

~~SENSITIVE BUT UNCLASSIFIED~~

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

# Report of Inspection

## Inspection of the Bureau of Administration's Office of Global Information Services, Office of Directives Management

Report Number ISP-I-10-67, June 2010

### ~~IMPORTANT NOTICE~~

~~This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

~~SENSITIVE BUT UNCLASSIFIED~~

## PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

### PURPOSE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** 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.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instances of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

### METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



**United States Department of State  
and the Broadcasting Board of Governors**

*Office of Inspector General*

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel  
Deputy Inspector General

# TABLE OF CONTENTS

KEY JUDGMENTS ..... 1

CONTEXT ..... 3

    Staffing ..... 4

    Inherently Governmental Functions ..... 5

EXECUTIVE DIRECTION ..... 7

    Operations ..... 7

    Information Collections ..... 7

    Forms Program ..... 10

    Information Management ..... 11

PRINCIPAL OFFICIALS ..... 13

ABBREVIATIONS ..... 15





## CONTEXT

The Office of Directives Management is charged with meeting federal mandates by making the Department's policy available to the Department, other federal agencies, and the public by sharing information, collecting data, and integrating applications. To accomplish these requirements, four sections have been established: Information Collections, including Federal Register submissions and Rulemaking; Information Sharing and Forms development; *Foreign Affairs Manual* and *Foreign Affairs Handbook* clearance processes; and Information Technology.

- The work in this small office is based largely on federal law and regulation. A/GIS/DIR is responsible for:
- Managing the Department's clearance processes for changes to and new material for the *Foreign Affairs Manual* (FAM) and *Foreign Affairs Handbook* (FAH). The guide for drafting new or revised material is contained in 2 FAH 1 H-100.
- Managing data collection and information sharing, by designing forms that meet federal requirements and section 508 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 (d), as amended, Public Contracts and Property Management, "Federal Records and Standards and Optional Forms of 2005" (41 CFR 101-11); eGovernment Act of 2002, (section 203) and, Paperwork Reduction Acts of 1980 and 1995, as amended.
- Managing the end-to-end electronic process for data collection and liaison with the Office of Management and Budget (OMB) (2 FAM 1160).
- Managing the Department's centralized process for reviewing rules, clearances, and ensuring format and other OMB and Federal Register requirements (2 FAM 1180), Paperwork Reduction Act of 1980 (PL 96-511, 44 USC Chapters 3501 through 3521), Executive Order 12866 and 23232, and a myriad of other regulations: entries into OMB's Regulatory Information Service Center and Office of Information and Regulatory Affairs Combined Information System (ROCIS).

- Administering input into the Federal Docket Management System and participating in the Interagency eRulemaking Committee.
- To manage its business lines, A/GIS/DIR developed an automated system, called the *Business Matrix*. The matrix provides very useful tracking data showing when requests or inputs were received and how they were managed through the entire process, who was responsible for the process, and when it was completed. This also helps to notify offices when their responses are due or overdue, and to report information collection data to OMB. The office gets high praise from the outside entities and internal customers with which it deals.
- The FY 2010 budget is estimated at \$2.5 million. The present staffing includes 15 U.S. direct-hire employees, 11 contractors, and 5 Foreign Service officers who are assigned temporarily and who are not included in A/GIS/DIR's staffing numbers.

## STAFFING

The March 11, 2009 Omnibus Appropriations Act, 2009 (PL111-8, Section 736) requires agencies to develop and implement in-sourcing guidelines. In addition, OMB's memorandum M-09-26, dated July 29, 2009, entitled, "Managing the Multi-Sector Workforce" requires agencies to in-source inherently governmental functions and to determine whether their performance has suffered due to an overreliance on the contract workforce. In response to both, the Department tasked the Bureau of Administration's Office of Commercial Services Management to coordinate a response. A/GIS/DIR was one of two entities selected as a pilot for the project, which included identifying contractors that are performing inherently governmental functions or functions that are closely related and to identify any overreliance on contractors. The results are documented in Report Number A.CSM.MSWM.10.1: Department of State Multi-Sector Workforce Management, Bureau of Administration/Global Information Services/A/GIS/Directives Pilot, February 24, 2010. This report will be sent to OMB, along with the results of the second study when work on that study is completed. With OMB concurrence, the Department will, where possible, initiate implementation of the studies' recommendations.

