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AND THE BROADCASTING BOARD OF GOVERNORS
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Audit of the U.S. Mission Iraq Staffing Process

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United States Department of State
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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. Geisel", written in a cursive style.

Harold W. Geisel
Deputy Inspector General

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Acronyms

BLiSS	Baghdad Life Support Services
COM	Chief of Mission
DoD	Department of Defense
GAO	Government Accountability Office
GOI	Government of Iraq
FAM	<i>Foreign Affairs Manual</i>
M/PRI	Office of Management Policy, Rightsizing and Innovation
MSRP	Mission Strategic Resource Plan
NEA	Bureau of Near Eastern Affairs
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
OSC-I	Office of Security Cooperation-Iraq

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Executive Summary

In February 2012, the Office of the Deputy Secretary of State for Management and Resources announced an effort to “normalize” the U.S. presence in Iraq. Through a series of decisions in 2012, the Department, Embassy Baghdad, and officials at the interagency level decided to reduce U.S. Mission Iraq staff by 61 percent, from a reported level of 16,298¹ in January 2012 to a planned 6,320 by January 2014. Given the magnitude of this reduction and the potential challenges in achieving the reductions, the Office of Inspector General (OIG) initiated this work under the authority of the Inspector General Act of 1978, as amended, to assess the process the Department of State (Department) used for establishing short-term and long-term staffing for its diplomatic presence in Iraq and to determine whether Mission infrastructure and construction requirements aligned with the staffing plans.

The Department and Embassy Baghdad had taken and planned significant steps to reduce the Embassy’s presence in Iraq by closing nine sites, changing how goods and services are acquired and delivered, and reducing total staff by 61 percent. However, the process for determining U.S. Mission Iraq staffing requirements did not include a systematic staffing analysis that fully considered U.S. foreign policy priorities in Iraq. Instead, operating costs, security issues, and the Government of Iraq’s (GOI) desire to reduce the U.S. presence led the Department to decrease direct-hire and contractor staff under Chief of Mission (COM) authority in Iraq.² Achieving those cuts was partially accomplished by applying percentage-based reductions of direct-hire and some contractor staff operating under COM authority. However, neither the Department nor the Embassy provided guidance on factors that agencies and sections³ should have considered when they eliminated positions. Without a systematic staffing analysis based on U.S. foreign policy priorities specific to Iraq, the Department could not support that the planned staff size of 6,320 would provide the proper number or skill mix of personnel needed to meet the priorities while minimizing security risk and optimizing costs. While the number of staff should be large enough to meet U.S. foreign policy priorities, each additional person affects the Mission’s security risks, and each additional U.S. employee increases operating costs by at least \$400,000. Completing a systematic staffing analysis would provide the Department and Embassy Baghdad with an objective basis for determining the number and skill mix of personnel needed to achieve the priorities and for balancing achievement of those priorities with security risks and operating costs associated with placing staff in Iraq.

With respect to U.S. Mission Iraq infrastructure and construction requirements, there is presently no plan linking those requirements to the Mission’s staffing plans. The *Foreign Affairs*

¹ OIG could not validate the accuracy of U.S. Mission Iraq staffing data because of inconsistently applied procedures for authorizing, tracking, and reporting direct-hire and contractor staffing. Staffing data presented in this report are derived from Department planning documentation provided by the Bureau of Near Eastern Affairs in May 2013.

² Chiefs of Mission are the principal officers in charge of U.S. diplomatic missions and have full responsibility for the direction, coordination, and supervision of all Government executive branch employees in that country, with some exceptions. The U.S. Ambassador to a foreign country is the Chief of Mission in that country.

³ In this report, an “agency” refers to all non-Department of State agencies and offices maintaining staff and operations in Iraq, such as the Department of Defense or the U.S. Agency for International Development. A “section” refers to offices and functions staffed and operated primarily by Department of State employees.

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*Manual (FAM)*⁴ requires that the Bureau of Overseas Buildings Operations (OBO) direct and prepare master plans and facility plans that provide comprehensive overviews of facility needs. Although OBO developed the Baghdad Master Plan prior to the transition from a military-led mission to a civilian-led mission in Iraq, that plan became obsolete during 2012 as the United States reduced its presence in the country. Construction of a new consulate compound in Erbil and, potentially, in Basrah, and maintenance requirements for diplomatic facilities represent significant one-time and recurring future costs. The size and cost of new diplomatic facilities depend on the number and types of staff who will work and live in them. To ensure U.S. facilities are sufficient to meet Mission needs, it is crucial that OBO and the Embassy develop a strategic facilities plan that reflects the results of a systematic staffing analysis based on U.S. foreign policy priorities and balanced by security and cost issues.

In their July 29, 2013 response to a draft of the report (see Appendix E), the Bureau of Near Eastern Affairs (NEA) and Embassy Baghdad took issue with three aspects of the report finding. First, they disputed that a properly documented policy development process was not followed to determine staffing levels. Second, NEA and Embassy Baghdad stated that the audit team incorrectly assumed that the ongoing staffing reduction process was not linked to U.S. foreign policy priorities for Iraq. NEA and Embassy Baghdad stated that the document used to determine the staffing reductions was the Fiscal Year 2013 Mission Strategic Resource Plan (MSRP). Third, NEA and Embassy Baghdad stated that the draft report incorrectly indicated that the staffing reduction efforts were directed entirely from Washington and consisted of mandated across-the-board percentage-based reductions. OIG disagreed with NEA and Embassy Baghdad's response to the report finding concerning the policy development process, the use of the Fiscal Year 2013 MSRP for Iraq, and in part with the response concerning the origination of the staffing reductions. NEA and Embassy Baghdad's response and the OIG reply are at the end of the finding section.

OIG recommended that Embassy Baghdad, in coordination with the Office of the Deputy Secretary of State for Management and Resources, and NEA formally communicate U.S. foreign policy priorities for Iraq to all U.S. Mission Iraq elements. OIG also recommended that Embassy Baghdad, in coordination with NEA and the Office of Management Policy, Rightsizing and Innovation (M/PRI), conduct a systematic analysis of staffing requirements based on the policy priorities, programs, operations, conditions, and other relevant factors specific to U.S. Mission Iraq. Finally, OIG recommended that OBO, in coordination with Embassy Baghdad, develop a strategic facilities plan for construction and operations and maintenance activities that reflects those staffing requirements.

NEA and Embassy Baghdad concurred with the recommendation to formally communicate U.S. foreign policy priorities to all elements of the U.S. Mission to Iraq, stating it would do so immediately. Embassy Baghdad also concurred with the recommendation that it conduct a systematic analysis of staffing requirements based on the policy priorities, programs, operations, conditions, and other relevant factors specific to U.S. Mission Iraq, stating that it plans to begin such an analysis in January 2014. OIG considers these recommendations

⁴ 1 FAM 283.1, "Office of Master Planning and Evaluations (OBO/PRE/MPE)."

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resolved, and they can be closed upon OIG's receipt and acceptance of documentation showing that the recommendations have been fully implemented.

In its July 16, 2013 response (see Appendix F) to a draft of this report, OBO concurred with the recommendation to develop a strategic facilities plan, stating that it would implement the recommendation once a new staffing plan is published. OIG considers this recommendation resolved, and it can be closed upon OIG's receipt and acceptance of documentation showing that the recommendation has been fully implemented.

Background

In December 2011, the United States transitioned from a predominantly military-led mission to a civilian-led mission in Iraq. That transition was an unprecedented undertaking, highly complex in nature and scope, with extensive requirements for staff, budgets, and organization, and the transition took place in a still violent and unpredictable operating environment. In January 2012, the Department assumed full responsibility for leading U.S. operations in Iraq from the Department of Defense (DoD). To facilitate the transition, the Department increased its overall presence associated with its security capabilities and the logistics support required in a high-threat environment. According to planning documents provided by NEA, in January 2012, U.S. Mission Iraq was staffed at 16,298 personnel, of which 12,899 (79 percent) were non-Iraqi contractors providing security and other types of support.

The large number of contractors is driven in part by the need to provide protective security for most movements throughout the country. In addition, the Mission requires a large number of perimeter guard personnel to deter threats to the Embassy and other sites, as stated in OIG's March 2010 and May 2011 reports.⁵ The Mission also uses Department-contracted aircraft to move most personnel into, within, and out of Iraq. Further, Mission personnel are provided many basic life support elements not provided at other U.S. missions, including meals and postal and recreation services.

U.S.-Iraq Strategic Framework Agreement

The U.S. presence in Iraq is governed by the Strategic Framework Agreement for a Relationship of Friendship and Cooperation between the United States of America and the Republic of Iraq (Strategic Framework Agreement),⁶ which was signed in November 2008 by the United States and the GOI. The Strategic Framework Agreement outlines broad areas of cooperation and commitments designed to guide a sovereign GOI toward a sustainable democracy, and it has been reaffirmed several times since its ratification, most recently in December 2012.⁷ The Strategic Framework Agreement areas of cooperation and their associated commitments are listed in Appendix B.

