

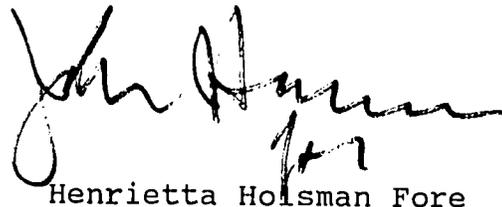
-PD-ABJ-001 ISN= 8929T

Date: Tuesday, April 30, 1991

To: John Blackton
Policy and Operations Chairs and Staff
Tony Cauterucci
Mike Doyle
Mike Usnick
Jessalyn Pendarvis
M-Team Members

Attached is a final draft copy of the Finance and Administration Report sans FTE numbers. The following items will be provided at a later date:

- The Communications SUBCOM report; and
- The report compiling suggestions received from staff throughout the Agency.



Henrietta Holman Fore

FINANCE AND ADMINISTRATION
TEAM

FINAL DRAFT
REPORT

DRAFT

30 APRIL 1991

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EXECUTIVE SUMMARY

We envisage a strengthened Finance and Administration structure to support fully the operations and policy of the Agency, and to undertake this in a service-oriented and responsive fashion. The operations in the Finance and Administration structure are critical to the overall success of the Agency in achieving its goals. The proposed FTE levels of the structure are ____, as opposed to a level of 682 today. These are rough estimates.

Heading the proposed Finance and Administration structure will be an Associate Administrator for Finance and Administration (AA/FA). Consideration should be given to creating a Deputy Associate Administrator given the number of offices in Finance and Administration.

The Associate Administrator will also serve as the Chief Financial Officer (CFO), pursuant to the very important Chief Financial Officers' legislation of 1990.

To give greater focus and attention to improved accountability and management, we are recommending that two new staff units and an expanded existing unit report to the AA/FA:

- A Management Control Review Staff: This staff unit will orchestrate internal control efforts, working with the Controller and the Management Control Review Committee (MCRC). The staff will also provide leadership on internal advisory services for financial management issues. This will provide increased visibility and strengthening of our efforts to attack areas of vulnerability in the management of our resources.
- A Management Planning and Analysis Staff: This staff unit will give the Agency a service-oriented, consumer-responsive in-house capability in making management and organizational changes, and will improve processes and procedures. It will operate as a management consultant to both A.I.D./W and the field and will supplement, not replace the CDIE agenda.
- A Procurement Policy and Evaluation Staff: This existing staff unit will meld the Procurement Executive with the Chief of Policy and Evaluation of Procurement, who is also the Competition Advocate.

We recommend the establishment of direct reporting relationships to the Administrator for the Equal Opportunity Programs (EOP) Officer and

the Office of Small and Disadvantaged Business Utilization (OSDBU). Conceivably, the AA/FA could be the EOP officer, although this is not recommended by the current EOP. We are discussing with the EOP ways in which equal opportunity efforts can be more fully integrated into HRDM activities. The Agency must do everything possible to strengthen its commitment to minority and women's rights.

BUDGET

The Committee is divided on where the primary budget function should be located. The Finance Subcommittee reported out a proposed split of budget into Policy (formulation), Operations (operational budgeting) and Finance and Administration (budget execution). However, within the overall Finance and Administration Committee, there was strong sentiment for placing budget formulation and the primary budget function in the Finance and Administration structure. This is an issue yet to be resolved by the Task Force.

FINANCIAL MANAGEMENT (FM)

The FM office will be a key component in Finance and Administration with a strong voice in the Agency due to its charter as set forth in the Chief Financial Officers' Legislation of 1990. It is currently undergoing a major strengthening and modernization effort. As part of that, we are recommending that a unit be established in FM to carry out internal financial assessments.

HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT (HRDM)

We welcome the Human Resources Development and Management -- service-oriented approach taken recently in the Personnel field -- and this is reflected in our proposed structure. Human Resources Development is an area of critical Agency concern and must receive visible and substantive top-level support. We recommend a strong central human resources system and note and applaud the efforts underway to develop an overall Human Resources Strategy with emphasis on the needs of the client -- i.e. the various field Missions, Bureaus and offices within A.I.D.

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Improvements are needed in many personnel areas and a major start has already been made by HRDM. HRDM must develop close working relationships with the Bureaus, and have the fullest Bureau input into personnel policies, recruitment, career development programs and practices, etc. The Personnel Subcommittee has identified several areas that will require continuing attention. Among these are:

- Bringing the GS and FS systems closer together;
- An improved personnel system for support staff; and
- A no-holds-barred study of the Agency's incentives.

Workforce Planning, defined simply as, "to get the right person in the right place at the right time," is essential to the success of the Human Resources Development and Management strategy and should be a centerpiece in this office.

PROCUREMENT

In Procurement, we recommend little change in the present Procurement Office structure. Problems are more of process than of organization and we are making several recommendations for improvement. Included among these are:

- Strengthening implementation capability through increased numbers and training of contract officers and project officers;
- Improving implementation planning by requiring a plan, including draft scopes of work (PIO documents) in the authorization process (at least for non-bilateral projects);
- Increasing the accessibility of procurement staff to Bureau project and program design efforts; and
- Establishing more stringent time management by senior bureau personnel of procurement action steps from implementation planning to contract award.

Many of the recommendations identified in procurement are currently under study by the Procurement Policy Advisory Panel (PPAP). Those that are not will be placed on their agenda.



INFORMATION RESOURCES MANAGEMENT (IRM)

In Information Systems, we continue with an IRM office -- again issues are more of process than organization, although there are questions of how much decentralization is desirable.

- We recommend that IRM move away from direct control and towards the establishment, monitoring, and enforcement of Agency-wide automation standards.
- We are recommending an intra-Agency Information Management Committee (IMC) to provide an Agency perspective on IRM issues, and to give guidance to IRM on major policy issues.

ADMINISTRATIVE SUPPORT/LOGISTICS

In the Administrative Support/Logistics element, we are recommending a transfer of overseas support functions to the Operations cone, to an office there reporting to the Associate Administrator for Operations. That office in Operations would provide support in travel, shipment, storage of effects, mail, etc. for field Missions. It would possibly also handle Foreign Service National (FSN) support. The Administrative Support/Logistic unit in Finance and Administration would provide logistics support for A.I.D./W.

* * * * *

That in summary is our proposed Finance and Administration structure. Appendix A outlines the approach we have taken in developing the recommendations presented in this report. We have not found significant organizational redundancies in the Finance and Administration area. Therefore, we are not making major changes in the structure, with a possible exception in the budget area. We are instead:

- Focusing on process changes which will lead to savings in staff time and resources to be directed to other areas of high priority need in the Agency.
- Attempting to identify bottlenecks in programs and processes to be improved, and alternatives by which the Finance and Administration structure can best support the goals and mission of this Agency.

- Cataloging suggestions which have come in from personnel throughout the Agency on proposed improvements.

Processes which require special attention include the following¹:

- Project/Program design and approval;
- Incentives;
- Personnel areas;
- EOP;
- Information systems;
- Internal control;
- Procurement;
- Policy development;
- Budget;
- Communication;
- Technical support; and
- PL480 procurement.

The Agency has a unique opportunity now to take action on several process areas that have hamstrung and baffled us for years. Let's not miss this chance.

Upon completion of the basic reorganization, there must be a clear-cut follow-on implementation effort, which takes necessary action and

¹See also pages 8-12 of this report covering listing of key organizational and process recommendations.

