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Management Assistance Report: Cost of Information Management Staff at Embassies Should Be Distributed to Users of Their Services

MANAGEMENT ASSISTANCE REPORT

Summary of Review

The International Cooperative Administrative Support Services System (ICASS) enables U.S. Government agencies to share the costs of common administrative support services. OIG identified 52 U.S. direct-hire Information Management (IM) positions whose salary and benefits costs are being paid entirely by the Department of State (Department) even though other agencies use these services at various diplomatic and consular posts overseas. Because other agencies are benefiting from these individuals' work, their salaries should be paid through the ICASS Working Capital Fund. OIG estimated the Department could recover \$81,331 per IM position, or a total of \$4.23 million annually, if it converted these 52 IM positions to ICASS. OIG recommended reprogramming 52 IM positions to the ICASS Working Capital Fund.

BACKGROUND

The ICASS system, established in 1997, is the principal means by which U.S. Government agencies share the cost of common administrative support services at more than 250 diplomatic and consular posts overseas. Through ICASS, which operates a working capital fund, service providers¹ recover the cost of delivering administrative support services to other agencies at overseas missions, in accordance with 6 Foreign Affairs Manual (FAM) 911 and 6 Foreign Affairs Handbook (FAH)-5 H-013.2.² In FY 2016, the estimated cost of services delivered by the Department through ICASS was \$3.24 billion. Of that amount, the Department bore \$2.26 billion (70 percent) of the costs, and other agencies bore \$983.6 million (30 percent) of the costs.³

From its inception, ICASS captured the costs of most U.S. direct-hire management positions, including officers who carry out and oversee the general management, human resources, financial management, and general services operations functions. The cost of U.S. direct-hire IM positions, however, was not fully captured in ICASS at inception because these positions were established primarily to support and handle communications for core Department offices.

According to Department officials and documentation, IM functions have evolved significantly since 1998, with U.S. direct-hire IM staff now delivering more support to other agencies. The IM function includes delivery of services that benefit the whole post, including other agencies. These services include, for example, technical support; mail, messenger, and pouch; and reception, switchboard, and telephone. ICASS captures the cost of most of these IM services with the exception of those associated with U.S. direct-hire IM staff. According to 6 FAH-5 H-341.9-2(B), however, ICASS costs should include salaries and benefits of all the U.S. direct-hire and locally employed staff who deliver services to other agencies, overhead associated with those staff, and equipment required to provide services.

¹ While the Department is the primary service provider, other agencies also deliver services through ICASS.

² Costs are captured through a Working Capital Fund, as outlined in 22 U.S.C. 2695 and 2684.

³ Figures provided by the ICASS Service Center.

Several Department studies and reports also concluded that the cost of salaries and benefits of U.S. direct-hire IM staff at overseas embassies who delivered administrative support services to other agencies should be captured in ICASS and distributed among the agencies using their services. A 2010 Department working group⁴ identified 69 U.S. direct-hire IM staff positions whose salaries and benefits costs should have been captured in ICASS. These 69 positions were located at embassies with multiple U.S. direct-hire IM positions funded by Department program funds (rather than through ICASS) but who also delivered services to other agencies. The Department stated that moving these positions to ICASS would result in an estimated \$3.6 million in annual cost savings. To realize these savings, the Office of Management Policy, Rightsizing, and Innovation (M/PRI) advised the affected embassies to convert one of their U.S. direct-hire IM positions to ICASS as soon as budgetary provisions could be made to do so. In addition, between 2014 and 2016, M/PRI recommended converting one U.S. direct-hire IM program funded position to ICASS in 15 of its embassy rightsizing reports. OIG made the same recommendation in a 2013 embassy inspection report.⁵

OIG conducted this inspection to examine the Department's progress in capturing U.S. direct-hire information management office staff costs in ICASS in accordance with Department guidance.

FINDING

Fifty-Two Embassies Should Convert One of Their Information Management U.S. Direct-Hire Staff Positions to the ICASS System

Converting U.S. direct-hire IM positions to ICASS positions ensures that all agencies that use services share in the costs of those services. OIG found that the Department has made some progress in doing so at those embassies identified in the different studies or reports issued between 2010 and 2016. Specifically, as shown in Table 1, 29 embassies have converted their second U.S. direct-hire IM position to ICASS since 2010.