U.S. Mission Iraq Sites

As of July 2013, U.S. Government operations in Iraq, including administrative, cultural, development assistance, diplomatic, and security assistance and cooperation functions and

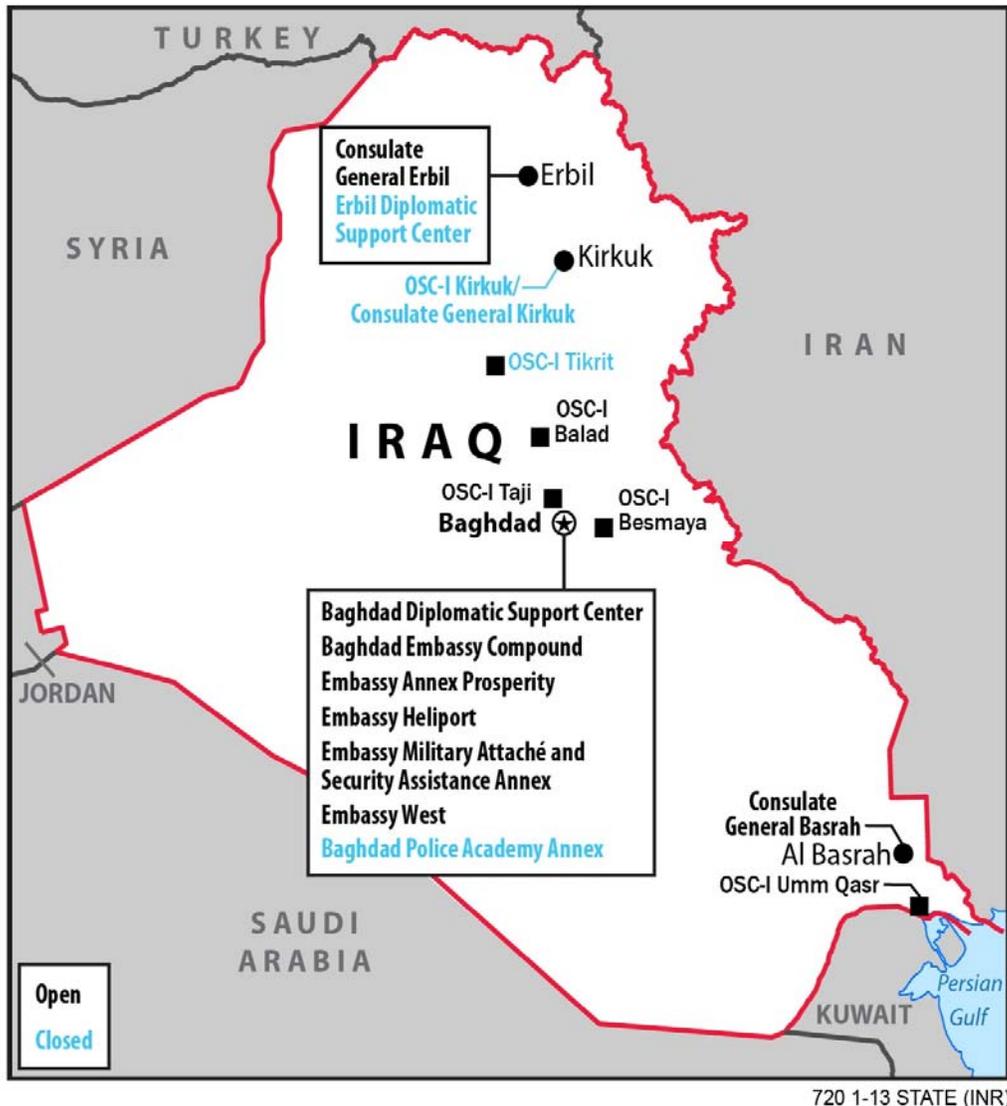
⁵ *Performance Audit of the Bureau of Diplomatic Security Baghdad Embassy Security Force* (MERO-A-10-05, March 2010) and *Department of State Planning for the Transition to a Civilian-led Mission in Iraq, Performance Evaluation* (MERO/I-11-08, May 2011).

⁶ Strategic Framework Agreement for a Relationship of Friendship and Cooperation between the United States of America and the Republic of Iraq. § III, Nov. 17, 2008, temp. State Department No. 09-7.

⁷ The joint U.S.-GOI Higher Coordinating Committee has overall responsibility for the Strategic Framework Agreement, while specific Joint Cooperation Committees are responsible for operational implementation of the Strategic Framework Agreement.

programs, were conducted on 12 sites (see Figure 1).⁸ Of those 12 sites, six were located in Baghdad: a 65-acre embassy compound with a Chancery building; the Baghdad Diplomatic Support Center, which includes an airfield; Embassy Annex Prosperity, which contains vehicle maintenance, fuel, and other types of support facilities; the Embassy Heliport, used primarily to transport staff to the Department-operated airfield; Embassy West, used for housing; and the Embassy Military Attaché and Security Assistance Annex, which houses the Office of Security Cooperation-Iraq (OSC-I). Sites outside Baghdad include consulates general in Basrah and Erbil and OSC-I sites in Balad, Besmaya, Taji, and Umm Qasr.

Figure 1. U.S. Mission Iraq Sites as of July 2013



⁸ The U.S. Mission operated 16 work sites subsequent to the transition from a military-led mission. The 12 sites listed do not include the Baghdad Police Academy Annex and the combined OSC-I and Consulate General Kirkuk site, which were closed in September 2012, or the OSC-I site in Tikrit, which was transitioned to GOI control in May 2013. The Erbil Diplomatic Support Center was closed on July 1, 2013.

Iraq Staffing Reduction Efforts

In February 2012, the Department announced an effort to reduce and realign the Mission toward a “more normalized embassy presence.”⁹ Led by the Office of the Deputy Secretary of State for Management and Resources and supported by NEA and Embassy Baghdad, the Department began to implement multi-phased staff reductions in Iraq, from a reported 16,298 personnel in January 2012, to a target of 6,320 personnel by January 2014. According to planning data provided by NEA in May 2013, as of January 2013, total Mission staffing was 14,280: a combination of 11,529 direct hires and contractors and 2,751 Iraqi employees.¹⁰ The Department’s reported and planned staffing totals by agency and location for January 2012, January 2013, and January 2014 are shown in Appendix C.

Objectives

The audit objectives were to assess the process the Department used for establishing staffing requirements for its diplomatic presence in Iraq and to determine whether Mission Iraq infrastructure and construction plans aligned with those staffing requirements. Because DoD had a significant staffing level under COM authority in Iraq, OIG conducted the fieldwork jointly with the DoD OIG, which also conducted a separate, but concurrent, evaluation project to assess the adequacy of DoD support for its presence in Iraq. The DoD OIG plans to issue a separate report in August 2013 with the results of that assessment.

⁹ Department of State Special Press Briefing, “Rightsizing U.S. Mission Iraq.” Remarks by Deputy Secretary of State for Management and Resources, February 8, 2012,

<<http://www.state.gov/s/dmr/former/nides/remarks/2012/183598.htm>,> accessed on June 4, 2013.

¹⁰ Total for direct-hire and contractor personnel include U.S. and third-country national direct-hire and contractor personnel and locally employed direct-hire staff of other U.S. missions on temporary assignments. Iraqi employee totals include both direct-hire and contractor staff.

Audit Results

Staffing Process Did Not Fully Consider U.S. Foreign Policy Priorities in Iraq

The Department's process to determine U.S. Mission Iraq staffing reductions did not fully consider U.S. foreign policy priorities in Iraq. Instead, the Department and Embassy Baghdad applied or are applying three primary approaches to achieve an overall 61-percent staffing reduction—percentage-based reductions for direct-hire staff and some security contractors, reductions in the amount of life support services provided, and the closure of nine sites. Specifically, the Department directed that the following series of staff reductions be achieved by the following dates:

- October 2012 – a 17-percent reduction of direct-hire staff, a 25-percent reduction in security staff, and the closure of the Baghdad Police Academy Annex and the Mission facilities in Kirkuk.¹¹
- October 2013 – a cumulative 25-percent reduction of direct-hire and contractor staff, the closure of most of the Embassy Annex Prosperity work site, and the closure of the Erbil Diplomatic Support Center.
- January 2014 – a cumulative 61-percent reduction of direct-hire and contractor staff, primarily as a result of additional site closures, for a final planned total of 6,320 staff.

The Department and Embassy did not complete a systematic staffing analysis that fully considered U.S. foreign policy priorities, programs, and operations specific to Iraq because of Congressional and White House concerns that the Department quickly reduce costs and security vulnerabilities and address the GOI's desire for a more normalized U.S. diplomatic presence. As a result, the Department could not support that the final staff total of 6,320 direct-hires and contractors is the proper size or skill mix needed to meet U.S. Mission Iraq workload requirements while minimizing security risks and optimizing costs. Moreover, without a supported staffing requirement, the Department could not make informed decisions concerning mission infrastructure and construction needs.