The report estimates that \$400,000 per year of savings would accrue if the contractor employee positions were converted to full-time equivalent positions. Ceilings for the number of full-time equivalent positions, which are controlled by the Bureau of Human Resources, would need to be raised to accomplish the goals.

The Office of Commercial Services Management report details the number of A/GIS/DIR contractor employees who are performing inherently governmental tasks and critical, closely related tasks, and an overreliance on contractors at a high financial cost. Based on definitions in OMB Policy Letter 92-1, dated September 1992, the Federal Activities Inventory Reform (FAIR) Act of 1998, OMB Circular A-76, and Federal Acquisition Regulation 7.503 (d), inherently governmental functions are those where policy-setting or functions are so intimately related to the public interest that government employees must perform them. The report also notes that there may not be sufficient contractor oversight or adequate supervision of Civil Service employees because each subunit may not have a federal employee supervisor should the primary supervisor be unavailable. Further, contractors may have interests not in concert with public interest, and should not participate in situations where it might be assumed they are agency employees. The report notes the special assistant's role where recommendations to a course of action may benefit an entity other than the government.

The OIG team agrees with the findings that the office would benefit from in-sourcing some positions and that there is too great reliance on contractors. The primary duties of one contractor employee who is designated as a special assistant involve consulting with the A/GIS/DIR director, representing the director at Department meetings, and implementing project management techniques. This special assistant also has the insight, based on workload she identifies, to determine whether additional contract staff are needed, which is a possible conflict of interest.

## INHERENTLY GOVERNMENTAL FUNCTIONS

The Federal Activities Inventory Reform Act was enacted to provide a process for identifying the functions of the federal government that are or are not inherently governmental. Accordingly, inherently governmental functions are so intimately related to the public interest that they require federal employees to perform them. These activities may require the exercise of discretion in

applying federal government authority or making value judgments in making decisions for the government. An inherently governmental function involves the interpretation of the laws of the United States to: 1) bind the United States to take or not to take some action by contract, policy, regulation, authorization, order, or otherwise; 2) determine, protect, and advance U.S. economic, political, territorial, property, or other interests by diplomatic action; and 3) commission, appoint, direct, or control officers or employees of the United States.

Currently, to define inherently government functions, OMB's Office of Federal Procurement Policy proposes to issue a policy letter guiding Departments and agencies regarding which work must be reserved for federal government employees. The President's March 4, 2009, Memorandum on Government Contracting directs OMB to clarify when it is, and is not, appropriate to outsource services. Section 321 of the National Defense Authorization Act for FY 2009 requires OMB to: 1) create a single definition for the term inherently governmental function; 2) establish criteria for agencies to identify critical functions, to ensure that contractors' performance does not expand to include performing inherently governmental functions; and 3) provide guidance to improve how agencies manage inherently governmental or critical positions. This new category, critical function, would be defined to help agencies identify and build sufficient internal capacity to perform and maintain control over functions that are core to the agency's mission. As of April 1, 2010, OMB had not yet issued the final policy statement.

## EXECUTIVE DIRECTION

A/GIS/DIR's director, with many years of experience, manages a successful and well-functioning office. To her credit, the OIG team heard praise from clients and staff regarding her stewardship of the office. Staff often said that this was the best work environment they had ever encountered. A new deputy director arrived during the course of the inspection. The special assistant, a position encumbered by a contractor, has immediate and influential contact with the director. This is a position the *Multi-Sector Workforce Management* report suggests replacing with a full-time equivalent position. The OIG team agrees with this assessment.

## OPERATIONS

Each of the A/GIS/DIR sections performs very well. The staff members understand the processes, are fully knowledgeable, and create value for the Department. The OIG team found that their external contacts are well satisfied with the office's performance and find working with A/GIS/DIR professional and appropriate. The office's standard operating procedures are clear, precise, and updated regularly.

## INFORMATION COLLECTIONS

The *Multi-Sector Workforce* report recommends that the two contractors in this section be replaced by full-time equivalent staff. The Information Collections section is the Department's liaison to the Federal Register, and it processes and publishes all Federal Register Notices. A contractor employee performs this role, under the supervision of a full-time equivalent employee. The *Multi-Sector Workforce* report notes that this, and the interface role with OMB described below, are activities that should be conducted by federal employees. The Federal Register requirement is found in Title 1, Code of Federal Regulations, Chapter 1—Administrative Committee of the Federal Register, Subchapter E – Preparation, Transmittal, and Processing of Documents, Part

16-Agency Representatives, 6.1 - Designation (a), stating that “Each agency shall designate, from its officers or employees, persons to serve in the following capacities with relation to the Office of the Federal Register: (1) A liaison officer and an alternate; (b) In choosing its liaison officer, each agency should consider that this officer will be the main contact between that agency and the Office of the Federal Register and that the liaison officer will be charged with the duties set forth in 16.2.” Therefore, the agency should choose a person who is directly involved in the agency's regulatory program and not a contractor. In addition to the two contractor employees, this section has one full-time equivalent position.