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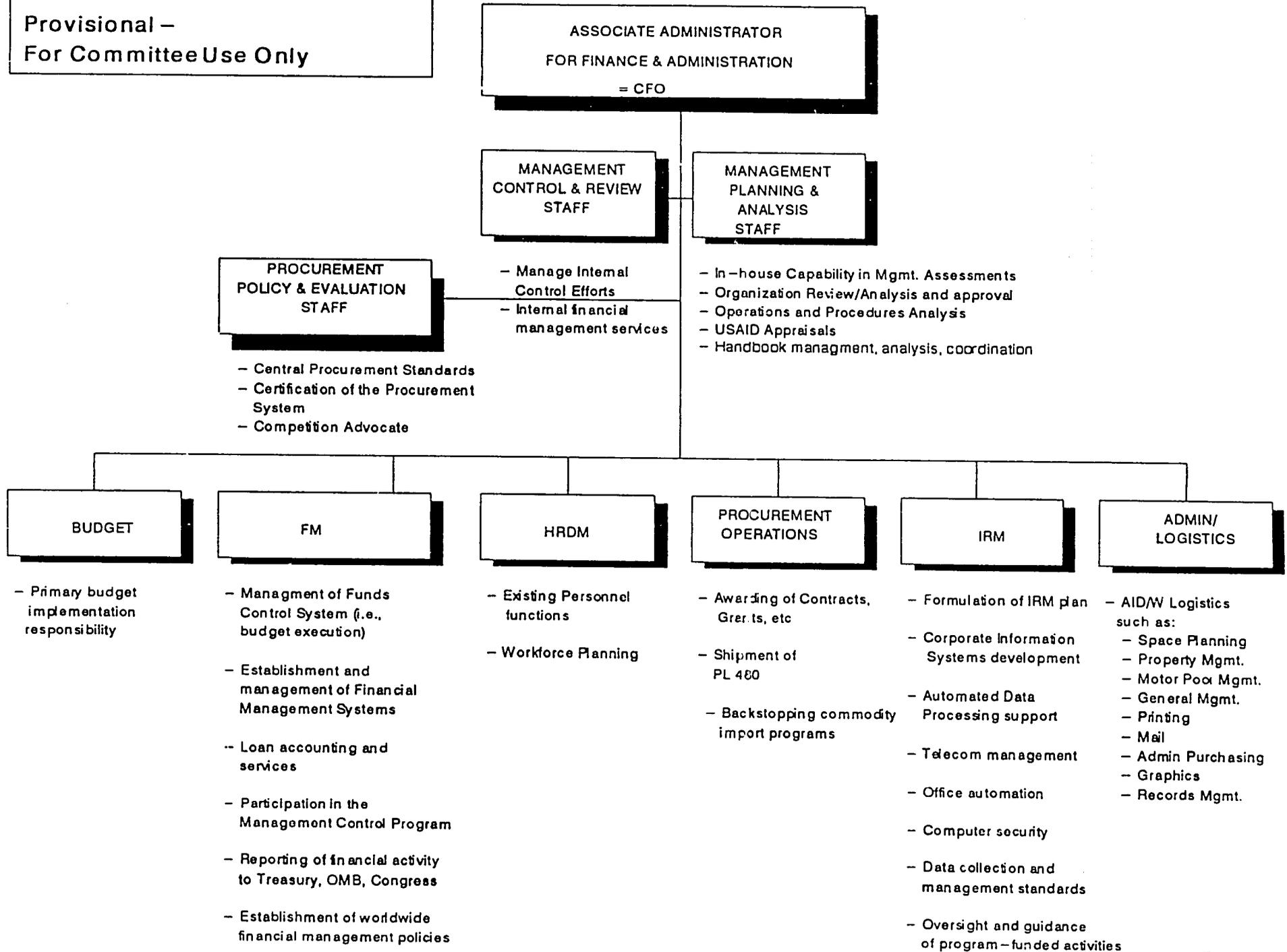
fully explains to the Agency, the nature and implications of the planned changes.

The figure on the next page sets forth the proposed organization chart.

PROPOSED FINANCE & ADMINISTRATION GROUP

April 29, 1991

Provisional –
For Committee Use Only



ASSOCIATE ADMINISTRATOR
FOR FINANCE & ADMINISTRATION
= CFO

MANAGEMENT CONTROL & REVIEW STAFF

MANAGEMENT PLANNING & ANALYSIS STAFF

PROCUREMENT POLICY & EVALUATION STAFF

- Manage Internal Control Efforts
- Internal financial management services

- In-house Capability in Mgmt. Assessments
- Organization Review/Analysis and approval
- Operations and Procedures Analysis
- USAID Appraisals
- Handbook management, analysis, coordination

- Central Procurement Standards
- Certification of the Procurement System
- Competition Advocate

BUDGET

FM

HRDM

PROCUREMENT OPERATIONS

IRM

ADMIN/ LOGISTICS

- Primary budget implementation responsibility

- Management of Funds Control System (i.e., budget execution)
- Establishment and management of Financial Management Systems
- Loan accounting and services
- Participation in the Management Control Program
- Reporting of financial activity to Treasury, OMB, Congress
- Establishment of worldwide financial management policies

- Existing Personnel functions
- Workforce Planning

- Awarding of Contracts, Grants, etc
- Shipment of PL 480
- Backstopping commodity import programs

- Formulation of IRM plan
- Corporate Information Systems development
- Automated Data Processing support
- Telecom management
- Office automation
- Computer security
- Data collection and management standards

- Oversight and guidance of program-funded activities

- AID/W Logistics such as:
 - Space Planning
 - Property Mgmt.
 - Motor Pool Mgmt.
 - General Mgmt.
 - Printing
 - Mail
 - Admin Purchasing
 - Graphics
 - Records Mgmt.

LISTING OF KEY ORGANIZATIONAL AND PROCESS RECOMMENDATIONS

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Summary of Organizational Changes

- Associate Administrator for Finance and Administration to coordinate several key areas of support in A.I.D./W:
 - AA/FA to serve as Chief Financial Officer (CFO); and
 - There will possibly be a Deputy Associate Administrator for Finance and Administration;
- Management Control Review Staff to coordinate internal control efforts and give them higher visibility;
- Management Analysis and Planning Staff to give the Agency an in-house management consulting capability;
- Procurement Policy and Evaluation Staff to provide overall guidance separate from procurement operations;
- OSDBU to remain as before;
- EOP to report directly to the Administrator either in the present location or by having AA/FA designated as EOP;
- AA/FA to play key role in budget, either with overall responsibility or with at minimum, enhanced budget execution functions;
- HRDM to carry out a strong centralized personnel function including workforce planning;
- Procurement to be strengthened through an increase in staff levels and improvement of processes;
- Information Resources Management to emphasize establishment of standards as opposed to direct control;
- Administrative Support/Logistics to be split: overseas support functions (including possibly FSN support) to be transferred to Operations. A.I.D./W support to remain with AA/FA.

Summary of Recommendations on Processes Requiring Improvement

The Agency has a unique opportunity now to take action on several process areas that have hamstrung and baffled us for years. Let's not miss this chance.

• Project/Program Design and Approval

The present process is cumbersome, lengthy, redundant, and sometimes mystifying. As emphasized clearly in meetings on the Reorganization sponsored by the Managers' Network, this process needs streamlining, e.g.:

- Developing a "one stop" annual programming document (combine ABS, CP, Action plan);
- Developing tenderable project papers; and
- Establishing a system that shifts obligations to the start of the year, implementation throughout, and design at the end.

We recommend the establishment of a Task Force headed by the Associate Administrator for Operations to perform analysis and to make specific recommendations for improvements in this area by September 30, 1991.

• Incentives

There is a widespread perception that the Agency's incentives system requires revisions to align it with the Agency's goals and to provide for greater clarity and equity. Areas to be reviewed include monetary awards, promotions, citations, types of assignments, and other forms of recognition. The subject of incentives was given intensive scrutiny in the Managers' Network sessions. We recommend that an Agency working group be established under the Director of HRDM to carry out a no-holds-barred study, with specific recommendations for improvement to be completed by November 1, 1991. (See also the Personnel Subcommittee report on this critical issue of incentives).

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- Personnel

Changes are needed to bring about:

- Effective workforce planning (already spelled out clearly in the comprehensive Workforce Planning Report of February 8, 1991);
- Better recruitment, assignments, and career development pathways for all;
- Perhaps a two-track promotion system;
- An improved personnel system for the clerical and other support cadre and for FSNs;
- Improved training; and
- Imaginative ways in which the FS and GS can be brought closer together --

All the above will assist Agency personnel in doing their best possible job towards carrying out our development mandate.