Government Accountability Office Framework for Rightsizing Overseas Staffing

In 2002 and 2003, the Government Accountability Office¹² (GAO) established a framework for rightsizing embassies that aligns the number of staff with foreign policy priorities, security concerns, and other constraints.¹³ The framework was developed to guide systematic

¹¹ In September 2012, Embassy Baghdad and OSC-I closed the OSC-I Kirkuk facilities from which the Consulate General Kirkuk operated. However, Consulate General Kirkuk operations were being provided from Erbil as of the date of this report.

¹² The Government Accountability Office was known as the General Accounting Office before July 2004.

¹³ GAO testimony and reports: *Overseas Presence: Observations on a Rightsizing Framework* (GAO-02-659T, May 2002), *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives* (GAO-02-780, July 2002), and *Overseas Presence: Rightsizing Framework Can Be Applied at U.S. Diplomatic Posts in Developing Countries* (GAO-03-396, April 2003).

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analyses of staffing needs based on the policy priorities, programs, operations, conditions, and other factors specific to an embassy or other diplomatic post, and it was designed to help ensure that the placement and composition of U.S. Government overseas staffing accurately reflected U.S. foreign policy.¹⁴ The framework entails analyzing the embassy priorities and requirements through a set of specific questions related to an embassy's mission, such as:

- What are the embassy priorities?
- Does each agency's mission reinforce the embassy's priorities?
- Are workload requirements validated and prioritized?
- Are any embassy priorities not being addressed?

GAO stated that the analysis of the embassy mission priorities should be balanced by assessing security risks and operating costs. GAO's rightsizing elements and questions are listed in Appendix D.

In 2004, citing GAO's framework, Congress established and funded the Department's Office of Right-Sizing the United States Overseas Presence,¹⁵ which is now a directorate within M/PRI. In a 2004 House of Representatives report,¹⁶ Congress stated that its intention in creating this office was to "develop internal and interagency mechanisms to better coordinate, rationalize, and manage the overall deployment of U.S. Government personnel overseas"¹⁷ and to "link overseas staffing levels to physical security considerations, mission priorities, and costs."¹⁸ Congress also noted that overseas staffing should be at the minimum level necessary to meet critical U.S. foreign policy goals¹⁹ and to support U.S. national security interests.²⁰

The importance of establishing U.S. foreign policy priorities for determining overseas staffing was also emphasized in the Department's December 2012 Accountability Review Board report²¹ on the September 2012 attacks on various compounds in Benghazi, Libya. Specifically, the Accountability Review Board acknowledged that the Department could not refrain from operating in high-risk, high-threat areas but stated that the Department must review the proper balance between acceptable risk and expected outcomes. To do so, the Board stated that the Department must base decisions on opening and operating posts in high-threat environments on "defined, attainable, and prioritized mission[s]"²² to justify the risks and operating costs.

¹⁴ President's Management Agenda, Fiscal Year 2012, and GAO testimony: *Overseas Presence: Observations on a Rightsizing Framework* (GAO-02-659T, May 2002).

¹⁵ Pub. L. No. 108-447, tit. IV (2004).

¹⁶ H. Rep. No. 108-221, July 21, 2003.

¹⁷ *Ibid.*, p. 124.

¹⁸ *Ibid.*

¹⁹ *Ibid.*

²⁰ S. Rep. No. 108-144, Sept. 5, 2003, p. 128.

²¹ This report can be accessed at <http://www.state.gov/documents/organization/202446.pdf>.

²² *Ibid.*, p.8.

Department Applied Percentage-Based Reductions, Reduced Life Support Services, and Closures

The Department's process to determine the U.S. Mission Iraq staffing reductions did not fully consider U.S. foreign policy priorities in Iraq as set forth in the GAO framework. Instead, the Department directed percentage-based reductions, reduced life support services, and site closures to reduce total staff to 6,320 personnel by January 2014.

Percentage-Based Reductions

To achieve staff reductions for direct hires and some of the security contractor staff, the Department directed a series of percentage-based cuts. The first cut was directed in March 2012 and required a 17-percent reduction in direct-hire staff by October 2012 and a 25-percent reduction in security staff by October 2013. The second cut was directed in July 2012 and extended the 17-percent and the 25-percent reductions to staff "Iraq-wide" by October 2012 and October 2013, respectively. According to Department officials, a third set of cuts was subsequently implemented, which increased the overall percentage-based staffing reductions to 35 percent by October 2013. The officials stated that there was no mission priorities-based analysis supporting these reduction percentage levels, with one of those officials stating that these percentages were "a way to establish a magnitude of change needed given the awareness of overcapacity." Another official described the percentages as "a way to start the discussion based on what seemed possible."

Department and Embassy Baghdad management did not designate the specific positions to be cut based on functions or skills, deferring those decisions to agency and section managers. Several current and former embassy management officials and an official from the Office of the Deputy Secretary of State for Management and Resources stated that there was insufficient guidance on factors to consider when eliminating the positions. Instead, Embassy, agency, and section managers were simply told to make the percentage-based cuts. For the first cut, the Embassy generally focused on eliminating unfilled and soon-to-be vacated positions, regardless of the job duties or skill set associated with the position. For example, of the 295 direct-hire positions identified in March 2012 for elimination, 111 positions (38 percent) were unfilled and 97 positions (33 percent) were designated for elimination once the incumbent's tour was completed. Similarly, the 25-percent security contractor reduction previously identified was achieved, in part, through elimination of unfilled positions, resulting from the contractor's inability to obtain Iraqi work and residency permits for some of its personnel.

According to several agency and section managers, there was not an associated reduction in their respective programmatic or operational responsibilities when the percentage-based cuts were made. Managers from the Department of the Treasury and the Economic and Public Affairs sections stated that they were able to achieve staff reductions without having to adjust their workloads. However, those managers stated that further reductions would require them to assess and prioritize their workload and policy objectives. Further, one section manager stated that the section's workload had increased at the same time the staffing cuts had been made and that further staff reductions would compromise the section's ability to address its full workload.

Reduction in Life Support Services

The Department planned further staffing reductions by eliminating or reducing some life support services, which would decrease the need for contractor personnel. In July 2013, the Department awarded the Baghdad Life Support Services (BLiSS) contract, which replaced the U.S. Army's Logistics Civil Augmentation Program IV, Defense Logistics Agency's contract for food and fuel, and the Army Sustainment Command's contract for security equipment maintenance. The Department used the DoD contracts as a bridge between the life support services provided during the military-led mission and the services to be provided under the civilian-led mission. According to contract solicitation documents, BLiSS will provide life support services at the Embassy compound, Embassy Heliport, Baghdad Diplomatic Support Center, and Consulate General Basrah. Unlike the previous life support contracts, BLiSS will not provide life support services for DoD contractors that provide equipment and training to Iraqi forces under the Foreign Military Sales program. According to Department planning documents, reductions in life support and aviation services should eliminate at least 829 contractor positions. (The Embassy's planned contractor staffing reduction from January 2012 to January 2014 is shown in Figure 2 and Appendix C.)

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Figure 2. Reported and Planned Number of Contractor Staff in Iraq by Location in January 2012 and January 2014

Location	Number of Contractors*		
	January 2012 (reported)	January 2014 (planned)	Change
Chief of Mission Sites			
Embassy Compound	4,077	2,565	-1,512
Program Offices	125	88	-37
Management Office	463	397	-66
Regional Security Office	2,164	1,574	-590
Aviation Services	86	96	10
Life Support Services	1,239	410	-829
Embassy Annex Prosperity	532	0	-532
Consulate General Basrah	1,102	657	-445
Consulate General Erbil	867	306	-561
Consulate General Kirkuk	117	0	-117
Baghdad Diplomatic Support Center	1,330	748	-582
Baghdad Police Annex	807	0	-807
Subtotal	8,832	4,276	-4,556
Office of Security Cooperation-Iraq Sites			
Embassy Military Attaché and Security Assistance Annex	846	0	-846
Balad	0	50	50
Besmaya	621	0	-621
Kirkuk	630	0	-630
Taji	1,138	0	-1,138
Tikrit	423	0	-423
Umm Qasr	277	0	-277
OSC-I contractor staff at Chief of Mission sites	132	134	2
Subtotal	4,067	184	-3,883
Total	12,899	4,460	-8,439

*Includes U.S. and third-country national contractor staff. Excludes Iraqi contractor staff.

Source: Department of State.

Site Closures

The Department also made and has planned additional staffing reductions associated with closing nine of the 16 sites operated by the Department or OSC-I. Closing the nine sites eliminates the associated contractors who provide security, life support, management, and maintenance services.