The section is the Department's liaison to OMB for the Paperwork Reduction Act of 1980, which mandates that federal agencies obtain a control number from OMB before issuing a form, survey, or screen shot that will impose an information collection burden on the general public, which includes collecting information from 10 people or more. Once obtained, approval must be renewed every three years. Further, the agency must explain why the form is needed and estimate the time and money burden on the public who must fill it out. Many other laws pertain to eGovernment and forms development. In this regard, again the office has accomplished its goals. OMB's 2009 *Information Collection Budget* document's table: Total Number of Expirations (of approved collections) Reported as Violations, FY 2008, shows the Department has none.

The same contractor employees manage the Department's rulemaking liaison with OMB, the Department's rulemaking and inter-agency rulemaking review, and entries into the Federal Docket Management System, which is maintained by the U.S. Environmental Protection Agency. They also manage the Department's review of other agency rules, and are the primary liaison with OMB for significant regulatory action. During the course of the inspection, the OIG team repeatedly contacted OMB to discuss the role of contractor employees in this process, particularly with regard to inherently governmental functions for which rulemaking is intimately connected to the public interest.

While OMB responded that contractor employees may help, the response did not address the actual level of involvement the employee has. He assists rule makers in developing rules and commits the Department to financial expenditures. For example, he will represent the Department in a meeting to determine the fees the EPA will charge users of the Federal Document Management System (FAR 7.503 d.).

## Foreign Affairs Manual and Foreign Affairs Handbook

These FAM analysts in A/GIS/DIR are well known throughout domestic bureaus and offices and overseas posts. The FAM is the codified version of the Department's official policies and, the FAH, its procedures. For the most part, each of the 15 FAM sections has a volume coordinator in the functional bureau whose policies are contained therein. A/GIS/DIR is responsible for keeping the FAM current and uses the Department's Standing Committee, which meets quarterly to monitor these requirements. The section's staffing includes five direct-hire and four contractor employees.

It is important to highlight A/GIS/DIR's role in the clearance process. A/GIS/DIR does not decide which bureaus will clear a FAM change. It is the responsibility of the bureaus' volume coordinators to designate which other bureaus and offices need to clear on the change. Using the FAM template also helps those revising or adding material. Periodically, FAM analysts remind volume coordinators how it works.

The clearance process, following 2 FAH-1 H-116, begins when a FAM change or new material arrives in the eFAM gatekeeper's mail box. It is entered into the Business Matrix data base and sent to A/GIS/DIR's relevant FAM analyst. The material is reviewed and returned to the volume coordinators who approve it for publication. A/GIS/DIR resolves disputes and ensures the change is coordinated with the offices the bureau's volume coordinator designates and with OIG and the Office of the Legal Adviser (L). These two offices have different responsibilities: OIG provides comments and L approves. L does not have a time limit for reviewing and approving/disapproving, which can mean that clearances may take many, many months. The Business Matrix is useful in tracking the time on the clearance process and supports a report on time expired. A request for a clearance is given a 30-day interval for response, and subsequently reminders are sent at 15 day intervals. The Standing Committee is expected to resolve long-standing disputes.

At times, procedural changes are first announced by cable to all Department entities. One A/GIS/DIR analyst reviews cables daily to search for information to ensure that updates reflected in cables that have not yet been incorporated into the FAM are not overlooked. If any updates are not in the FAM or in the clearance process, A/GIS/DIR contacts the volume coordinators to ensure the work is completed.

## FORMS PROGRAM

A/GIS/DIR's forms program provides a number of forms-related services, including forms engineering, forms management, and a clearing house, assurance that forms meet federal standards, including compliance with eGovernment and with Section 508 of the Rehabilitation Act of 1973, as amended (29 USC 794), which mandates that individuals with disabilities seeking information or services from a Federal department or agency have access to and use of information and data comparable to the access individuals without disabilities have. The staffing includes five direct-hire and six contractor employees.

