Office of Inspector General
U.S. Department of State • Broadcasting Board of Governors

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Capital Security Cost Sharing Program: Inconsistent Criteria for Managing Vacant Positions Resulted in Inaccurate Counts

Summary of Review

In April 2016, the Under Secretary for Management directed the Office of Management Policy, Rightsizing, and Innovation (M/PRI) to verify that the Department of State (Department) was not being charged for surplus vacant positions under the Capital Security Cost Sharing and Maintenance Cost Sharing (CSCS/MCS) program.[1] M/PRI was also asked to improve the quality of existing position data in the Post Personnel System,[2] given the Department's plans to migrate to a new position management database. M/PRI reported in December 2016 that its project to address these requests—the Global Vacancy Initiative (GVI)—abolished 1,739 of 10,062 vacant positions in the Post Personnel System and claimed a related reduction in the Department's CSCS/MCS program charges. OIG reviewed M/PRI's results and, to obtain an understanding of the GVI's effectiveness, examined in detail position data for the Bureau of African Affairs. OIG found that the lack of consistent Department criteria for managing overseas personnel data in the Post Personnel System limited MPR/I's success to abolish vacant positions. OIG recommended that the Under Secretary for Management identify and implement consistent criteria for managing vacant positions overseas. In its comments on the draft report, M/PRI concurred with the recommendation. The office's response to the recommendation and OIG's reply can be found in the Recommendation Section of this report. OIG considers the recommendation resolved. M/PRI's formal written response is reprinted in its entirety in Appendix C.

BACKGROUND

In 2003, the Department announced a Capital Security Cost Sharing (CSCS) program to fund the construction of 150 new embassies and consulates and serve as a tool to ensure the appropriate number of positions at each location. Under the CSCS, each Federal agency pays the full cost of its overseas positions. CSCS—originally planned as a 14-year, $17.5 billion program—took effect in FY 2005 under Section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999. In 2012, Congress amended the act both to continue the CSCS program and to begin funding the maintenance and repair of overseas facilities under a Maintenance Cost Sharing (MCS) program.

The Bureau of Overseas Buildings Operations (OBO) has managed the CSCS/MCS program since its inception. Since FY 2015, OBO has had an annual collection target of approximately $2.6 billion ($2.2 billion for CSCS and $450 million for MCS). The Department proportionally charges each agency based on its number of positions located in posts overseas. The amount charged

[1] The CSCS/MCS program authorizes the Department to determine, on the basis of total overseas presence, how much funding each Federal agency should provide for its share of costs to construct and maintain safe and secure overseas diplomatic facilities.

[2] The Post Personnel System is the database used by the Department to manage all U.S. Government agency positions overseas. Position data from the Post Personnel System generates CSCS/MCS charges per agency.

for each position depends on its location in the embassy and category: controlled access area[3] (CAA), non-CAA/desk,[4] or non-CAA/non-desk. OBO adjusts the rate per position annually, depending on projected budget requirements for construction and maintenance projects and the construction cost of each type or space.[5] OBO uses the Post Personnel System to determine the number of authorized overseas positions, and agencies are charged whether the positions are filled or vacant.[6] The Department's FY 2017 CSCS/MCS invoice of $1.85 billion was based on Post Personnel System data extracted by OBO in 2015.

OBO did not, however, verify the number of positions in the Post Personnel System, and no single office had responsibility for doing so. Accordingly, the Under Secretary for Management directed M/PRI in April 2016 to review position data in the Post Personnel System to determine if any vacant Department positions could be abolished and thereby reduce the cost to the Department.[7] M/PRI launched the GVI and concluded that there were 10,062 such vacancies. M/PRI instructed regional bureaus to work with their posts to abolish any of their vacant overseas positions that would not be filled. M/PRI also advised all agencies with an overseas presence of this initiative, since a reduction in the Department's CSCS/MCS charge would cause a related cost increase for the other agencies. In December 2016, M/PRI announced that posts had abolished 1,739 of the original 10,062 vacant positions, which M/PRI reported would lead to a related reduction in the Department's portion of the CSCS/MCS account.[8]

Given the importance of accurate position numbers for human resource and capital planning processes, as well as for establishing CSCS/MCS charges, OIG examined M/PRI's GVI efforts ahead of the migration to the new Overseas Personnel System.[9] OIG met with each of the six geographic bureaus to determine how they responded to the GVI requests to abolish positions. To obtain a more in-depth understanding of how effective the GVI was at the bureau-level, OIG also examined position data for the Bureau of African Affairs (AF) because M/PRI data showed AF had abolished the fewest number of the more expensive CAA vacancies.[10] As described below, OIG found that each bureau responded differently to the GVI review due to unclear

[3] Controlled access areas are the only locations within a building where classified information or materials may be handled, stored, discussed, or processed.