According to Department staff and planning documents, the Embassy will eliminate 6,840 contractor positions through site closures and consolidations by January 2014. The documents indicate that closing the Baghdad Police Academy Annex and removing staff from Kirkuk in September 2012²³ and transitioning the OSC-I Tikrit site to the GOI in May 2013 eliminated 1,977 contractor positions. In addition, as of May 2013, Embassy Baghdad had closed approximately 85 percent of the facilities and land on the Embassy Annex Prosperity site and planned to close that site and four of the remaining five OSC-I sites by December 31, 2013.²⁴ The closures of these sites will eliminate an additional 3,414 contractor positions.²⁵ Finally, the Erbil Diplomatic Support Center closed on July 1, 2013, with the direct-hire and local staff being relocated to Consulate General Erbil. This consolidation was expected to eliminate 1,010 contractor positions.

Abbreviated Timeframe and Lack of Established Policy Priorities Prevented a Systematic Staffing Analysis

Although consideration of U.S. foreign policy priorities is key to establishing staffing requirements in accordance with the GAO framework, the Department did not fully consider these priorities when determining the January 2012 through January 2014 staffing cuts. Instead, Department officials stated that the staffing cuts were driven by Congressional and White House concerns to quickly reduce costs and security vulnerabilities and to address the GOI's desire for a more normalized U.S. diplomatic presence.

Abbreviated Timeframe to Make Staffing Decisions

According to Department officials, Congressional and White House concerns over the high costs and security vulnerabilities associated with Iraq operations, as well as the GOI's desire for a more "normalized" presence, led the Department to reduce staffing in Iraq. In an October 2012 interview with OIG, the U.S. Ambassador to Iraq stated that after the Department had assumed leadership for Iraq operations, the Mission had retained the structures and staffing levels of the previous military-led mission. He further stated that pre-transition mission requirements and staffing needs were derived from the "unlimited funding" associated with the

²³ According to NEA, Embassy Baghdad, and Consulate General Kirkuk officials, the Mission facility in Kirkuk was closed in September 2012 for security-related reasons. However, Kirkuk consular services were being remotely provided from Erbil. The Baghdad Police Academy Annex was closed following a U.S.-GOI agreement to reduce the level and type of training provided under the Police Development Program.

²⁴ OSC-I Balad was scheduled to remain open in support of the foreign military sales F-16 fighter program.

²⁵ This number includes OSC-I contractors who provide program-related services and who, after the closures, will no longer be counted toward COM staffing. The staffing data provided by NEA does not distinguish between OSC-I contractors who provide program-related services and non-program-related services.

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presence of U.S. Forces in Iraq prior to the December 2011 transition. Since the transition, the Department's planned total funding requirements for Iraq operations decreased from \$3.38 billion in 2012 to an estimated \$1.55 billion in 2014, a 54-percent decrease.²⁶

Iraq remains a high-threat security environment that could degrade rapidly, increasing risk to U.S. Government staff and facilities. For example, according to Consulate General Kirkuk officials serving in Erbil, increased hostilities in the Kirkuk region significantly increased the risk to U.S. Government employees and led the Embassy to remove all staff from the area. In addition, heightened security concerns in the fall of 2012 led to a final level of 6,320 direct-hire staff and contractor staff by January 2014. Further, Embassy Baghdad officials stated that the perception of a continuing large presence, including that of a large military element, contributed to the belief among Iraqis that the United States still occupied their country. Therefore, the high operating costs, security vulnerabilities, and GOI's desire for a normalized presence became the primary considerations for the staffing reductions instead of a systematic analysis. One senior NEA official stated that it would be unreasonable to complete a systematic analysis given the size of the presence at the start of the process. Moreover, the official stated that it was already known that Mission Iraq had too many unnecessary staff. Another NEA official stated that it was generally unrealistic to conduct a comprehensive staffing analysis because agencies and sections operated under budget constraints and could not identify mission needs in an unbiased manner. NEA and Embassy officials stated that U.S. domestic political considerations to reduce operating costs and security vulnerabilities in Iraq and the GOI's desire for a more normal U.S. presence demanded an abbreviated timeframe in which to significantly reduce the number of U.S. Government employees and contractors.

Staffing Decisions Not Linked to U.S. Foreign Policy Priorities

The Department did not establish U.S. foreign policy priorities in Iraq that aligned with a more normalized diplomatic presence before making the staffing decisions, nor had it developed a specific and agreed-upon definition for such a presence. Understanding an embassy's mission, that is, its policy priorities, is one of the three elements needed to conduct comprehensive staffing analyses in accordance with the GAO rightsizing framework. A full analysis of that element is important in determining overseas staffing because the mission represents what an embassy is trying to achieve.

Department officials stated that the Strategic Framework Agreement was the most authoritative document outlining what the United States was trying to achieve in Iraq. However, the framework was not useful in guiding staffing decisions for two reasons. First, the seven areas of cooperation and 35 commitments were broad and were not prioritized, and they were intended to provide the basis for the U.S.-GOI relationship rather than to determine specific U.S. Government operational requirements. In addition, the agreement was established 3 years before the transition from a military-led to a civilian-led mission. Although the United States and the GOI have reaffirmed the agreement on several occasions since 2008, as of June 2013, the agreement had not been updated to reflect the changes in the U.S.-GOI relationship or the U.S. presence associated with the transition to a civilian-led mission.

²⁶ Department of State FY 2014 Congressional Budget Justification, p. 726.

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In March 2013, Department and former senior Embassy Baghdad officials stated that there was a period of time after the transition from the military-led mission to a civilian-led mission when strategic decisions were not made, with one official calling the period “a strategic vacuum.” Nevertheless, NEA officials stated that staffing reductions through October 2013 were made and planned based on policy criteria. According to documents provided by NEA officials, policy priorities for Iraq were formally adopted at an interagency level in October 2012, and in December 2012, the Embassy was instructed to complete the staffing reductions by January 2014 using those priorities as criteria. Despite assurances that these latter criteria had been applied in the period following their formal adoption, Embassy and NEA officials could not provide documentation showing how staffing levels, whether for overall staffing or for staffing for specific agencies and sections, were systematically assessed based on those criteria.

According to Department and Embassy staff, a broad goal of the staffing reductions was to “normalize” the U.S. diplomatic presence in Iraq. However, neither the Department nor Embassy Baghdad had developed a specific agreed-upon definition of “normalized.” In February 2012, a month before the initial staffing reduction was announced, the Deputy Secretary of State for Management and Resources stated that through 2012, the Department would begin to rightsize “to a more normalized embassy presence,” although he acknowledged that “there’s never such a thing as a normal embassy.”²⁷ He further stated that the principal goal was “to shift our reliance on contractors to basically hiring more local Iraqis.” In an October 2012 interview with OIG, the U.S. Ambassador to Iraq stated that normalization was “less of a defined term than a mental concept of acknowledging that we are not normal now.” He said that a normal presence is when an embassy is “not breaking all the rules” and has moved “from being an exceptional to a more standard embassy.” The Department’s FY 2014 Congressional Budget Justification, released in May 2013, describes normalization in Iraq as reducing “the scale of our mission to a sustainable diplomatic and development presence . . . scaling our footprint to a smaller, more sustainable level . . . [and anticipating] that the GOI will continue to assume greater responsibility for its development funding requirements as oil revenues increase.”²⁸ Finally, in July 2013, Embassy Baghdad officials stated that a “normal” relationship is one in which the Mission functions “completely within [internationally] recognized parameters for diplomatic relations (such as the Vienna Convention on Diplomatic Relations and Vienna Convention on Consular Relations), not under separate UN authorities or a security agreement with the Government of Iraq.”

NEA officials stated, and M/PRI officials confirmed, that M/PRI, the office created in 2004 to conduct rightsizing analysis for overseas missions, did not participate in the ongoing staffing reduction process. NEA staff stated that they had consulted a 2011 M/PRI rightsizing report for Iraq²⁹ when determining staffing requirements for the Mission but did not ask M/PRI for assistance with the overall process. Although M/PRI worked with Consulate General Erbil to conduct a rightsizing review for the consulate general,³⁰ the effort was to support OBO’s planned

²⁷ Department of State Special Press Briefing “Rightsizing U.S. Mission Iraq.” Remarks by Deputy Secretary of State for Management and Resources, Feb. 8, 2012.

²⁸ Department of State FY 2014 Congressional Budget Justification, p. ix.

²⁹ M/PRI Rightsizing Review, U.S. Mission Iraq (Sept. 6, 2011).

³⁰ M/PRI Rightsizing Review, U.S. Mission Iraq (Erbil Only) (April 2, 2013).

construction of a new consulate compound and was not part of the overall staffing reductions that began in March 2012.

Although the Department had incorporated two parts of GAO's framework (costs and security risks) as factors when reducing staffing, it had not placed equal emphasis on U.S. foreign policy priorities or mission for Iraq. Including a systematic analysis of U.S. foreign policy priorities, balanced by security and cost issues, would help ensure that Mission Iraq is properly sized and has the proper skill mix to achieve U.S. goals.

