.S. government employee dependents have learning or behavioral difficulties, and the Department wants to increase the number of overseas schools that support special needs children. A/OS has provided some level of special needs-related support for 125 of 194 Department-supported schools. This exceeds the Department's expectation to increase access to schools for these students. The Department also has instituted allowances to provide special needs children with additional financial and educational support.

The primary responsibility for identifying a child's learning and behavioral difficulties rests with the Office of Medical Services (MED). Working with the Family Liaison Office, A/OS plays three roles in this regard. First, A/OS advises MED and the Family Liaison Office on the ability of a school to provide the specific support to a child with special needs. A/OS also negotiates with or financially supports schools to encourage acceptance of special needs students, and the office encourages schools to develop new programs. OIG found MED, A/OS, and the Family Liaison Office all do a very good job of assisting parents and students in the placement process. For its part, A/OS participates in constructive and healthy discussions with the other two offices to obtain optimal placement of special needs students.

TECHNICAL ASSISTANCE

The REOs are very experienced education professionals. Many have been school superintendents or administrators in large school districts, and one was recognized nationally as superintendent of the year. Therefore, OIG was not surprised that an integral part of the office's duties is providing advice and counseling to school managers. However, OIG was surprised to learn that the A/OS staff includes an employee with years of experience in building and maintaining schools. There is no question that this employee's expertise has saved schools millions of dollars in construction costs. OIG counseled A/OS to attempt to quantify the savings that this assistance has provided.

MANAGEMENT CONTROLS

A/OS received acceptable scores on the risk assessment that was performed immediately prior to the OIG inspection. A/OS is unique within the Bureau of Administration in that it maintains its own allotment accounts. The office's allotment accounting processes are satisfactory. A/OPR actively monitors many A/OS management controls through regular external reviews of records for time and attendance, purchase cards, and property accountability. Although the A/OS grant processes do not undergo this scrutiny, controls over its grant operations are adequate. However, the office experienced a lapse in its oversight of an employee's telecommuting agreement. In general, A/OS has demonstrated a commitment to Department internal control standards.

PREMIUM CLASS TRAVEL

A/OS employees made 44 trips in 2005 at a total cost of \$186,621.66. Ten of these trips used premium class travel for at least a portion of the itinerary. However, none of the travel authorizations for these trips listed the reason for premium class travel, despite the requirement of 14 FAM 567.2-2. In addition, none of the authorizations included documentation to support premium class travel. OIG found that the travelers involved did have valid reasons for premium class travel, such as documented medical disabilities, or were on trips of over 14 hours. However, documentation of these matters was not included in the voucher files. The executive office of the Bureau of Administration has instituted new, bureau-wide procedures to ensure that the reasons for premium class travel are properly documented and that approvals are authorized as required by regulation.

TELECOMMUTING

A/OS has established a telecommuting agreement with one employee that specifies the employee's work week as consisting of three days at a duty station in Washington, DC, and two days at an alternative work site outside the Washington, DC, locality pay area. OIG found that the employee worked at the duty station in

Washington, DC, for only eight out of 78 weeks. During this period, the employee nonetheless received Washington, DC, locality pay. Department policy at 3 FAM 2365 specifies that "all pay, leave, and travel entitlements are based on the official duty station." At the end of the inspection, the Bureau of Administration was reviewing the telecommuting agreement. Although the bureau's Office of the Executive Director was not part of this inspection, OIG suggested that the bureau review its telecommuting agreements to ensure compliance with regulations.

INFORMAL RECOMMENDATIONS

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

A/OS has no system to document the purposes of its schools grants.

Informal Recommendation 1: The Office of Overseas Schools should identify the strategic goal associated with each of its grants and retain this data to support its budget request.

Although A/OS has articulated specific goals in the Bureau of Administration's Bureau Performance Plan, A/OS has not created a strategic plan that melds the Department's goals with the resources given to the office.

Informal Recommendation 2: The Office of Overseas Schools should create a strategic plan to address the Department's goals.

The grants provided by A/OS to schools tend to follow prior-year budget patterns and show little evidence of funds being reallocated to reflect changing priorities.

Informal Recommendation 3: The Office of Overseas Schools should review the grant amounts that it makes on a regular basis, acting to confirm that the U.S. government is receiving the maximum benefit for its investments.

Overseas schools and post administrators lack a central point to access school-grant technical information from A/OS. A grants management handbook would help ensure consistent application of appropriate grant administration methods.

Informal Recommendation 4: The Bureau of Administration should complete and disseminate an overseas schools' grants management handbook.

A telecommuter's actual duty station outside the Washington, DC, locality's pay area was not reflected in the employee's telecommuting agreement. Therefore, the employee received Washington, DC, locality pay.

Informal Recommendation 5: The Bureau of Administration should ensure that telecommuting agreements between the Office of Overseas Schools and the office's employees reflect the pay locality of the employees' duty stations.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Assistant Secretary	Frank Coulter, acting	3/2005
Deputy Assistant Secretary for Operations	Steven J. Rodriguez, acting	7/2005
Director, Office of Overseas Schools	Dr. Keith Miller	3/1997

ABBREVIATIONS

A/OS	Office of Overseas Schools, Bureau of Administration
DS	Bureau of Diplomatic Security
ICASS	International Cooperative Administrative Support Services
MED	Office of Medical Services
OASIS	Overseas American Schools Information System
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
REO	Regional educational officer
RSO	Regional security officer