



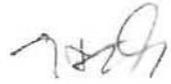
United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

APR - 1 2011

MEMORANDUM

TO: M – Patrick Kennedy

FROM: OIG – Harold W. Geisel, Deputy Inspector General 

SUBJECT: Memorandum Report - Oversight of Rest and Recuperation Travel Documentation and Certification, Report Number ISP-I-11-37

During the inspections of Embassies Athens and Valletta, and Consulate General Hong Kong, the Office of Inspector General (OIG) issued recommendations relating to rest and recuperation (R&R) travel benefit eligibility and certification. Overseas missions approved for R&R travel benefits are required to submit documentation biennially to their regional bureaus to justify their continued eligibility (see 3 FAH-1 H-3721.4). OIG determined that Embassies Athens and Valletta and Consulate General Hong Kong may not have submitted documentation for recertification to their regional bureaus for a number of years. A review of available documentation at each mission indicated that it has been approximately:

- Six years for Consulate General Hong Kong;
- Ten years for Embassy Athens; and,
- Twenty years for Embassy Valletta.

During the inspection, OIG determined that the conditions for which Embassies Athens and Valletta were approved for R&R benefits no longer exist and recommended that the Bureau of European and Eurasian Affairs (EUR) discontinue R&R for both missions at an annual cost savings of more than \$180,000. In an informal response to the Athens report, EUR informed OIG that it agrees with the recommendation and is in the process of informing Embassy Athens of its decision to discontinue its benefits.

The local conditions cited in Consulate General Hong Kong's original justification may have changed, and OIG recommended that Consulate General Hong Kong submit justification for its continued eligibility for R&R to the Bureau of East Asian and Pacific Affairs (EAP). Complicating matters is the fact that 3 FAH-1, Exhibit 3722(3) lists Hong Kong as the relief destination for Consulate General Naha, Japan. In response to this review, EAP stated that it is in the process of changing the relief destination for Consulate General Naha to Sydney, Australia. Consulate General Naha's R&R cost for FY 2010 was more than \$14,000; a change in relief destination to Sydney would result in a substantial increase in R&R travel costs. The local conditions at Consulate General Naha may not warrant its continued eligibility for R&R. In addition, Consulate General Hong Kong should be ineligible for R&R benefits if local conditions are suitable for it to be designated as a relief destination. An annual savings of more than

\$170,000 could be realized if R&R benefits were eliminated for both Consulates General Hong Kong and Naha.

The purpose of R&R is defined in 3 FAH-1 H-3721.2 as: “Conditions of life at the post present distinct and significant difficulties of sufficient severity to justify temporary relief for an employee and employee’s eligible family members during a period of assignment.” The regulation identifies 11 factors that, at a minimum, are used to justify and approve a post’s request for R&R designation. In designating a relief destination for R&R posts, the location must have a climate, altitude, or environment sufficiently different from that of the R&R post. Another important factor for determining a relief destination is the cost of travel to the nearest point that provides the necessary change of conditions from post.

There are approximately 146 overseas missions (at more than 190 locations) designated for R&R in 3 FAH-1 H-3722. The six regional bureaus and nine functional bureaus spent more than \$30.8 million (approximately \$26.3 and \$4.5 million respectively) for R&R travel in FY 2010 (other agencies’ R&R costs are not included in this figure). It should be noted that R&R expenses for Afghanistan and Iraq totaled over \$11 million for FY 2010 (more than 35 percent of the Department’s total 2010 R&R expenses).

Though not paid in cash like other allowances, R&R is indeed an allowance and is used to lure employees to bid on hardship posts. It is the only allowance that is approved by the regional bureaus rather than the Office of Allowances in the Bureau of Administration (A/OPR/ALS). Were the responsibility for R&R benefits transferred to the Office of Allowances, it would allow for a more consistent treatment and assessment of R&R requests and improve the timeliness of submissions of justification for continued eligibility. Finally, the transfer of the approval and certification process would also allow for a more objective and systematic review of all R&R posts that could lead to a reduction in the overall number of missions approved for R&R at a substantial cost savings to the Department.

In response to the draft report, A/OPR/ALS noted that while it does not currently determine R&R travel eligibility for overseas posts, it “has the professional capability for this work and believes that determinations of R&R travel eligibility could be made in conjunction with post (hardship) differential since the factors for R&R eligibility are encompassed in the post differential factors survey.” However, A/OPR/ALS noted that standards for determining R&R eligibility would need to be developed along with an analysis of what additional resources would be needed for that purpose. Further, A/OPR/ALS stated that workload impact and long-term FTE requirements, if any, would need to be determined following discussion with the regional bureau Executive Directors currently responsible for determining R&R eligibility.

Recommendation 1: The Under Secretary for Management should transfer the responsibility for approval and certification of rest and recuperation travel benefits from the regional bureaus to the Office of Allowances in the Bureau of Administration to facilitate the timely submission of justifications for continued eligibility of benefits by rest and recuperation posts. (Action: M/PRI)

Recommendation 2: The Office of Allowances, in the Bureau of Administration, should obtain updated biennial documentation from all overseas posts currently receiving rest and recuperation benefits and reassess justifications for continued eligibility. (Action: A/OPR/ALS)

You should advise us on actions taken or planned on these recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG compliance follow-up and reporting procedures.

I would be happy to meet with you to discuss this matter further, or your staff may contact Robert Peterson, Assistant Inspector General for Inspections, by email at petersonr@state.gov or by telephone on 202-663-0373.

Enclosures:

Compliance Information and Instruction Sheet