A Human Resources Development and Management Strategy under the Director of HRDM should be completed this summer. The strategy will develop an overall action plan addressing various personnel areas already studied or new proposals for action. Special studies will most likely be required for several of these areas.

(Please see the thorough discussion of several of these issues in our Personnel Subcommittee report).

- EOP

The Agency must make a strong commitment to EOP. A specific action plan should be developed under the leadership of the Equal Opportunity Programs Officer, involving all bureaus and offices, to ensure EOP principles are strongly supported in our work. This plan, to be completed by November 1, 1991, should include procedures for all facets of the personnel system, for the assignment of Senior Foreign Service personnel to postings in EOP, and for the establishment of a close liaison between the Director of EOP and the Director of HRDM, etc. EOP should have a

direct reporting relationship to the Administrator, either as a separate office or through the AA/FA serving as the EOP. In Appendix B the current EOP has laid out a proposal on how to strengthen the program. This proposal involves renaming the EOP "The Office of Civil Rights," and vesting it with broadened authorities including an Ombudsman function. One option suggested by the EOP in this proposal is to place policy aspects of EOP in a small staff, reporting directly to A/A.I.D., and with broad oversight authority, and integrate operational aspects with other Agency units. The Finance and Administration Committee believes that this proposal by the EOP has considerable merit and should be thoroughly considered as one possible means to enhance the strength of this critical program.

- Management Control Review

A staff reporting to AA/FA will give greater visibility and leadership to the Agency's Internal Control System. This staff will also provide confidential analyses and advisory services on financial management throughout the Agency. It will give focus and visibility to efforts that provide us with greater built-in protection in vulnerable areas, such as contractor conflict of interest, lack of sound financial controls, etc. The new Management Control Review Staff will develop a specific plan of action by September 30, 1991 on operations and objectives.

- Procurement

A plan of action is under study by PPAP to ensure that the procurement process is simplified/speeded up. Various elements which must be part of this action plan are enumerated in our section on Procurement. This plan should be accelerated under the auspices of the Procurement Executive and the PPAP immediately after the reorganization is implemented. The target date for completion is August 31, 1991.

- Ombudsman

The Managers' Network suggested the possibility of having an Ombudsman function in A.I.D., to provide a special venue for staff to raise matters of personal concern in both personnel and policy areas. Agency leadership should consider designating an official with Ombudsman responsibilities in the personnel and ethics areas. Also, the function of the Counselor could be

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modified to include special Ombudsman-type responsibilities in the policy area.

The Finance and Administration Committee envisages a strengthened Finance and Administration structure to support fully the operations and policy of the Agency, and to undertake this in a service-oriented and responsive fashion. The operations in the Finance and Administration structure are critical to the overall success of this Agency's goals. These tasks in Finance and Administration must be performed efficiently at a high level of competency and with a total service approach to the clients of the Finance and Administration cone. This is essential.

This group will have responsibility for personnel, financial management, procurement, information systems and administrative support and logistics. It will also play a role in the budget; the exact nature of this role is yet to be determined.

The recommended Finance and Administration structure is set forth in the organization chart on page 7. The proposed FTE level for functions proposed in the Finance and Administration structure is ___ (compared to a current FTE level of 682). Much additional work is needed to refine these FTE estimates. We are also including rough approximations of contractor personnel (wherever possible) in the units within the Finance and Administration structure. We emphasize that these contractor projections are only approximations. In fact, in both categories of personnel, there must at this point be considerable flexibility. Refinement of the personnel estimates will continue; moreover, AA/FA when appointed will be expected to have major input on staffing levels within the units under his/her jurisdiction.

We have not found significant organizational redundancies in the Finance and Administration area. Therefore, we are not making major changes in the structure, but are focusing on process changes which will lead to savings in staff time and resources to be directed to other areas of high priority need in the Agency. These process changes are noted where appropriate in the following description of functions by organizational unit and in a separate paper covering the three transition teams process areas identified by the Finance and Administration Committee as requiring improvement. These include the following:

- Project/Program design and approval;
- Incentives;
- Personnel;

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- EOP;
- Information systems;
- Management Control Review;
- Procurement;
- Policy development;
- Budget;
- Communication;
- Technical support; and
- PL480 procurement.

Throughout the Finance and Administration structure, we are attempting to identify bottlenecks to programs and processes to be improved, and all ways in which the Finance and Administration structure can best support the goals and mission of this Agency.

The Office of the Associate Administrator

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Management consciousness within the Agency will be elevated by the establishment of a high-level Associate Administrator who will coordinate a number of administrative and financial areas. This unit will provide clear plans on how the Agency will improve its provision of management services.

Functions of the Unit

- Coordinate the overall Finance and Administration structure.
- Serve as Chief Financial Officer pursuant to the Chief Financial Officers' Legislation of 1990.
- Provide greater focus and attention to improved accountability and management. (To do this, we are recommending an Management Control Review Staff, a Management Planning and Analysis Staff, and a Procurement Policy and Evaluation Staff).

Location

Reports to the Administrator (A/A.I.D.)/Deputy Administrator (DA/A.I.D.).

Staffing

_____ FTEs.

Interaction with the Agency

Self-evident.

Differences from the Past

This is a new coordinating unit which will provide more discipline, greater focus and higher visibility to the Agency's management support efforts.

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Issues

- The primary issue is what role AA/FA will play in the budget process.
- A second issue is whether the AA/FA should have a Deputy. The Committee was split on this question.
- A decision is also needed on whether the Office of the Associate Administrator requires a small staff to undertake EMS-type functions or whether these can be handled by HRDM.

Management Control Review Staff

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This staff would orchestrate internal control efforts, working in close coordination with the Controller and the Management Control Review Committee (MCRC) and using staff throughout the Finance and Administration structure for its efforts. These efforts include risk and vulnerability assessments, as required by the Federal Financial Managers' Integrity Act, to ensure that all of the Agency's procedures and processes are operating with the right type of checks and balances to prevent waste, fraud, etc.

Internal control is defined by the U.S. General Accounting Office as:

The plan of organization, methods and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

More simply, internal controls are the management controls essential to the proper conduct of Agency business with full accountability for the resources made available for that purpose.

The staff would also provide an in-house capability to assist in resolution of incipient financial management problem areas, upon request from Agency units.

Functions of the Unit

- Serves as a staff resource to the Management Control Review Committee with responsibility for development and operation of the Agency's internal control system. Ensures compliance with OMB guidance and relevant legislation.
- Manages the Agency's audit follow-up system.
- Provides confidential analyses and advisory services on all issues and problems related to financial management throughout the Agency, including the Office of Financial Management. These services would be provided at the request of line managers or the CFO.

Staffing

The recommended staff would be _____ FTEs, consisting of _____ transferred from FM and _____ new positions to provide the confidential

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analyses and advisory services. ___ contractor staff is contemplated.

Location

This unit will be a staff reporting directly to AA/FA.

Interaction with the Agency

The staff will provide internal control guidance, and on request, carry out confidential analyses and advisory services throughout the Agency.

Differences From the Past

The internal control function was previously within FM, and more recently orchestrated by the MCRC. The new staff will also work closely with the MCRC.

Issues

- Should the MCRC, with which this staff will relate, be under the Associate Administrator for Finance and Administration or be chaired by the Deputy Administrator?
- How extensive should we expect the financial management, confidential analyses, and advisory services to be?

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Management Planning and Analysis Staff

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This unit is designed to give the Agency a service-oriented, consumer-responsive in-house capability in making management and organizational analyses and improving processes and procedures, It will operate as a management consultant to both A.I.D./W and the field.