Iraq Staffing Target May Not Reflect Foreign Policy Needs or Minimize Security Risks or Costs

Without a systematic staffing analysis based on U.S. foreign policy priorities specific to Iraq, the Department cannot support that a planned staff size of 6,320 provides the proper number or skill mix of personnel needed to meet Mission priorities while minimizing security risk and optimizing costs. If 6,320 personnel are too few staff, the risk that foreign policy priorities may not be achieved is increased; if 6,320 personnel are too many staff, security risks and operating costs may be increased.

While the number of staff should be large enough to ensure that U.S. foreign policy priorities are met, the staff size should be the minimum necessary to achieve those priorities. Each additional person affects the security risks and operating costs of Embassy Baghdad. The Department has categorized Iraq as a high-threat, high-risk environment, which is defined as a mission that has high-to-critical levels of political violence and terrorism and with host nation security capabilities well below established standards. Although the Embassy cannot eliminate the risks inherent in such an environment, ensuring that the minimum number of personnel required to meet foreign policy priorities are on staff can reduce that security risk.

With respect to operating costs, a 2006 GAO report³¹ stated that the average annual cost for one direct-hire American placed in overseas locations ranged from \$400,000 to \$491,000, which included costs such as salary, security, office leases, and travel. The 2013 per-person cost for Iraq is likely significantly greater than the cost cited by GAO, given inflation and the unique requirements in Iraq, such as the security and life support services provided. Ensuring that the Mission includes only the minimum number of positions it needs to achieve U.S. priorities in Iraq can help contain operating costs.

³¹ *Overseas Staffing: Rightsizing Approaches Slowly Taking Hold, but More Action Needed To Coordinate and Carry Out Efforts* (GAO-06-737, June 2006).

Construction Plans and Infrastructure Requirements Should Reflect Projected Long-Term Staffing

Until a staffing analysis is completed, the Department cannot make informed decisions concerning U.S. Mission Iraq infrastructure and construction needs. Construction projects are underway in conjunction with the Baghdad and Erbil consolidations, and OBO and Embassy Baghdad have begun to plan a new consulate compound for Erbil, with construction planned to begin in 2014. However, these construction projects, as well as infrastructure needs in Basrah, are based on the 6,320 staffing level, which may not reflect the staffing need for Iraq.

The construction of new facilities and facility operations and maintenance requirements represent significant one-time and recurring future costs. As GAO noted,³² the size and cost of new diplomatic facilities are dependent on projections of the number of personnel who will work in them and the type of work they will do. In 2012, the Department awarded contracts in 11 countries for the construction of new embassy, consular, and office compounds and other significant capital projects, such as new office annexes and housing projects. The average award value for these construction projects was \$149.5 million, ranging from \$50.2 million for a new embassy compound in Port Moresby, Papua New Guinea, to \$463.7 million for the new London, United Kingdom, embassy. These costs included only the contract values and did not include other construction-related costs, such as security management and office furniture. Containing construction costs, particularly for the new consulate compound in Erbil and, potentially, a new compound in Basrah, requires that U.S. Mission Iraq accurately project future staffing in those locations.

In addition, facility operation and maintenance costs represent significant recurring costs. In 2004, the National Research Council of the National Academies³³ estimated that construction costs represent 5 to 10 percent of a facility's total life cycle costs while operations and maintenance costs generally range from 60 to 85 percent of a facility's life cycle costs. The Council also stated that each dollar of deferred maintenance results in \$4 to \$5 in long-term capital liabilities.³⁴

The FAM³⁵ requires that OBO direct and prepare master plans and facility plans that provide comprehensive overviews of posts' facility needs, including optimum utilization of existing sites and assets, rehabilitation of existing facilities, and construction of new facilities. In addition, according to the National Research Council,³⁶ facilities plans and facilities requirements should be guided by and directed toward achieving an organization's mission. OBO developed the Baghdad Master Plan in November 2010 in preparation for its assumption of facilities management responsibilities at military-operated facilities following the transition from

³² *Embassy Construction: Process for Determining Staffing Requirements Needs Improvement* (GAO-03-411, April 2003).

³³ National Research Council of the National Academies, *Investments in Federal Facilities: Asset Management Strategies for the 21st Century* (Washington, DC: 2004).

³⁴ Ibid.

³⁵ 1 FAM 283.1, "Office of Master Planning and Evaluations (OBO/PRE/MPE)."

³⁶ National Research Council of the National Academies, *Investments in Federal Facilities: Asset Management Strategies for the 21st Century* (Washington, DC: 2004).

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a military-led to a civilian-led mission. The plan was based on the continuation of the U.S. presence at pre-transition levels, but the plan became obsolete during 2012 as the United States reduced its staffing, prepared to consolidate staff to the Embassy compound, and closed and returned facilities to the GOI. During this process, OBO has worked with the Embassy to prioritize construction based on the time frames to complete site closures and consolidation. However, to ensure that Iraq facilities are sufficient to meet Mission needs and achieve their intended life cycles, it is crucial that OBO and the embassy develop a strategic facilities plan that reflects the results of a systematic staffing analysis based on U.S. foreign policy priorities and balanced by security and cost issues.

Management Response to Finding

In their response (see Appendix E) to a draft of the report, NEA and Embassy Baghdad took issue with three aspects of the report finding. First, they disputed that a properly documented policy development process was not followed to determine staffing levels. NEA and Embassy Baghdad stated that because M/PRI had declined a request in 2011 to conduct a formal rightsizing study, they used an informal comparator country methodology to determine staffing levels for the 2014 summer transfer season. Specifically, they identified Bogota, Cairo, Riyadh, and Kuala Lumpur embassies as comparator posts and developed staffing levels based on staffing at those embassies, adjusting the levels “for the peculiar situation in Iraq.”

NEA and Embassy Baghdad also stated that the audit team incorrectly assumed that the ongoing staffing reduction process was not linked to U.S. foreign policy priorities for Iraq but instead was linked to the Strategic Framework Agreement. NEA and Embassy Baghdad stated that the document used to determine the staffing reductions was the Fiscal Year 2013 MSRP, in which the U.S. Mission Iraq policy priorities were clearly identified.

Lastly, NEA and Embassy Baghdad stated that the draft report indicated that the staffing reduction efforts were directed entirely from Washington and consisted of mandated across-the-board percentage-based reductions. They stated that the reductions were not mandated but instead were guidelines for the rightsizing process. NEA and Embassy Baghdad added that different Embassy sections received different levels of reductions and that the biggest reductions resulted from the transition away from DoD contracting and support. In their response, NEA and Embassy Baghdad included a description of the staffing reduction process and the changes and adjustments that had been made to it since January 2012.

OIG Reply

OIG disagrees with NEA and Embassy Baghdad’s response to the report finding concerning the policy development process, the use of the Fiscal Year 2013 MSRP for Iraq, and in part with the response concerning the origination of the staffing reductions. With respect to the policy development process, OIG’s position is that the staffing decisions were not based on, or linked to, an established set of U.S. foreign policy priorities for Iraq. Although OIG agrees that NEA and the Embassy conducted a comparator analysis, they could not provide documentation showing how policy priorities were used as a variable in that analysis or how the results of the analysis were linked to actual staffing decisions.

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Although NEA and the Embassy assert that staffing decisions were guided by priorities listed in the Fiscal Year 2013 MSRP for Iraq, OIG could not verify the linkage. Neither the Embassy nor NEA could provide documents showing how staffing levels were systematically assessed based on either of those criteria.

With respect to the origination of the staffing reductions, OIG did not state that the reduction efforts were entirely directed from Washington. Instead, OIG characterized the process as one led by the Office of the Deputy Secretary of State for Management and Resources and supported by NEA and Embassy Baghdad. OIG acknowledges, however, that the percentage-based reductions were not always “across-the-board” cuts and therefore adjusted the wording in the report accordingly.

Redirected Recommendation: OIG redirected Recommendation 1 to U.S. Embassy Baghdad instead of to the Office of the Deputy Secretary of State for Management and Resources after consultation with Embassy Baghdad and NEA.

Recommendation 1. OIG recommends that U.S. Embassy Baghdad, in coordination with the Office of the Deputy Secretary of State for Management and Resources and the Bureau of Near Eastern Affairs, formally communicate U.S. foreign policy priorities to all elements of the U.S. Mission to Iraq.

Management Response: Embassy Baghdad concurred, stating it would take immediate action to formally communicate U.S. foreign policy priorities to all elements of the U.S. Mission to Iraq through a special Country Team meeting.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that the Embassy has formally communicated U.S. foreign policy priorities to all Mission elements.

Recommendation 2. OIG recommends that U.S. Embassy Baghdad, in coordination with the Bureau of Near Eastern Affairs and the Office of Management Policy, Rightsizing and Innovation, conduct a systematic analysis of staffing requirements based on the policy priorities, programs, operations, conditions, and other relevant factors specific to U.S. Mission Iraq.

Management Response: Embassy Baghdad concurred, stating it has already requested and received permission to conduct a formal rightsizing study in January 2014.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that the rightsizing study includes a systematic staffing analysis based on policy priorities, programs, operations, conditions, and other relevant factors.