[4] A desk position has an assigned desk, office or workstation.

[5] In FY 2017, agencies paid $141,466 for each CAA position, $19,607 per non-CAA/desk position, and $5,373 per non-CAA/non-desk position.

[6] Under Secretary for Management Memorandum, FY 2016 (Annual) Guidance on the Capital Security/Maintenance Cost Sharing Program Charges for FY 2018 Budgets – Standards for Counting Authorized Positions, Assigning Positions to Categories, and Calculating Charges for Each Agency.

[7] All CSCS/MCS charges are divided among participating agencies based on their overall share of the program costs. Given the Department pays roughly 70 percent of the total CSCS/MCS invoice ($1.85 billion of the $2.6 billion total), any "savings" it achieves by eliminating positions from its total count will be proportionate to its total invoice amount.

[8] See Appendix B.

[9] The Overseas Personnel System will replace the Post Personnel System and already has been deployed to a few missions overseas.

[10] No regional bureau abolished all vacant CAA positions.

direction from M/PRI and differing departmental guidance. As a result, posts did not consistently abolish vacant positions through the GVI.

FINDING: INCONSISTENT CRITERIA RESULTED IN UNRELIABLE POSITION DATA

OIG determined that the lack of consistent and clear Department criteria for managing Post Personnel System position data hindered M/PRI's and posts' ability to abolish even more vacant positions. At the start of the GVI, M/PRI met with the regional bureaus to explain the process and followed up with email guidance for abolishing vacant positions that bureaus did not intend to fill. M/PRI, through the bureaus, subsequently asked posts to abolish any U.S. direct hire or locally employed staff vacancy for which there was "no candidate on the horizon" and for which the bureaus had been "working around for more than 18-24 months." However, M/PRI's instructions differed from guidance presented in Foreign Service Institute training courses on the Post Personnel System, specifically courses PA-431 and PA-432,[11] as well as the 2015 Web-based Post Personnel System user guide.[12] Both the Foreign Service Institute courses and the user guide state that positions can be abolished if they are vacant and there are no current or incoming employees assigned to the position.

Because of the unclear, and in some cases differing, departmental guidance, coupled with the different interpretations of M/PRI's GVI guidance by the six geographic bureaus, OIG found that posts did not consistently abolish vacant positions through the GVI. Further, there was no accountability across the Department to ensure posts had understood and correctly followed M/PRI's guidance. Posts self-reported GVI results based on their interpretation of the guidance and, in many cases, erred on the side of caution and did not abolish all eligible positions. For example, posts in AF abolished 160 positions in the Post Personnel System. However, in reviewing AF's GVI data, OIG found that under M/PRI's guidance, an additional 18 non-CAA/desk positions vacant for more than 24 months should have been abolished. OIG also determined that if the guidance in FSI training courses PA-431 and PA-432 had been applied, 380 out of 1,591 AF positions could have been abolished.

Absent consistent Department criteria on position management, bureaus and posts will continue to apply their own interpretation as to when to abolish vacant positions. Such inconsistent treatment of vacancies has created, and likely will continue to create, inaccurate Department charges under the CSCS/MCS program. Further, the lack of consistent Department criteria limited the success of M/PRI's GVI to improve the quality of data in the Post Personnel System ahead of the migration to the new system. The Department needs to establish clear criteria on how vacant positions should be managed and effectively communicate these requirements to

[11] PA-431: "Web.PASS Post Personnel: Local Track" online training on local positions; PA-432: "Web.PASS Post Personnel: American Track" online training on American positions.

[12] "You can only abolish a position that has no *current* or *incoming* employees assigned to it. Abolishing a position does not remove it from the system." Web-based Post Personnel System User Guide, *Abolishing a Position Record*, release 3.07.03, rev 01, January 2015. p. 42.

bureaus and posts overseas. Doing so will ensure an equitable distribution of CSCS/MCS charges to all agencies with an overseas presence and reliable, accurate position data for migration to the Overseas Personnel System.

> **Recommendation**: The Under Secretary for Management, in coordination with the Bureau of Human Resources, should implement consistent criteria for managing vacant positions overseas. (Action: M/PRI, in coordination with DGHR)

RECOMMENDATION

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. Its complete response can be found in Appendix C.