Functions of the Unit

- Agency-wide responsibility for providing organization and management advisory services, including operational and systems analysis, to A.I.D./W and A.I.D. field Mission clients as requested (e.g., when considering reorganization, the establishment of a new unit, the implementation of a new function).
- Providing formal Agency approval for all proposed intra-Agency organizational changes after assuring compliance with established procedures.
- Author office for Handbook 17, "A.I.D. Organizational Handbook," to ensure compliance with current organizational structure, including related policy change.
- Defining organizational change in terms of function, approved position description and classification, and dollar-denominated FTE values.
- Coordination with CDIE and FM concerning functional and operational evaluations related to programmatic, management, and financial analysis.
- MPA, primarily, will be a client-based service staff. Its only operational functions will be to assure that Handbook 18 is maintained in conformity with existing conditions, and to assure compliance with formal Agency procedures in the implementation of proposed organizational change.

Location

- MPA will be a staff office reporting to AA/FA.

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Staffing

- Best Estimate: Office Director, ___ secretaries, and ___ analysts, or ___ FTEs.
- As a new unit, staffing requirements are, at best, provisional.
- No contractor staff initially, although at least one IQC might be required.

Differences from the Past

- This is a new unit. It will require establishment and acceptance of its role within the Agency.

Issues

- This unit must be seen as a client service-oriented institution. It can play an important role in ensuring quick in-house attention to management, organizational, and procedural deficiencies.

Procurement Policy and Evaluation Staff

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Functions

Responsible for procurement policy, evaluation of the procurement system, assessment of contracts officers and competition advocacy. This unit will also house the Procurement Executive.

Location

This staff will report to the AA/FA.

Staffing

__ FTEs, up from 15 in policy and evaluation today. The enhancement to __ FTEs includes some FTEs previously authorized by the Administrator for Procurement. An increase is warranted across the board in procurement. We have hurt ourselves in the Agency by cutting back on procurement personnel.

Interaction with the Rest of the Agency

Overall procurement guidance will flow from this staff including development of standards and evaluation as to whether those standards are being met.

Differences from the Past

These functions were previously under AA/MS.

Issues

None.

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Budget

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Functions of the Unit

The Finance and Administration Committee had been divided on how to handle the Budget function. The Finance Subcommittee issued a report which assigns responsibility for budget formulation to Policy, operational budgeting to Operations, and budget execution to the Finance and Administration structure. The Subcommittee's report would set up a budget office in Finance and Administration to carry out the budget execution activities, including some presently in FM. Appendix C to this report lays out very clearly the assignment of responsibilities as proposed in the Subcommittee report. This would leave the primary elements of budget formulation, interaction with other Agencies, and overall allocation with a Policy Group. The Operations area would play a key role in the day-to-day operation of the budget including greater flexibility in specific allocation of resources, e.g., approving changes in country levels in the absence of "policy" issues. Finance and Administration would carry out various budget execution functions such as preparation of apportionment requests and maintenance of systems for administrative control of funds. Our Subcommittee recommends that a Budget office be set up in Finance and Administration to handle these and other responsibilities. Others in the Finance and Administration Committee believe that the budget execution elements should be in the Office of Financial Management.

In the full committee itself, several members opted for having budget formulation in the Finance and Administration cone, with Finance and Administration to have this primary budget responsibility. There was also support expressed by some for little change in the present system -- in fact, to strengthen Policy's role in budgeting or at least not dilute it. The argument for a strong Policy role in budget functions will be argued by others -- suffice it to say that a main reason is to have a central coordinated focus for the budget responsible to the Administrator, and a view that if Policy is to be credible, it needs budget authority.

On the other hand, having the primary budget formulation function under AA/FA would clearly be more consistent with the intent of the Chief Financial Officers' Legislation of 1990. It also would help to ensure that there be the fullest cooperation between the budget and financial management functions and would provide the basis for strong objective financial management of the budget, which would be more independent of program development functions. In addition, it would also facilitate having one set of budget numbers at all times -- a necessity for A.I.D. It could sharpen the emphasis on accountability.

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The staff to perform the primary budget function in the Finance and Administration structure would come from transferring the budget staff currently in PPC (some staff would have to be transferred to carry out only budget execution responsibilities). Under this scenario, Finance and Administration would follow the policy directions laid out by Policy with its broad enunciation of Agency priorities.

While the Finance and Administration Committee cannot speak with one voice on this issue (unlike most other items within the Finance and Administration domain), we urge that the most careful attention be given to the subject, and that all options be given the most careful and thoughtful analysis.

Location

This depends upon its situs within one of the Groups. The key is budget formulation and primary coordination of the budget -- to be or not to be in Finance and Administration or in Policy. In either case, the Chief budget offices will report to A/A.I.D.

Staffing

To be determined.

Interaction with the Rest of the Agency

Self-evident.

Differences from the Past

There could be few differences or there could be substantial differences depending on location.

Issues

- How we should handle the budget function is yet to be determined.
- A corollary issue is what should be the role of FM in the budget function. Our Finance Subcommittee called for a clear split

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between budget and accounting, and that present budget execution functions should be placed elsewhere. Some on the full Committee object to this and believe that FM should maintain its present budget execution functions under whatever budget setup emerges.

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Financial Management

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The Office of Financial Management is responsible for all financial management activities relating to the programs and operations of the Agency. The Director of the Office serves as the Agency Controller and will be Deputy Chief Financial Officer.

Functions of the Unit

- Management of Funds Control System;
- Establishment and management of Financial Management systems;
- Loan accounting and servicing;
- Participation in the Management Control Review Program;
- Reporting of financial activity to Treasury, OMB, and Congress;
- Establishment of worldwide financial management policies; and
- Internal Financial Assessments: Our Finance Subcommittee is recommending that a unit be set up in FM to handle this important area.

Location

This office will report to AA/FA.

Staff

To be determined.

Interaction with the Rest of the Agency

FM will be the Agency's primary office in the financial administration area.

Differences from the Past

The head of FM will no longer report to A/A.I.D.

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Issues

- Should the CFO be AA/FA or should there continue to be a direct relationship between FM and the Office of the Administrator? The Committee recommends that AA/FA, if he or she is to have any credibility, must be the Chief Financial Officer.
- What future role should FM play in the budget?

Functions of the Unit

With the exception of Foreign Service National personnel systems, HRDM would continue with all of its presently planned and recently reorganized functions. These include:

- Personnel policy;
- Workforce planning;
- Recruitment;
- Training;
- Assignments;
- Position classification;
- Career development;
- Executive personnel management;
- Employees services and benefit;
- Employee relations;
- Labor management relations;
- Personnel information systems;
- Personnel systems evaluations;
- Agency awards systems; and
- Liaison and representation with other USG agencies.

The following functions represent changes to the responsibilities of HRDM:

- Except for the policy and benefits aspects, responsibilities for administration of the Foreign Service National personnel system would be transferred to the Overseas Management Staff, which in turn is being recommended to be transferred from Finance and Administration to the Operations cluster; and



- Internally, within HRDM, we are recommending the following changes to HRDM's just implemented reorganization:
 - Move the classification function from the current Policy shop to the new Staffing and Career Development Division;
 - Move the Organization Management Review function, now in HRDM's Policy shop, to the new Management Planning and Analysis Staff; and
 - Combine the remaining functions in HRDM's current policy shop with the newly approved Workforce Planning function and the existing Personnel Systems and Program Evaluation Staff (PSPE) into a new Policy and Workforce Planning Staff Office reporting directly to the Director of HRDM.

Staffing

The Committee had looked at the FTE issue within HRDM, EOP and Workforce Planning and has arrived at the following conclusions:

Personnel Area:

Current Ceilings

HRDM Proper	139.8
EOP	10
Workforce Planning (proposed)	<u>5</u>
Total Current: (rounded)	155

Committee Recommendations:

HRDM, including WFP 2

Total number of HRDM contractors includes:

- 2 in labor management relations; and
- 31 in training.

²Or if classification is transferred to Operations, as has been suggested by others. We do not concur with this shift.

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Location

The Office of HRDM will report to the AA/FA.

Interaction

- In performing the personnel functions listed above, HRDM interacts not only with all units of the Agency, but also with all employees of the Agency.
- Stronger measures need to be taken to ensure that this interaction will increase and improve, especially in terms of communications between program and personnel managers, and in terms of substantive career counselling for employees.