Recommendation 3. OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with U.S. Embassy Baghdad, develop a strategic facilities

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plan for construction and maintenance that reflects the results of a systematic analysis of staffing requirements.

Management Response: OBO concurred, stating that it would be able to implement the recommendation once M/PRI and NEA and the Bureau of South and Central Asian Affairs complete the rightsizing study.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that OBO has developed a strategic facilities plan that reflects the results of a rightsizing study.

Scope and Methodology

The Office of Inspector General (OIG) initiated this audit under the authority of the Inspector General Act of 1978, as amended. The audit objectives were to assess the process the Department of State (Department) used for establishing staffing requirements for its diplomatic presence in Iraq and to determine whether U.S. Mission Iraq infrastructure and construction requirements aligned with those staffing requirements. Because the Department of Defense (DoD) had a significant staffing level under Chief of Mission (COM) authority in Iraq, OIG conducted the fieldwork jointly with the DoD OIG, which also conducted a separate, but concurrent, evaluation project to assess the adequacy of DoD support for its presence in Iraq. The DoD OIG plans to issue a separate report in August 2013 with the results of that assessment.

To accomplish the audit objectives, OIG reviewed the Department's *Foreign Affairs Handbook* and *Foreign Affairs Manual* for legal and regulatory requirements and definitions related to overseas staffing and post management. In addition, OIG reviewed documents obtained from the Bureau of Near Eastern Affairs and U.S. Embassy Baghdad to determine Iraq mission requirements and staffing targets over time. OIG also reviewed relevant OIG reports¹ on rightsizing the Department's overseas process and activities in Iraq, Government Accountability Office (GAO) reports and testimonies² outlining the development and application of a rightsizing framework, and a 2011 rightsizing report for U.S. Mission Iraq written by the Office of Management Policy, Rightsizing and Innovation.³

OIG conducted interviews with officials from the Office of the Deputy Secretary of State for Management and Resources, the Bureau of Near Eastern Affairs, and Office of Management Policy, Rightsizing and Innovation and with three former Embassy Baghdad senior managers to understand the process used to determine U.S. staffing requirements in Iraq. OIG also met with officials from the Bureau of Diplomatic Security, the Office of U.S. Foreign Assistance Resources, and the Bureau of International Narcotics and Law Enforcement Affairs. To discuss the quality of Iraq staffing data, OIG met with officials from the Bureau of Human Resources. To discuss ongoing and planned construction at Embassy Baghdad and elsewhere in Iraq, OIG met with officials from the Bureau of Overseas Buildings Operations. Finally, OIG met with DoD officials from the Defense Security Cooperation Agency, the Defense Logistics Agency, and the U.S. Central Command. In addition, OIG and DoD's Office of Inspector General conducted fieldwork at five Iraq locations: Baghdad, Basrah, Besmaya, Erbil, and Taji. During

¹ OIG reports: *Inspection of Embassy Baghdad and Constituent Posts, Iraq* (ISP-I-13-25A, May 2013); *Audit of the Bureau of Diplomatic Security Worldwide Protective Services Contract-Task Order 5 for Baghdad Movement Security* (AUD-MERO-13-25, March 2013); *Department of State Planning for the Transition to a Civilian-led Mission in Iraq* (MERO-I-11-08, May 2011); and *Rightsizing the U.S. Government Presence Overseas: A Progress Report* (ISP-I-06-11, December 2005).

² GAO reports: *Overseas Presence: Observations on a Rightsizing Framework* (GAO-02-659T, May, 2002); *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives* (GAO-02-780, July 2002); *Overseas Presence: Rightsizing Framework Can Be Applied at U.S. Diplomatic Posts in Developing Countries* (GAO-03-396, April 2003); and *Embassy Construction: Process for Determining Staffing Requirements Needs Improvement* (GAO-03-411, April 2003).

³ "U.S. Mission M/PRI Rightsizing Review" (Sept. 6, 2011).

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fieldwork, the teams interviewed officials and collected and reviewed documents on agency staffing, functions, and operations. The specific offices visited are listed in Figure 1.

Figure 1. U.S. Government Agencies in Iraq From Which Personnel Were Interviewed

Department of State	
Embassy Baghdad	Consulate General Basrah
Executive Office	Executive Office
Consular Section	Economics Section
Economic Section	Facilities Management Office
Facilities Management Office	Management Office
General Services Office	Overseas Buildings Operations
Human Resources Office	Public Affairs Office
International Narcotics and Law Enforcement Management Office	Political Section
Medical Office	Regional Security Office
Overseas Buildings Operations	Consulate General Erbil
Public Affairs Office	Executive Office
Political Section	General Services Office
Political Military Section	Management Office
Refugees Office	Regional Security Office
Regional Security Office	Overseas Buildings Operations
	Political-Economics Section
Department of Defense	Other U.S. Agencies
Army-Air Force Exchange Service	Department of Commerce
Counter Terrorism Service	Department of Homeland Security
Joint Intelligence Support Element	Department of Justice
Defense Contract Audit Agency	Department of Transportation
Defense Logistics Agency	Department of the Treasury
Defense Contract Management Agency	U.S. Agency for International Development
Explosive Ordnance Disposal	
National Capabilities and Resources Office	
Office of Security Cooperation-Iraq	
U.S. Army Corps of Engineers	

Source: OIG.

OIG conducted this audit from June 2012 through June 2013 in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to Embassy personnel functions. For example, OIG interviewed officials from the Bureau of Human Resources and Embassy Baghdad's Human Resources Office to review procedures for authorizing, tracking, and reporting direct-hire and contractor staffing levels in Iraq. OIG determined that procedures in place prior to the commencement of the staffing reduction process in March 2012 were inconsistently applied, and it could not validate the Department's initial baseline figure of 16,125 total staff in Iraq or a May 2013 revised baseline figure of 16,298. OIG used the latter figure as a baseline for calculating gross and percentage staffing reductions because it was the basis for the Department's planning. However, OIG identified this baseline and subsequent staffing snapshots as "reported" staffing levels.

Use of Computer-Processed Data

OIG used data that included computer-generated spreadsheets. To assess the reliability of computer-processed data, OIG interviewed officials knowledgeable about the data and reviewed existing documentation related to the data sources. From these efforts, OIG identified some data problems as mentioned in various sections of this report. Despite those data issues, OIG believes the data were sufficiently reliable for the purposes of its report. OIG therefore believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

**Strategic Framework Agreement for a Relationship of Friendship
and Cooperation Between the United States of America and the
Republic of Iraq—Areas of Cooperation and Commitments**

Areas of Cooperation	Commitments
Principles of Cooperation	Establish a relationship of friendship and cooperation and Iraqi sovereignty
Political and Diplomatic Cooperation	Support and strengthen Iraq’s democracy and democratic institutions
	Support and enhance Iraq’s status in regional and international organizations
	Support the Government of Iraq (GOI) in establishing positive relations with the region
Defense and Security Cooperation	Help the GOI fully develop the capability to deter all threats against its sovereignty, security, and territorial integrity
Cultural Cooperation	Promote cultural and social exchanges and facilitate cultural activities
	Promote and facilitate cooperation in the field of higher education and scientific research
	Strengthen the development of Iraq’s future leaders through exchanges, training programs, and fellowships
	Strengthen and facilitate the application process for U.S. visas to enhance Iraqi participation in U.S.-based exchange programs
	Promote Iraq’s efforts in the field of social welfare and human rights
	Promote Iraqi efforts and contributions to international efforts to preserve Iraqi cultural heritage
Economic and Energy Cooperation	Support Iraq’s efforts to invest resources toward sustainable economic development and investment in projects that improve the basic services for the Iraqi people
	Maintain active bilateral dialogue on measures to increase Iraq’s development
	Promote expansion of bilateral trade
	Support Iraq’s further integration into regional and international financial and economic communities and institutions
	Reinforce international efforts to reconstruct, rehabilitate, and maintain economic infrastructure
	Urge all parties to abide by commitments made under the international compact with Iraq
	Facilitate the flow of direct investments into Iraq
	Promote Iraq’s development of the Iraqi electricity, oil, and gas sectors
	Work with the international community to help locate and reclaim illegally exported assets of Saddam Hussein and his family
	Encourage the creation of a positive investment environment to modernize Iraq’s private industrial sector
	Encourage development in the fields of air, land, and sea transportation

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	Help Iraq develop its domestic agricultural production and trade policies
	Promote access to programs that increase farm, firm, and marketing productivity to generate higher incomes and expanded employment
	Encourage increased Iraqi agricultural exports
Health and Environmental Cooperation	Support and strengthen Iraq's efforts to strengthen health care systems and networks
	Support Iraq's efforts to train health and medical cadres and staff
	Maintain dialogue on health policy issues to support Iraq's long-term development
	Encourage Iraqi and international investment in the health field
	Encourage Iraqi efforts to protect, preserve, improve, and develop the Iraqi environment and encourage regional and international environmental cooperation
Information Technology and Communications	Support information exchange and the development of best practices in telecommunications services regulation and the development of information technology policies
	Promote active Iraqi participation in the meetings and initiatives of the Internet Governance Forum
Law Enforcement and Judicial Cooperation	Support the further integration and security of the Iraqi criminal justice system
	Exchange views and best practices related to judicial capacity building and training
	Enhance law enforcement and judicial relationships to address corruption and common transnational criminal threats