⁴ The working group included representatives from M/PRI, the ICASS Service Center (responsible for tracking and distributing U.S. direct-hire costs among the agencies), the Bureau of Information Resource Management, and the Bureau of Human Resources (responsible for U.S. direct-hire assignments), as outlined in M/PRI's June 2010 Information Memorandum, "Uniform ICASS Treatment of IM American Positions."

⁵ These reports addressed Embassies Baku, Belgrade, Bishkek, Conakry, Georgetown, Hanoi, Kigali, Kinshasa, La Paz, Lisbon, London, Nairobi, Port of Spain, Tegucigalpa, and Tel Aviv. In its inspection of Embassy Vilnius in 2013, OIG recommended the conversion of one U.S. direct-hire IM position to ICASS based on M/PRI's guidance (ISP-I-13-41A, dated September 2013).

Table 1: Embassies That Converted a U.S. Direct Hire Position into ICASS and the Study or Report That Recommended that Action

Embassy	2010 Working Group	M/PRI Rightsizing Report	OIG Report
Abidjan	x		
Abu Dhabi	x		
Accra	x		
Antananarivo	x		
Baghdad	x		
Bamako	x		
Belgrade		x	
Bogota	x		
Conakry	x	x	
Dar es Salaam	x		
Dublin	x		
Kampala	x		
Kinshasa	x	x	
Libreville	x		
Lisbon	x	x	
London		x	
Luanda	x		
Madrid	x		
Maputo	x		
Muscat	x		
Nairobi		x	
Nassau	x		
Quito	x		
San Jose	x		
San Salvador	x		
Sanaa	x		
Sarajevo	x		
Tel Aviv		x	
Vilnius	x		x

Source: OIG analysis of Department of State data.

Most of the embassies that did not take action to convert a U.S. direct-hire IM position to ICASS were those identified in the 2010 Department working group study. Because that study was more than 6 years old, OIG reviewed more current embassy IM staffing profiles dated September 30, 2016, for this inspection. OIG followed the same methodology as the 2010 Department working group study and focused on those embassies that had multiple IM positions funded by Department program funds, rather than ICASS, where the employees serving in those positions also delivered services to other agencies.

OIG found 52 embassies with multiple U.S. direct-hire IM positions that should convert at least one of these positions to ICASS (see attached chart). According to M/PRI's 2010 information memorandum, which detailed the findings of the Department working group study and was

endorsed by the Under Secretary for Management, the first U.S. direct-hire IM position at each embassy should be funded directly by the Department. At embassies with more than one U.S. direct-hire IM position, at least the second such position should be funded by ICASS. The failure to reprogram 52 IM positions to ICASS has caused the Department continually to subsidize other agencies without being fully reimbursed for the services it delivers.⁶ OIG estimated the Department could recover \$81,331 per position, or a total of \$4.23 million annually in funds put to better use, if these positions were funded by ICASS.⁷

Recommendation 1: The Office of the Under Secretary for Management, in coordination with the Bureau of Budget and Planning and the Bureau of the Comptroller and Global Finance Services, should reprogram 52 information management staff positions to the International Cooperative Administrative Support Services Working Capital Fund in order to realize annual funds put to better use of \$4.23 million. (Action: M/PRI, in coordination with BP and CGFS)

⁶ Failure to reprogram these positions also creates imbalances within the Department. Specifically, the Diplomatic and Consular Program appropriation, which funds U.S. direct-hire IM positions, is subsidizing other Department programs that fund overseas positions.

⁷OIG estimated the Department could recover \$81,331 per position using the average cost of an ICASS U.S. direct-hire position of \$268,419 and the average percentage of time U.S. direct-hire IM staff support other agencies 30.3 percent ($\$268,419 \times .303 = \$81,331$) for a total funds put to better use of \$4.23 million (52 IM positions \times \$81,331). The figures for the average cost of an ICASS U.S. direct-hire position and the average percentage of time U.S. direct-hire IM staff support other agencies were both provided by the Department.