Differences from the Past

- The head of HRDM will no longer report directly to A/A.I.D.
- Foreign Service Personnel Administration is transferred from HRDM to the Overseas Management Staff under Operations.
- The Organization Management Review function is transferred from HRDM to the Management Planning and Analysis Staff.
- Minor modifications are made in the organization and distribution of functions within HRDM (e.g., classification and combining policy, PSPE and Workforce Planning).
- The assignment function would be further centralized and controlled by HRDM.

Issues

- Centralize or Partially Decentralize the Agency's Personnel System. The Finance and Administration Committee, including the Personnel Subcommittee, strongly opposes decentralization of mainline personnel functions, except possibly those mentioned above concerning FSNs, and in fact believes that the assignment function should be even more centralized than at present.

There has been some discussion by the Operations Committee of a

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shift of classification to Operations. The Finance and Administration Committee has reservations on this issue. Moreover, the Personnel Subcommittee has some concern about the full Finance and Administration Committee's position for transferring Foreign Service National support to Operations. However, both the full Finance and Administration Committee and the Personnel Subcommittee urge strongly that the basic personnel functions be centralized. Our reasons are:

- Decentralization does not guarantee improvement, and may in fact lead to less discipline, more disparate standards and performance and fairness levels, as well as invite undue competition and piracy among operating units. In other words, it might result in a very uneven, confrontational and chaotic situation.
- Decentralization could eviscerate HRDM's recently implemented reorganization and plans for reform and revitalization of A.I.D.'s personnel systems. These include the development of an HRDM strategy for the Agency, with workforce planning and a new career path system as centerpieces of the strategy; a new IDI program and recruitment strategy; a client and service-oriented "one-stop-shop" division which combines the administration of foreign and civil service staffing and career development, and to which we would add classification and a new look at the Agency's incentive systems.
- Personnel's bold initiatives could have a major and far-reaching impact, and should be given a chance to work.
- The Personnel system must be a strong and effective centralized resource. Without a strong and effective centralized personnel system, it would be difficult to set and enforce corporate policies, standards and values with respect to the management of the Agency's human resources.
- This also implies that top management will give appropriate priority to the HRDM area and assure that some of the Agency's best talent is assigned to and recognized for service in this important area.

- The Equal Employment Opportunity Program

The Personnel Subcommittee stressed the extreme importance of

this area and noted a widespread perception that this function is not working well, and has not worked well for sometime. Consideration should be given to integrating it with the responsibilities of the AA/FA. This is not inconsistent with the way the function is placed and operating in some other Federal agencies. Whatever is done, the Finance and Administration Committee believes there must be an active effort to strengthen the Agency's commitment and programs in minority and women's rights. Possible steps include: develop an action plan on EOP procedures to be a basic part of personnel practices; and assign senior-level Foreign Service Personnel to EOP. The Equal Opportunity Programs Officer should report directly to the Administrator, either as it is today or by having AA/FA designated as the EOP officer to help strengthen the function. See the specific proposal in Appendix B by the current EOP to have the office renamed "The Office of Civil Rights" and to broaden its functions.

- Workforce Planning: Where Should it be Located?

The Administrator has just approved the institutionalization of a workforce planning function in A.I.D. In the reorganization effort there has been a debate as to where this new function would be most appropriately located since it is strongly related to Agency policies and program priorities, as well as to operations and to human resources management. After careful consideration of all alternatives, the Finance and Administration Committee believes that HRDM is the most appropriate organization location for workforce planning because the analyses and outcomes of workforce planning are closely related to human resources management functions.

It is recognized, however, that this is not an independent self-contained function. It must operate on the basis of strong clear signals from the Agency's direction setters and policy formulators, and also operate on the basis of the skills needs identified by the Agency's operating units. It is only on the basis of this guidance, and considerable dialogue with and participation by program managers, that a workforce planning unit can analyze and translate these signals and requirements into proposed and realistic personnel policies and programs to meet the Agency's current and future staffing and skills needs. Workforce planning should provide management with a more systematic means of determining and managing the size, shape and respective roles of the workforce.

It is also essential that this workforce planning function be led by a Senior Foreign Service Officer or a member of the SES.

- The Role of the EMS Offices

There are several issues with respect to EMS offices, the main ones of which relate to the role of the EMS offices vis-à-vis the Central Personnel Office, and whether all the EMS offices should be consolidated into one under the Operations Box.

With respect to the first issue, the Finance and Administration Committee envisions a continuing need for strong and effective EMS offices that function as representatives of their respective organizations on personnel matters, but also function, in a much closer partnership with Central Personnel. This does not, however, imply a decentralized personnel system.

This also implies that Central Personnel will perform some of the functions that have been neglected or abdicated by PM in the past (e.g., the validation process).

On the second issue, consolidation of EMS offices should result in the elimination of some redundancies and some staff savings. One question that should be addressed is whether EMS offices could represent the communications between central personnel and the program managers better from a consolidated or unconsolidated EMS function.

- Physical Location of HRDM

The fact that all of Central personnel functions are located some distance from Main State has been identified as a problem. Employees from the field often discuss personnel issues with the EMS offices rather than Central personnel because of the EMS's proximity and convenience. The suggestion is made that much could be gained in terms of access, confidence, service, rapport, etc. if at least some of HRDM's mainline functions, including those of the Director, could be located in Main State. This would not only improve employee access to HRDM, but would also facilitate HRDM's outreach to the Agency managers and the access of program managers to the Director of HRDM and his key staff. It would also make the Director of HRDM more accessible to the Administrator and vice versa.