The section provides technical support, answers questions about how to use the eForms application, provides training, etc. The section helps program offices deal with personally identifiable information where it must be available based on legacy systems and where it should be deleted.

Using project management methodologies, the section has been engineering the forms design process and centrally manages 750 Department forms and 450 forms originating from other agencies. By using the eForms application, users can collaborate, save, email, and process form information. Here again, the *Business Matrix* tracks the forms process from start to finish throughout the forms development process. All forms referenced in FAM sections are made available worldwide, including those from other agencies.

A/GIS/DIR purchased e-Forms software that provides the ability to create forms online. According to 2 FAM 1113.3, A/GIS/DIR is required to review and approve forms, but cannot prevent bureaus from developing forms without its help. The director believes this section needs an additional direct-hire staff member to provide long-term stability to the gatekeeper role. A/GIS/DIR anticipates that its goal to develop a process to put e-Forms data into bureau data bases will integrate the forms and be more useful for bureaus that use e-Forms for information collections. Currently, there are three Department offices (two in Educational and Cultural Affairs and one in the Office of the Legal Advisor) using the forms and data integration capability.

## INFORMATION MANAGEMENT

This three-person section, including one direct-hire employee and two contractor employees, provides information technology support for the office, including managing the FAM clearance Web page, the eForms application, and the Business Matrix. In this regard, the section manages Internet, OpenNet, and two classified networks.

The staff provides security oversight and liaison with the information technology staff of the Bureau of Administration's Executive Office (A/EX/IRM), while also managing A/GIS/DIR's help desk, the local change control board, and desktop support. The section is the primary contact for the eForms contractor and works with it to install upgrades and other special projects. As needed, the section may assist with user testing and training.

The *Multi-Sector Workforce* report suggested that the two contractor employees in this section (the systems and Web Site administrators) be replaced by full-time equivalent employees. The positions were identified for in-sourcing because the tasks they perform are critical control functions. These roles are not unique and could likely be recruited successfully. The director's concerns about updating the Business Matrix, a MicroSoft Office© Access data base product, are not persuasive in considering the merits of engaging direct-hire staff.

### Web Sites

New FAM and FAH material are reviewed, validated, and posted regularly. There is a large amount of work to manage: 1,500 documents and 25,000 links to monitor. The webmaster reviews the Intranet daily to review office changes and to make related symbol changes and creates files for the Department's public Internet site. The Web pages meet federal handicapped access and Department security requirements. Recently, A/GIS/DIR hosted e-forms on the Internet site.

A/GIS/DIR has two servers in the Department's Enterprise Server Operations Center. At least twice in a month (January 2010), the servers were not working. Therefore, e-Forms and Web applications were affected and productivity was slowed. To address this problem, A/GIS/DIR plans to sign a service level agreement with A/EX/IRM and discontinue getting service from the Department's Operations Center. The service level agreement will specify response times for getting service.

## Business Matrix

The contractor employee who has been working on enhancements to the *Business Matrix* uses the MicroSoft© Access data base to create this tool. It is continuously updated to add functions that meet A/GIS/DIR's business requirements. While it had been in use for about 8 years, the new features provide more value. In the future, other programmers will understand the code and continue with the evolution to greater and greater refinements. The *Business Matrix* also provides required statistical reports that the Department must submit to OMB requirements.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Director	Thelma J. Furlong	June 2000
Deputy Director	Janet Freer	March 2010



## ABBREVIATIONS

A	Bureau of Administration
A/GIS	Bureau of Administration/Global Information Services
A/GIS/DIR	Bureau of Administration/Global Information Services/Office of Directives Management
FAM	Foreign Affairs Manual
FAH	Foreign Affairs Handbook
HR	Bureau of Human Resources
OIG	Office of Inspector General
OMB	Office of Management and Budget

**FRAUD, WASTE, ABUSE, OR MISMANAGEMENT**  
of Federal programs  
and resources hurts everyone.

Call the Office of Inspector General  
**HOTLINE**  
**202-647-3320**  
**or 1-800-409-9926**  
**or e-mail [oighotline@state.gov](mailto:oighotline@state.gov)**  
to report illegal or wasteful activities.

You may also write to  
Office of Inspector General  
U.S. Department of State  
Post Office Box 9778  
Arlington, VA 22219  
Please visit our Web site at:  
<http://oig.state.gov>

Cables to the Inspector General  
should be slugged "OIG Channel"  
to ensure confidentiality.