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendation to the Office of Management Policy, Rightsizing, and Innovation (M/PRI). Its complete response can be found in Appendix B. The Department also provided technical comments that OIG incorporated, as appropriate, into this report.

Recommendation 1: The Office of the Under Secretary for Management, in coordination with the Bureau of Budget and Planning and the Bureau of the Comptroller and Global Finance Services, should reprogram 52 information management staff positions to the International Cooperative Administrative Support Services Working Capital Fund in order to realize annual funds put to better use of \$4.23 million. (Action: M/PRI, in coordination with BP and CGFS)

Management Response: In its April 13, 2017, response, M/PRI concurred with this recommendation. M/PRI noted the effort to convert IM positions to the ICASS platform was already underway, and the Rightsizing Directorate was working closely with the Bureau of Budget and Planning (BP), the International Cooperative Administrative Support Services (ICASS) Service Center, and regional bureaus to continue moving these positions. M/PRI also suggested that BP and the ICASS Service Center be added as coordinating bureaus/offices on implementation of the recommendation. Finally, M/PRI stated that the number of posts that had IM positions to be reprogrammed should be changed from 60 to 51.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation to support the reprogramming of the 52 positions. OIG adjusted the report to address changes suggested by M/PRI. OIG agreed with M/PRI that 8 of the 9 posts it suggested be removed from the list for reprogramming were appropriate for removal. However, OIG did not remove Embassy Algiers because, as of the date of this report, the embassy had not converted one IM position to ICASS. OIG also agreed with M/PRI's suggestion to add BP and Bureau of the Comptroller and Global Finance Services/ICASS Service Center as coordinating bureaus/offices on implementation of the recommendation.

EMBASSIES THAT SHOULD CONVERT AT LEAST ONE IM POSITION TO ICASS

Embassy	Year Identified ¹
Algiers	2010, 2016
Ashgabat	2010, 2016
Asmara	2010, 2016
Baku	RSR (2015), 2016
Bangui	2016
Banjul	2010, 2016
Beirut	2010, 2016
Belmopan	2010, 2016
Bern	2010, 2016
Bishkek	2010, RSR (2015), 2016
Bratislava	2010, 2016
Colombo	2010, 2016
Copenhagen	2010, 2016
Cotonou	2010, 2016
Damascus ⁸	2010, 2016
Djibouti	2010, 2016
Freetown	2010, 2016
Gaborone	2010, 2016
Georgetown	2010, RSR (2016), 2016
Helsinki	2010, 2016
Khartoum	2010, 2016
Kigali	2010, RSR (2014), 2016
Kuwait	2010, 2016
La Paz	2010, RSR (2014), 2016
Ljubljana	2010, 2016
Lome	2010, 2016
Lusaka	2010, 2016
Luxembourg	2010, 2016
Malabo	2016
Manama	2010, 2016
Maseru	2016
Mbabane	2010, 2016
Minsk	2010, 2016
Montevideo	2010, 2016
Ndjamena	2010, 2016

⁸ Embassy Damascus is in evacuation status. Embassy Damascus should convert one IMO position to ICASS when normal operations resume.

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Embassy	Year Identified ¹
Niamey	2010,2016
Nicosia	2010, 2016
Ouagadougou	2010, 2016
Paramaribo	2010, 2016
Phnom Penh	2010, 2016
Podgorica	2016
Port of Spain	2010, RSR (2014), 2016
Praia	2016
Rabat	2016
Reykjavik	2010, 2016
Skopje	2010, 2016
Tegucigalpa	2010, RSR (2014), 2016
Tirana	2010, 2016
Tripoli ⁹	2016
Valletta	2010, 2016
Wellington	2010, 2016
Windhoek	2010, 2016

¹ 2010: 2010 Department working group study
 RSR: M/PRI rightsizing report (and year)
 2016: List from ICASS Service Center, as of September 30, 2016

⁹ Embassy Tripoli is in evacuation status. Embassy Tripoli should convert one IMO position to ICASS when normal operations resume.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Consistent with Section 209 of the Foreign Service Act of 1980, this inspection focused on the Department's management of resources, specifically whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.