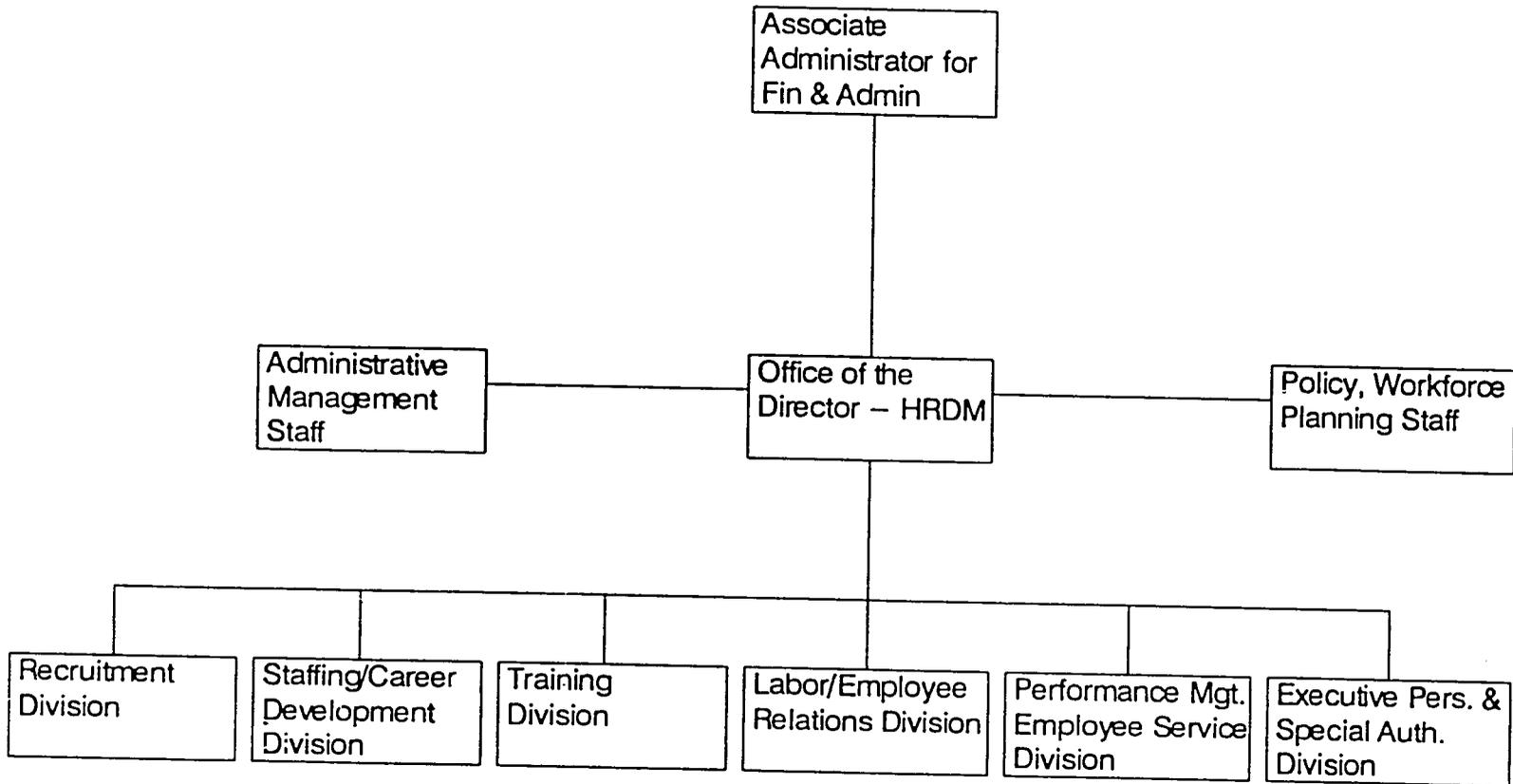
• Longer-Term Issues

The major personnel issues that have been identified and will need to be addressed over a longer term include:

- Reform of the Agency's Incentives System;
- Consideration of unification of the Agency's two major personnel systems;
- Defining the role of A.I.D.'s technical staff including the possible establishment of a two-track promotion system beginning at the FS-01 level;
- A comprehensive study to determine the future role of the Agency's support staff in relation to automation and the introduction of other modern management methods;
- Specific indicators to measure HRDM effectiveness, including client-driven assessments; and
- Need for a forum within which personnel and program managers can have an informal dialogue on a range of human resources management initiatives and issues.

PROPOSED HRDM

DRAFT



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Functions of the Unit

We recommend a centralized Washington-based line procurement facility for project and program goods and services. This is not a significant change from the present structure. A brief summary of the functions to be performed by this unit follows:

- Procurement of goods and services for Washington-based clients;
- Contracting for field Missions in some cases;
- TDY assistance to the field;
- Advice on personnel assignments for contracts officers;
- Arrangement for shipment of food and other bulk commodities;
- Centralized reporting on contract activities worldwide; and
- Backstopping and monitoring commodity import programs.

We also recommend a separate staff unit responsible for procurement policy, assessment of contracts officers, and competition advocacy. This unit could also house the Agency's procurement executive. This unit should not be integrated with the line operations unit described above.

We also discussed administrative purchasing operations, and concluded that it is best left as a separate organization within the Finance and Administration area. Its rules and procedures are different, and there is little to be gained by merging it with program procurement.

Location

The staff reports to AA/FA.

Staffing

We recommend major increases in Washington-based USDH program procurement staff:

- For line operations up from 112 (total, including support) to ___;

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- For the policy unit, up from 15 to __. (Full consideration should be given to the already proposed increase of 10 in FY 1992 for operations and 5 in Policy).

The recommended increases are not to address any new functions or roles, but rather to enable the units to handle their existing workload in a manner which is both responsive to needs and which decreases vulnerabilities. Procurement staff have been reduced over the past 15 years from about 150 to 112, despite growing workload. This has directly led to many of the vulnerabilities identified by the PPAP. The Procurement Subcommittee explored a variety of organizational and functional alternatives to try to relieve the workload of the procurement facility, and thus to allow it to function within the existing FTE level. We found no better alternative. The dilemma is decentralization, quick response, and double or triple current staffing levels on one hand, versus a combination of a central unit in Washington and decentralized field offices, and only a 30 percent increase in staffing on the other. The only way to significantly improve the responsiveness and quality of the Agency's program procurement is to increase staff. If staffing levels are left where they are, procurement will continue to function, but at roughly its present level of effectiveness. Marginal improvements can be made without increasing staff by following the recommendations in the Appendix D.

We also considered devolving some procurement functions to others (e.g. project officers). This would lead to only marginal improvements. Contracts officers and project officers already collaborate extensively. In fact, smoother procurement will result from more, not less, participation of contracts officers in project design and conceptualization. This means more, not less, work for contracts officers.

Interaction With Rest of the Agency

Procurement policy must stay independent of, but closely related to, procurement operations. It is "policy", but of a different sort than that to be handled by the Agency's policy group. It should therefore not be integrated within the policy group, but rather left within the same Bureau as procurement operations, however operated as a separate

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function.

OSDBU must likewise remain a stand-alone unit reporting to the Administrator, because:

- Standing legislation requires OSDBU to be responsible only to, and report directly to, A/A.I.D. or DA/A.I.D.;
- OSDBU's functions and objectives are different from those of the contracts officers. OSDBU's purpose is to maximize small and disadvantaged contracting. Procurement's function is to contract as quickly and efficiently as possible. Sound organizational theory requires that these two sets of purposes be pursued by separate units. Issues not resolvable by the two must be elevated beyond the head of procurement. Recognizing the Administrator's need for a manageable span of control, OSDBU's special status could be maintained without requiring undue amounts of the Administrator's time; (e.g., OSDBU need not attend daily staff meetings); and
- We felt that putting OSDBU within Procurement would in fact slow down the process; internal conflicts would take more time and attention than if they could be resolved externally, as now. This is not a mere supposition; it is exactly what happened when OSDBU was a part of Procurement some years ago.

Differences from the Past

We recommend little substantive difference beyond increased staffing and a sharpening of the current processes. The present organization of the Agency's procurement is tailored and quite responsive to the Agency's needs, given shortage of workforce, and requirements beyond A.I.D.'s control, i.e. CICA, etc. Put another way, the problems we face in procurement are best solved by means other than reorganization.

Appendix D contains a listing of the Procurement Subcommittee's top ten recommendations, which should be addressed by PPAP in its ongoing review of Agency procurement policies and operations.

Issues

The procurement facilities in the present Management Services Bureau

deal with just a portion of the entire acquisition process, if one includes conceptualization and design of the projects for which contracts for goods and services are required. Many of the problems confronting A.I.D. in the procurement arena concern articulation of the services needed to support project objectives, and this needs to be addressed well before a procurement order reaches a contracts officer. A good portion of the recommendations in Appendix D address this point.

The Procurement Subcommittee believes significant improvement in Agency procurement could be achieved by locating contracts officers with their clients, enabling them to interact continually on project and program development, and thus to contribute and guide it into sound, contractible scopes of work. The dilemma comes from the equally compelling need to keep contracts officers together for professional collaboration and support and administrative efficiency. The only way to satisfy both needs is to put both Procurement and its clients all in one building, and that is simply not a feasible course of action. Forced to choose between keeping Procurement together as a group and dispersing its staff to client locations, the Procurement Subcommittee recommends leaving it together. The staffing increases recommended are to enable the Procurement staff to spend more time visiting client offices to participate early in the project development process. This would achieve the benefits of collocation and the efficiencies of a centralized operational and support unit.

The Subcommittee examined the proposition that Procurement be placed within the Operations Group, as opposed to the Finance and Administration Group. The Subcommittee felt that they belong in Finance and Administration, but in either group, Procurement will have to service the Agency's operations, and yet do so from an independent base (in order to be able to say "no" to an unsound procurement). It is importance to maintain objectivity; if that can be done with Procurement in Operations, we would have no objection. However, we think it would be more effectively done in Finance and Administration. A final point is that the entire body of A.I.D./W is responsible, directly or less so, for the Agency's operations; whether Procurement is in Operations or somewhere else, its responsibilities remain the same. The question then becomes what is gained by moving procurement.