**U.S. Mission Iraq Direct-Hire and Contractor Staffing
by Location and Agency From January 2012 Through January 2014**

Location/Agency	January 2012 (Reported)		January 2013 (Reported)		January 2014 (Planned)	
	DH	CON	DH	CON	DH	CON
Baghdad Embassy Compound*						
Department of State	579	2,745	492	1,829	406	2,137
Program Offices	297	32	236	55	175	70
Management Offices	100	463	86	397	77	397
Regional Security Office	174	2,164	156	1,299	142	1,574
Aviation Services	4	86	4	78	2	96
Office of Inspector General	4	0	10	0	10	0
Department of Defense**	46	38	42	15	70	8
Department of Homeland Security	3	0	7	0	0	0
Department of Justice	37	7	24	8	8	8
Department of Transportation	11	1	5	0	3	0
Department of the Treasury	16	0	7	0	7	0
Foreign Agriculture Service	5	3	0	0	0	0
Foreign Commercial Service	2	2	3	2	1	2
Government Accountability Office	0	0	0	0	0	0
Office of Security Cooperation-Iraq	0	0	9	0	100	0
U.S. Agency for International Development	41	42	31	0	5	0
Direct-Hire Third-Country National	67	0	119	0	64	0
Life Support Contractors	0	1,239	0	30	0	410
Unallocated Positions	172	0	0	0	0	0
Subtotal	979	4,077	739	1,884	664	2,565

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Location	January 2012 (Reported)		January 2013 (Reported)		January 2014 (Planned)	
	DH	CON	DH	CON	DH	CON
Embassy Annex Prosperity*						
Department of State	4	375	4	681	0	0
Department of Defense	37	16	20	1	0	0
Life Support Contractors	0	141	0	815	0	0
Subtotal	41	532	24	1,497	0	0
Other Chief of Mission Sites*						
Consulate General Basrah	81	1,102	75	986	46	657
Consulate General Erbil (including Erbil Diplomatic Support Center)	145	867	161	735	86	306
Consulate General Kirkuk	37	117	0	0	0	0
Baghdad Diplomatic Support Center	35	1,330	32	1,124	36	748
Baghdad Police Annex	108	807	0	0	0	0
Subtotal	406	4,223	268	2,845	168	1,711
Office of Security Cooperation – Iraq*						
Embassy Military Attaché and Security Assistance Annex	192	846	210	885	0	0
Balad	0	0	0	0	0	50
Besmaya	18	621	21	836	0	0
Kirkuk	8	630	0	0	0	0
Taji	23	1,138	36	1,244	0	0
Tikrit	18	423	21	587	0	0
Umm Qasr	18	277	26	251	0	0
OSC-I personnel at Chief of Mission sites	11	132	25	130	38	134
Subtotal	288	4,067	339	3,933	38	184
Total Less Iraqi Employees	1,714	12,899	1,370	10,159	870	4,460
	14,613		11,529		5,330	
Iraqi Employees	1,685		2,751		990	
Total Mission Employees	16,298		14,280		6,320	

*Includes U.S. and third-country national direct-hire and contractor staff and locally employed direct-hire staff on loan from other U.S. missions.

**Excludes Office of Security Cooperation-Iraq.

Source: Department of State.

Government Accountability Office Rightsizing Elements and Questions

Elements	Questions
Physical/technical security of facilities and employees	What is the threat and security profile of the embassy?
	Has the ability to protect personnel been a factor in determining staffing levels at the embassy?
	To what extent are existing office buildings secure?
	Is existing space being optimally utilized?
	Have all practical options for improving the security of facilities been considered?
	Do issues involving facility security put the staff at an unacceptable level of risk or limit mission accomplishment?
	What is the capacity level of the host country police, military, and intelligence services?
	Do security vulnerabilities suggest the need to reduce or relocate staff?
	Do health conditions in the host country pose personal security concerns that limit the number of employees that should be assigned to the post?
Mission priorities and requirements	What are the staffing levels and mission of each agency?
	How do agencies determine embassy staffing levels?
	Is there an adequate justification for the number of employees at each agency compared with the agency's mission?
	Is there adequate justification for the number of direct-hire personnel devoted to support and administrative operations?
	What are the priorities of the embassy?*
	Does each agency's mission reinforce embassy priorities?
	To what extent are mission priorities not being sufficiently addressed due to staffing limitations or other impediments?
	To what extent are workload requirements validated and prioritized and is the embassy able to balance them with core functions?
	Do the activities of any agencies overlap?
	Given embassy priorities and the staffing profile, are increases in the number of existing staff or additional agency representation needed?
	To what extent is it necessary for each agency to maintain its current presence in country, given the scope of its responsibilities and its mission?
	Could an agency's mission be pursued in other ways?
	Does an agency have regional responsibilities or is its mission entirely focused on the host country?
Cost of operations	What is the embassy's total annual operating cost?
	What are the operating costs for each agency at the embassy?
	To what extent are agencies considering the full cost of operations in making staffing decisions?
	To what extent are costs commensurate with overall embassy strategic importance, with agency programs, and with specific products and services?

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Consideration of rightsizing options	What are the security, mission, and cost implications of relocating certain functions to the United States, regional centers, or to other locations, such as commercial space or host country counterpart agencies?
	To what extent could agency program and/or routine administrative functions (procurement, logistics, and financial management functions) be handled from a regional center or other locations?
	Do new technologies and transportation links offer greater opportunities for operational support from other locations?
	Do the host country and regional environments suggest there are options for doing business differently, that is, are there adequate transportation and communications links and a vibrant private sector?
	To what extent is it practical to purchase embassy services from the private sector?
	Does the ratio of support staff to program staff at the embassy suggest opportunities for streamlining?
	Can functions be reengineered to provide greater efficiencies and reduce requirements for personnel?
	Are there best practices of other bilateral embassies or private corporations that could be adapted by the U.S. embassy?
	To what extent are there U.S. or host country legal, policy, or procedural obstacles that may impact the feasibility of rightsizing options?

*Embassy priorities are the U.S. foreign policy priorities in that country.

Source: Government Accountability Office, *Overseas Presence: Rightsizing Framework Can Be Applied at U.S. Diplomatic Posts in Developing Countries* (GAO-03-396, April 2003).

Bureau of Near Eastern Affairs and U.S. Embassy Baghdad Response



United States Department of State

Washington, D.C. 20520

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July 29, 2013

MEMORANDUM

TO: OIG – Harold W. Geisel

FROM: NEA-SCA/EX – Lee Lohman 

SUBJECT: Response to Draft Report on *Audit of the U.S. Mission Iraq Staffing Process*

Introduction

NEA and Embassy Baghdad are in receipt of the “*Audit of U.S. Mission Iraq Staffing Process*” (AUD-MERO-13-33) and submit here our responses to the report’s formal recommendations. We welcome the suggestion that Mission Iraq, in collaboration with M/PRI, undergo a formal rightsizing study in 2014. Such a study will allow Post to focus on the future and further adjust to changing conditions. It will also provide the Department valuable insight into this unprecedented process: re-configuring a large, support-intensive diplomatic platform after years of a U.S. military-supported presence. We are convinced such a study will yield significant “lessons learned” and document precedents that will greatly benefit the Department as it embarks upon this new era of expeditionary diplomacy in other challenging environments.

The Bureau and Embassy do, however, take issue with several of the report’s underlying assumptions. First, the report asserts that since the Mission did not (in the auditors view) follow a properly documented policy development process, i.e. the formal Rightsizing process, that the result “could be” wrong. It could also be right. In fact, in 2011 M/PRI declined Post’s request to conduct a formal rightsizing study for Embassy Baghdad because there was no NEC construction planned. Instead, Post, in conjunction with NEA/EX and NEA/I, conducted an informal rightsizing exercise to determine staffing levels for the 2014 summer transfer season using the same methodology as M/PRI. We identified several comparator posts (Bogota, Cairo, Riyadh, and Kuala Lumpur) and looking at their

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staffing, made adjustments (particularly on management and security) for the peculiar situation in Iraq.

M/PRI did conduct a formal rightsizing study of Consulate General Erbil for the NCC project and the Mission did not alter those numbers at all during the Glide Path exercise. In addition, a formal Rightsizing exercise would have had little bearing on the vast majority of staff who are contractors. There are also no comparator posts for contractors – Iraq is unique in its extensive use of same.