OIG's specific inspection objective was to determine what progress the Department had made in converting certain U.S. direct-hire information management employees at overseas embassies to the International Cooperative Administrative Support Services (ICASS) system as directed by the Office of Management Policy, Rightsizing, and Innovation (M/PRI).

OIG analyzed Department studies and guidance related to the issue of capturing in ICASS the costs for U.S. direct-hire Information Management staff at overseas embassies. OIG also conducted interviews with cognizant officials, primarily in M/PRI, the Bureau of Budget and Planning, the Bureau of Resources Management, and in the ICASS Service Center. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and an actionable recommendation.

Kristene McMinn (Team Leader), Richard Jones (Deputy Team Leader), Jackie James, and Tim Wildy conducted this inspection.

APPENDIX B: MANAGEMENT RESPONSES

April 14th, 2017

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TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: M/PRI – Paul Wedderien, Director

SUBJECT: Response to Draft OIG Report – Cost of Information Management Staff at Embassies

M/PRI has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendation provided by OIG:

OIG Recommendation 1: The Office of the Under Secretary for Management should reprogram 60 information management staff positions to the International Cooperative Administrative Support Services Working Capital Fund in order to realize annual funds put to better use of \$4.88 million. (Action: M/PRI)

Management Response: M/PRI concurs with this recommendation. The effort to convert IM positions to the ICASS platform has already been underway for some time, and the Rightsizing Directorate has been working closely with the Bureau of Budget and Planning (BP), the ICASS Service Center, and Regional Bureaus to continue moving these positions over. BP has already notified the interagency about the conversion of IM positions to ICASS. Additional positions may be recommended from conversion if their primary role is to support a range of agencies at post or the shared ICASS platform.

M/PRI also requests that the recommendation be adjusted to assign the action to M/PRI, but IN COORDINATION with BP and CGFS/ICASS. M/PRI does not have the authority to reprogram these positions to the ICASS platform, but is willing to take the lead on the coordination.

In addition, the number of position to be reprogrammed should be changed from 60 to 51. CGFS and M/PRI also submit the following:

- Of the 60 posts listed in “Appendix B: Embassies That Should Convert At Least One IM Position to ICASS,” we make the following observations:

Corrections

- Ho Chi Minh City is not an embassy. Hanoi, which supports Ho Chi Minh City, includes two IM positions in ICASS. We recommend removing Ho Chi Minh City from the list.
- London has one IMS included in ICASS, and we recommend removing London from the list.
- Nairobi has one IMS included in ICASS, and we recommend removing Nairobi from the list.
- Tel Aviv has one IMS included in ICASS, and we recommend removing Tel Aviv from the list.
- Damascus and Tripoli are in evacuation status. There are no American officers currently assigned to ICASS in Damascus, or included in the ICASS budget. Tripoli has one American management officer assigned to manage, currently located in Tunis, and included in the Tripoli budget. We recommend a footnote for both these posts that at least one American IMO position should be included in ICASS when normal operations resume.
- Algiers is in the process of moving an IRM position to ICASS funding, so we recommend removing it from this list.
- Majuro transferred an IRM position to ICASS funding, so we recommend removing it from this list.
- Curacao receives IT support from the Florida Regional Center (FRC), does not have any USDH IRM positions, so we recommend removing it from this list.
- Hamilton has no USDH IRM positions because it receives support from the FRC, so we recommend removing it from this list.
- Kolonia receives USDH IRM services from Embassy Bangkok, so we recommend removing it from this list.

The point of contact for this memorandum is Katie Kirkpatrick, 202-647-4725

Approved: M/PRI – Paul Wedderien, Director

Drafted: M/PRI – Katie Kirkpatrick, ext. 74725

Cleared:	M/PRI - William E. Schaal	OK
	M/PRI - Marco Sims	OK
	M/PRI - Ana Larkin	OK
	BP - James Wearmouth	OK
	CGFS - Manly Rush	OK

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