Whatever final decisions are reached with respect to the location of various procurement functions, a thorough analysis will also be required to determine what changes, if any, are required in the delegations of contracting authority.

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Functions of the Unit

- Formulation, promulgation and enforcement of Agency-wide automation standards for hardware, software, information systems and data.
- Operation and management of A.I.D.'s central automation and telecommunications facilities and systems.
- Maintenance of the corporate data base and promotion of the use of corporate data by Agency entities both internally and for external purposes.
- Formulation and implementation of A.I.D.'s information resources management strategic plan.
- Development of corporate data systems and support for the development of other information systems.
- Oversight and guidance for all A.I.D./IRM activities, including those financed through program activities.

Staffing

- The functions to be decentralized to operating bureaus (see below) are not being performed adequately at present. The Subcommittee recommended that the current staff levels (85 USDH and about 120 contract staff) will need to be maintained. However, the actual level possible with organizational shifts will need to be determined.
- As part of the post-May 1 effort, the ratio of contract staff to direct hire staff should be examined to determine whether more of the routine tasks of the office can be performed by contractors.

The structure of the office proposed appears appropriate for the new role of IRM, but the specific tasks to be performed by the Systems Development and Maintenance Division and the Customer Liaison and Support Division should be reevaluated in light of decentralization of some functions.

Location

The Office of Information Resources Management and Services will report to the Associate Administrator for Finance and Administration.

Interaction With the Rest of the Agency

- IRM will have both service and control relationships with other bureaus and offices and with field Missions. It will facilitate the use of automation equipment and systems; to do so, it will need strong authority to establish and enforce standards.
- IRM's main day-to-day contact with operating entities will be with technically proficient people located in bureaus and offices whose responsibilities will include the identification and articulation of data requirements and, to some extent, systems development work.
- In addition, a senior-level Information Management Committee comprised of managers from operating bureaus and offices will provide Agency views and guidance to IRM on major policy and substantive issues.

Differences From the Past

- Given the advent of A.I.D.-wide automation and the installation of PC, LAN and E-mail capabilities, IRM's functions will evolve substantially from day-to-day direct management responsibilities for all information systems to setting and enforcing the "rules of the game." It is extremely important that one organization be accountable for ensuring the compatibility of Agency equipment and systems and for economical use of IRM resources.
- IRM will need to take a more active role in promoting and enforcing the use of corporate data to ensure that the Agency speaks with one voice internally and externally. This will require working with other offices to ensure that corporate data availability is understood, and that steps are taken to make available in a timely and accurate fashion the kinds of information that are needed on a corporate basis. This will be a long-term effort, but the policy and approach must be articulated immediately.

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- The placement in operating bureaus of technically-oriented staff to carry out data requirements and analysis functions is also a departure from the past. It will ensure that the needs of operating entities are correctly articulated, and IRM's function will be to ensure that such requirements can be translated into an applications drawing, to the maximum extent, on existing corporate data. In practice, this will mean using standard data or systems (e.g., OYB control, correspondence tracking) that will be 95% of what an office wants rather than developing a brand new system to cover the full 100%.
- To ensure that IRM policies and approaches are based on Agency-wide requirements, a senior-level Information Management Committee will provide guidance to the IRM office. The specific role of this committee will need to be defined in a charter, but it is intended to serve as a systematic feedback loop to help integrate IRM into the mainstream of Agency operations.
- Overall, what is recommended here, is fully consistent with the first five-year Strategic Information Plan approved last September by the Administrator.

Issues

The issues that arise from enhanced automation of the Agency are largely functional rather than organizational, but may have organizational implications. Resolution of these issues will depend on the overall Agency structure and the extent to which service and support functions generally are to be decentralized to operating units. Major issues include:

- The need to support the use of corporate data (rather than non-corporate data which covers the same subject matter) by A.I.D. entities;
- Whether information requirements analysis and systems development functions should be lodged exclusively in the central IRM office or shared with operating bureaus;
- The degree to which budgets for automation-related items (hardware and software procurement and maintenance, systems development, etc.) can or should be decentralized to operating bureaus where they could be traded off against funding for other requirements;

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- Which main functions are to be carried out by a senior-level IMC and whether that Committee needs to be supported by a permanent Secretariat function located outside the IRM office; and
- Whether additional functions currently performed by direct-hire staff in IRM could be shifted to contract staff, consistent with OMB Circular A-76. This decision should be made by the new head of Finance and Administration.

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Functions of the Unit

In our proposal in this area, we are recommending that overseas management support be transferred to the Operations Group. The Committee is still deliberating on the total functions which would be included in that office, but we have agreed that it should include the following:

- Transport and storage of HHE, UAB and POV;
- All international and domestic travel;
- Overseas mail and the diplomatic pouch system;
- Administrative purchasing for overseas missions;
- Claims for damage/theft of personal property overseas, en route, or in storage; and
- Records management training and technical assistance for overseas missions.

In the Personnel area, it would also include all Foreign Service Personnel support currently carried out by region Bureau EMS's and HRDM. One possible structure for the office is described in the memorandum included in Appendix E. The numbers in this new office could range from 35-85 FTEs.

The functions of the remaining A.I.D./W AS/Logistics Office will cover support to A.I.D./W in such areas as:

- Space Planning;
- Property Management;
- Motor Pool Management;
- General Management;
- Printing;
- Mail;
- Administrative Purchasing;

- Graphics; and
- Records Management.

Location

This office will continue as an Office reporting to the AA/FA.

Staffing

- ___ FTE
- 50 Contractor work years

Interaction with the Rest of the Agency

The office will service only A.I.D./W operations. Field service operations will be transferred to the OMS office in the Operations Group.

Differences From the Past

See above.

Issues

The key issue is whether overseas logistic support should be placed in the Operations cone as this Committee is recommending. Whatever is decided, this area needs strengthening and our proposal is designed to accomplish that objective.

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APPENDIX A - OVERVIEW OF THE FINANCE AND ADMINISTRATION TEAM'S PROCESS

The Reorganization Team on Finance and Administration Functions (M-Team) was appointed by the Administrator of January 29, 1991 as follows:

Chair	-	Henrietta Holsman Fore	
Members	-	Rick Nygard	John Mullen
		Carol Adelman	Ann Van Dusen
		Linda Lion	Phil Christenson
		Peter Askin	Terry McMahon
		Bob Friedline	
Ex Officio	-	Regi Brown	
Full Time	-	John Hummon	Tom Bebout

Subsequently, Jim Murphy was assigned to replace Terry McMahon, Phil Christenson left his position in the Agency and the Committee and was not replaced, and John Mullen was asked to serve as the Deputy Chair.

The M-Team was charged by Dr. Roskens to:

- Catalog all the existing functions in the management area;
- Sort them out in terms of relative priority and appropriate size;
- Recommend whether or not there were functions which should be discontinued and/or added;
- Clearly specify the measurable management objectives for each function; and
- In collaboration with the other two restructuring teams, recommend a final organizational structure for the Agency.

Beginning on February 1 and continuing until the present, M-Team has been meeting for at least one and one-half hours twice a week. In addition, since the week of February 4th, full-time staff members have held regular weekly meetings with the principal management services officers (Mike Doyle, AA/MS; Mike Usnick, FM/Controller; and Tony Cauterucci, PM/OD) to provide routine two-way communications between the M-Team and those officers. Henrietta Holsman Fore and full-time staffers also met with the Undersecretary for Management of the State Department, Ivan Selin, and with Al Huntington who leads the GAO Team which recently initiated a long-term

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management study of A.I.D.

On February 5th the Team agreed that the scope of its assignment could be broken down into five distinct sub-areas: Finance, Personnel, Information Resources Management, Procurement, and Administrative Support/Logistics. Members of the M-Team were appointed as Subcommittee (SUBCOM) Chairs for each of these five areas and a sixth Chair person was appointed to lead a Subcommittee on Communications which was to be responsible for communicating Reorganization team's efforts to and for collecting input from all A.I.D. employees. Some members of the M-Team also served on SUBCOMs but, for the most part, SUBCOM membership was made up of other employees who were not already involved in the restructuring process, thereby broadening overall participation in the effort. During the week of February 18th a statement of general assumptions, a preliminary Timeline Schedule, a Scope of Work, and a suggested outline for the SUBCOMs' final reports to the M-Team were prepared and discussed.