The second major unwarranted assumption in the report is that neither the Bureau nor the Mission took our foreign policy objectives into consideration when we reduced the Mission's staff. The report asserts that the Mission made its staffing decisions based on the Strategic Framework Agreement while pointing out that the Agreement was too general and outdated. In fact, the Embassy used the FY2013 Mission Strategic and Resource Plan (MSRP), in which the Mission's established policy priorities are clearly defined, as the basis for all its staffing reductions.

The third incorrect assumption was that our Glide Path exercise was "directed" entirely from Washington and mandated "across the board reductions." Washington did direct significant downsizing for security and bilateral reasons, but the specific numbers were decided at post and made with foreign policy priorities in mind. The 20-25% reduction targets cited in the report were only guidelines for the entire process, not cuts mandated for each section and/or agency. Personnel reductions were made in different sections and agencies of the Embassy depending on the necessity of the staff in those sections and/or agencies. Some sections were not cut at all (Erbil, Basrah, DCMA, and DCAA) from the actual numbers on the ground. Some sections cut more than the suggested percentages (i.e. the Political Section at 42%) because the section's management determined that it could perform all of its core functions with reduced staff. Furthermore, over the past eighteen months since the transition from military to civilian, the most dramatic reductions in staffing and footprint happened as a result of our long-held goal to transition away from DoD contracting and support mechanisms to State-run contracts with larger local staff contingents and streamlined processes. These reductions, while included in "Glide Path," resulted from decisions made by the highest levels of the Department and interagency before "Glide Path" came into being. While these decisions resulted in staff reductions, that result was not their primary intent.

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What the “Glide Path” describes

The original “Glide Path” models created in late 2012 that set out the staffing footprint as it was then known were in fact purely descriptive in nature. The models for any given year changed not based on a prescribed path but rather based on long-planned assumptions such as the closure of the Police Development Program after three years, the closure of the temporary Consulate in Kirkuk (its footprint and life span were determined by interagency Deputies), and the downsizing of the support platforms based on the assumption that State would implement its own life support services contract. Once set out in basic form, the models were continually revised as policy and conditions dictated. This aspect of the glide path appears to have been misunderstood by the auditors. Projections changed over time based not on dictates or direction from any particular office, but rather based on the changes such as the closure of a facility or changes in a program such as the closure of PDP or adjustments to the aviation program based on available and safe commercial flights.

Described below are specific instances of changes and adjustments that have taken place over the course of the last eighteen months that, while described within the context of the “glide path,” were not directed or mandated for downsizing but rather illustrate the evolution of staffing and facilities needs in an ever-changing program and policy environment.

The original “Glide Path” cable reductions on March 2012 were generated at Post and were designed to describe the new reality as much as they were to guide future cuts. Of the 295 cuts delineated in the original cables, 111 position cuts were “immediate” meaning they were already unencumbered. In large part, these positions came from PRTs, DoD, the Office of Provincial Affairs and ACMAT and were associated with programs already eliminated. Likewise the sun-setting of the 3161 program was not mandated. The Executive Order for ISPO expired in May 2013 and the remaining personnel (now fewer than 15 from a high of over 300) are engaged in program close-out over the next 24 months. These reductions were included in the “Glide Path” but many were already scheduled for abolishment.

The closure of the Police Development Program was not part of “Glide Path” planning nor was it mandated. The closure resulted in the elimination of the Baghdad Police Academy Annex and approximately 100 direct hire and 1,000 contractor positions in management, security, and life support at four sites.

The large reductions in the contractor work force are coming about due to the transition from LOGCAP to the State-administered OMSS and BLiSS contracts.

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The timing of this transition is the culmination of a 30-month process that began when DoD agreed to allow State to use the LOGCAP mechanism as a bridge until State mechanisms were in place. With those mechanism now on-line or soon to be on-line, State will realize staffing reductions that have been on the drawing board since 2011. These assumptions were incorporated into glide path planning but were not mandated by it. (Note the overall reduction of 829 life support contractors cited on page 10 of the report is a misinterpretation; we estimate an overall reduction in life support contractors (U.S., TCN, and Iraqi) of over 4,000 from their high point in 2012).

The downsizing and transformation of OSC sites away from USG-provided life, security, and support services and toward a traditional FMS model in which the primary contractual relationship is between U.S. companies and the host government, was likewise not mandated by the “Glide Path.” This evolution to a traditional FMS model will result in further steep declines in contractor numbers between now and the end of this fiscal year that were carefully planned and executed at the highest levels of the USG as part of a long-term strategic FMS plan.

The return of 85% of the Prosperity footprint was not part of the original “Glide Path” plan. In response to a request for expedited turnover, and Post’s concerns that those living there did not have the benefit of hardened overhead cover, Post responded with modified staffing and construction plans that allowed for the consolidation of housing on the BEC. The most substantial staffing decrease resulting from the turnover is in the perimeter guard force—a phenomenon widely recognized throughout the transition period as the one action that results in the most cuts: closed compounds translate into hundreds fewer guards and security personnel, support staff, and management personnel. Closing compounds was planned for in the “Glide Path” process, but not mandated.

Downsizing of aviation, medical, life support and security personnel have come about due to closed compounds, the availability of safe commercial air flights, and more efficient contracting arrangements. Again, these reductions were not mandated by the “Glide Path”—they were, however, incorporated in the modeling.

Collaboration among State and Interagency Actors

The other assertion reflected in the text of the report is that staffing reductions were made without the full concurrence and participation of Diplomatic Security (DS) (p. 15) and the Bureau of Overseas Buildings Operations (OBO) (p. 16).

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These entities, along with many other State and DoD offices, were fully integrated into the planning processes. Such assertions do not take into consideration the robust consultative structures that were put into place for the transition and which endure today. Indeed, the agility to change course was key to the success of the transition. Weekly multiple high- and working-level telephone calls and video conferences are still held each week between Post, State, DoD and other interagency partners. State bureaus and offices, as well as Post leadership, remained fully informed and engaged from well before the transition to present in a dynamic consultative process to ensure that facilities and security were closely matched to Mission priorities and needs.

Recommendation 1: OIG recommends that the Bureau of Near Eastern Affairs and Mission Iraq formally communicate U.S. Government foreign policy priorities to all elements of the U.S. Mission to Iraq and the parent agencies of its components.

Response 1: Embassy Baghdad, in coordination with NEA and other appropriate offices in the Department, will take immediate action to formally communicate U.S. Government foreign policy priorities to all elements of the U.S. Mission to Iraq. The Chief of Mission will convene a special meeting of the Country Team to review the Mission Strategic Resource Plan and ensure that foreign policy priorities are clear and understood by all.

Recommendation 2: OIG recommends that U.S. Embassy Baghdad, in coordination with the Bureau of Near Eastern Affairs and the Office of Management Policy, Rightsizing and Innovation, conduct a formal and systematic analysis of staffing requirements based on the policy priorities, programs, operations, conditions, and other relevant factors specific to U.S. Mission Iraq (except for Consulate General Erbil, where such an analysis was completed in 2013).

Response 2: Embassy Baghdad recognizes rightsizing is a continuing requirement and is committed to reviewing programs, personnel and funding levels regularly. As part of this commitment we have already requested and received permission to conduct a formal Rightsizing study in January 2014 and look forward to working with M/PRI, NEA, other State Department bureaus and other USG agencies in the process.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with U.S. Embassy Baghdad, develop a strategic

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facilities plan for construction and maintenance that reflects the results of a systematic analysis of staffing requirements.

Response 3: OBO has responded directly to the OIG report noting it will complete Recommendation 3 once Recommendations 1 and 2 are completed.

Approved: NEA-SCA/EX – Lee Lohman

Drafted: NEA-SCA/EX – Melanie Wilhelm, ext. [Redacted] (b) (2), [Redacted] (b) (6)

Cleared: NEA/FO – Brett McGurk - OK
D(N) – McKernan, Aud-Frances - OK
M – Kathleen Austin-Ferguson - OK
DS – Kevin Bauer - OK
OBO – Phyllis Patten - Info

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Appendix F

Bureau of Overseas Buildings Operations Response



United States Department of State

Washington, D.C. 20520

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JUL 16 2013

MEMORANDUM

TO: OIG/MERO – Ms. Carol Gorman
FROM: OBO/RM – Jürg E. Hochuli *restar*
SUBJECT: OBO Comments on Draft Report on Audit of U.S. Mission Iraq Staffing Process, June 2013
REF: OIG Memorandum to Lydia Muniz, dated 27 June, 2013

Attached are OBO's comments on Recommendation 3 of the subject report for which OBO has been assigned action. For ease of reference, our response is in **bold**.

Attachment:
As noted

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**Draft Report on Audit of the U.S. Mission Iraq Staffing Process,
June 2013**

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with U.S. Embassy Baghdad, develop a strategic facilities plan for construction and maintenance that reflects the results of a systematic analysis of staffing requirements.

OBO Response, July 2013: OBO concurs, and will be able to take actions to implement this recommendation once M/PRI and NEA/SCA conduct a new rightsizing study and publish a staffing plan that reflects the U.S. government's current policy priorities.

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