Recommendation 1: The Under Secretary for Management, in coordination with the Bureau of Human Resources, should implement consistent criteria for managing vacant positions overseas. (Action: M/PRI, in coordination with DGHR)

Management Response: In its July 31, 2017, response, the Office of Management Policy, Rightsizing, and Innovation (M/PRI) concurred with the recommendation. M/PRI requested that the Bureau of Human Resources (DGHR) be listed as a coordinating office. M/PRI noted that DGHR was involved with the Global Vacancies Initiative through its coordination role between the Under Secretary for Management bureaus, but DGHR maintains control of the database which identifies vacancies. Moving forward, DGHR will develop clearer policy guidance to manage vacancies overseas and M/PRI will work with posts through the regional bureaus to enforce the policy.

OIG Reply: OIG considers the recommendation resolved. OIG concurred with the request to add DGHR as a coordinating office. The recommendation can be closed when OIG receives and accepts documentation that M/PRI has issued consistent criteria for managing vacant positions overseas.

APPENDIX A: OBJECTIVES, 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 of State (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 property conducted, maintained, and reported.

OIG's specific objective was to determine whether Department positions at overseas posts were captured accurately in the Post Personnel System to ensure equitable distribution of Capital Security Cost Sharing and Maintenance Cost Sharing (CSCS/MCS) charges to the Department. This review was limited to assessing the success of Office of Management Policy, Rightsizing, and Innovation's (M/PRI) Global Vacancy Initiative and its effort to abolish long-term vacant positions from the Post Personnel System.

OIG interviewed representatives in the Office of Management Policy, Rightsizing, and Innovation and the Bureaus of Human Resources, Overseas Buildings Operations, African Affairs, East Asian and Pacific Affairs, European and Eurasian Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs. OIG reviewed vacant position data that M/PRI provided for all regional bureaus but analyzed the data for the Bureau of African Affairs with greatest detail[13] because the bureau abolished the fewest number of vacant controlled access areas positions. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

Sarah Hall (Team Leader), Hanane Grini, Erica Renew, and Sergio Lagares conducted this inspection.

[13] OIG examined the effect of the GVI on each of the 1,591 vacant positions in AF.

APPENDIX B: VACANT POSITIONS AND RELATED CHARGES

Vacant Positions and Related CSCS/MCS Charges by Regional Bureau from March 22, 2016, through December 31, 2016 (the period of the GVI).

Bureau	CAA Vacant Positions (Associated CSCS Charges in Millions) as of March 2016	CAA Vacant Positions Abolished as of December 2016	Non-CAA Vacant Positions (Associated CSCS Charges in Millions) as of March 2016	Non-CAA Vacant Positions Abolished as of December 2016	Total of Vacant Positions as of March 2016	Total Positions Abolished as of December 2016	Remaining Vacant Positions as of December 2016
AF	122 ($17.3)	10	1,469 ($19.8)	150	1,591	160	1,431
EAP	163 ($23.1)	64	1,186 ($17.2)	175	1,349	239	1,110
EUR	313 ($44.4)	141	1,347 ($18.5)	479	1,660	620	1,040
NEA	352 ($49.9)	65	1,553 ($21.4)	94	1,905	159	1,746
SCA	259 ($36.7)	88	1,659 ($24.4)	184	1,918	272	1,646
WHA	166 ($23.5)	54	1,473 ($20.9)	235	1,639	289	1,350
Total	1,375($195.2)	422	8,687($122.4)	1,317	10,062	1,739	8,323

Source: Generated by OIG from data provided by the Department.

APPENDIX C: MANAGEMENT RESPONSES

United States Department of State

Washington, D.C. 20520

July 31, 2017

UNCLASSIFIED

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

FROM: M/PRI – William E. Schaal, Jr., Acting Director

SUBJECT: Response to Draft OIG Report – Inspection of Capital Security Cost Sharing Program: Inconsistent Criteria for Managing Vacant Positions Resulted in Inaccurate Counts

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

OIG Recommendation 1: Recommendation : The Under Secretary for Management should implement consistent criteria for managing vacant positions overseas (Action: M/PRI)

Management Response: M/PRI concurs with the recommendation, with the caveat that HR be listed as a coordinating office. M/PRI was involved with the Global Vacancies Initiative (GVI) through its coordination role between M family bureaus, HR, however, maintains the database used to identify vacancies. HR Bureau will develop clearer policy and guidance as it pertains to managing vacant positions overseas, and M/PRI will work with posts through the regional bureaus to enforce the policy. The development and issuance of the policy will also be timed with the roll-out of the new Overseas Personnel System (OPS) platform.

The point of contact for this memorandum is Katie Kirkpatrick, who can be reached at kirkpatrickkg@state.gov, or 202-647-4725.

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