Regular weekly meetings (of both the M-Team and SUBCOMs) took place with SUBCOM Chairs reporting on their progress weekly and requesting guidance as needed at M-Team meetings. Agendas of just the M-Team meetings covered a wide spectrum of management functions and issues. In addition, a tremendous amount of general reading and analytical materials was distributed to M-Team members, the other two teams, SUBCOMs' members, and a "ghost" list of other individuals interested in our progress. Approximately 110 different items were distributed. The SUBCOMs completed their preliminary oral reports to the M-Team and prepared final reports. The final SUBCOM reports, where agreed to by the majority of the M-Team, provided the basis for M-Team's final recommendations to the Administrator.

RESTRUCTURING TEAM ON FINANCE AND ADMINISTRATION
PARTIAL LIST OF AGENDA ITEMS
Through 3/29/91

TEAM'S MANDATE FROM THE ADMINISTRATOR
INTERNAL AND EXTERNAL COMMUNICATIONS
DISTRIBUTIONS OF MINUTES TO "GHOST MEMBERS"
BRIEFING ON EXISTING STUDIES
FORMATION AND TASKING OF SUBCOMMITTEES
BRIEFING ON THE FAA REWRITE
CATALOGING THE FUNCTIONS
LEGAL PARAMETERS TO REORGANIZATION
FINALIZING OUR SCOPE OF WORK
ACCOUNTABILITY ALTERNATIVES
REPORT ON WORK FORCE PLANNING
COMMUNICATIONS -- SOLICITING INPUT FROM A.I.D. EMPLOYEES AND OTHERS
FINAL SUBCOMMITTEES' MEMBERSHIP LISTS
FINAL SCHEDULE AND SCOPE OF WORK
WEEKLY REPORTS FROM THE SUBCOMMITTEES
REPORT ON THE INTEGRATION TEAM
MEETINGS WITH PRINCIPALS
ORGANIZATIONAL MODELS
CROSS-CUTTING ISSUES WITH THE OTHER TEAMS
ALTERNATIVE ORGANIZATIONAL LOCATIONS OF THE BUDGET FUNCTION
ORGANIZATIONAL CHART/WITH FUNCTIONS (PRELIMINARY)

MEETING WITH IVAN SELIN, UNDERSECRETARY FOR MANAGEMENT

PROFESSIONAL SERVICES COUNCIL MEETING

INCENTIVES AS A SEPARATE ACTIVITY

IMPACT OF CONTRACTING OUT

MEETING WITH MANAGERS NETWORK TO IMPROVE COMMUNICATIONS

RESPONDING TO SUGGESTIONS FROM THE FIELD

JOINT MEETING OF THE THREE RESTRUCTURING TEAMS

APPENDIX B - EOP PROPOSAL FOR REORGANIZATION



EQUAL OPPORTUNITY PROGRAMS

Agency for International Development Washington, D.C. 20523

MEMORANDUM

APR 25 1991

TO: Henrietta Holsman Fore
AA/APRE

FROM: Jessalyn L. Pendarvis *JLP*
Director

SUBJECT: Reorganization Proposal

PROBLEM

1. Need to address the perception that A.I.D. is not committed to equal employment opportunity as required by law.
2. Need to address the perception that affirmative action objectives, criteria and procedures need to be more explicitly integrated into the Agency's human resources and operating systems.
3. Need to increase minority and women representation at all levels of the agency, particularly at the senior and policy making levels of the Agency.
4. Need to empower the Equal Opportunity Program with the authority and resources to address the affirmative action and complaints management systems of the Agency.
5. Need to integrate affirmative action/employment principles and policies throughout the Agency and to implement an accountability system for responsible employees.

BACKGROUND

1. Title 29 Code of Federal Regulations, Part 1613, Sections 203 and 204 require "that the head of each agency shall exercise personal leadership in establishing, maintaining, and carrying out a continuing affirmative program designed to promote equal opportunity.... The Director of Equal Employment Opportunity shall be under the immediate supervision of the head of the agency, and shall be given the authority necessary to enable him/her to carry out his/her responsibilities...."

2. The Office of Equal Opportunity Programs, headed by the Director, EOP, reports directly to the Administrator, A.I.D.

3. The Office of Equal Opportunity Programs has functional responsibility for: 1) implementing Office of Personnel Management's Equal Opportunity Regulations under Part 713; 2) implementing the Special Emphasis Programs under 29 CFR 1613; 3) management of the discrimination complaints process under 29 CFR 1613; 4) monitoring the Title VI activities pursuant to the Civil Rights Act of 1964, Executive Order 11764, and regulations of the Department of Justice.

4. The staff of the Office of Equal Opportunity Programs consists of 10 FTEs: 7 professionals and 3 clericals (2 FT and 1 PT).

DISCUSSION

The Agency is required by regulation to have an equal opportunity program that has direct reporting authority to the Agency head. The EOP is the office responsible for the equal opportunity program and is directly accountable to the Administrator, as required.

Although the EOP has functional responsibility for the programs listed above, it has not been able, since its inception, to fully implement its mandate in the most efficient and effective manner possible. There are reasons for this circumstance, to wit lack of direct authority of the EOP Director to insure agency-wide program implementation; inadequate staff and budgetary resources; and absence of an accountability system to ensure that Agency principle and operating officials carry out their required program responsibility.

The consequence of the above is noncompliance with the spirit, and oftentimes the letter of the statutory regulations regarding equal opportunity and affirmative action; decreased employee morale; and a lessening of productivity and accomplishment of the Agency's mission. Therefore, there is an immediate need to address the problem and its consequences. The planned Agency reorganization provides us with the opportunity to make significant and beneficial changes. The following options are intended to meet the Agency's need for improvement.

OPTION 1:

1. The Office of Equal Opportunity Programs would be renamed the Office of Civil Rights (OCR)

2. The Office of Civil Rights would be attached to the Office of the Administrator and would report to the Administrator through the Director, OCR

3. The functions of the Office would include:

- Affirmative action program policy development and monitoring (including special emphasis programs)
- Discrimination complaints processing (Title VII)
- Personnel grievance process
- Ombudsman/disputes resolution process (to include FSN employees)
- Title VI monitoring

4. The resources allocated to the Office would be 20 FTEs and budget necessary to adequately meet the current and added responsibilities.

RATIONALE

This option meets the statutory reporting requirements and will consolidate under one office functions that encompass employee rights/appeals. The renaming of the office from Office of Equal Opportunity Programs to the Office of Civil Rights broadens the scope of the office since civil rights is a broader concept of rights than equal employment opportunity. In addition, it has the possibility of lessening the negative perceptions that are revolving around the very use of the words equal opportunity.

The Ombudsman/Disputes Resolution function as relates to human resource issues is being placed here because although there are no statutory regulations governing this function, this office is often turned to for assistance when the discrimination complaints and/or grievance procedures do not apply. Additionally, because the results of complaints are revealing problems that are not discriminatory in nature, but require corrective action, it would be appropriate to have one office handle an employee situation throughout.

The additional resources (FTEs and budget) will for the first time provide the office the opportunity to adequately address its mandate.

OPTION 2

1. The Office of Equal Opportunity Programs would be renamed

Office of Civil Rights

2. The Office of Civil Rights would be attached to and report to the Administrator
3. The functions of the Office would include:
 - Separate oversight of Agency civil rights/affirmative action activity
 - Final review of complaints, grievances, and the Ombudsman/Disputes Resolution function, including matters related to FSNs (final sign off authority for all actions/decisions on these functions)
 - Final review of agency affirmative action plans/initiatives/reports
 - Receipt/conduct of periodic reports on agency progress in civil rights
 - Reviewing for clearance all outstanding evaluations for performance on affirmative action/equal employment accomplishments
 - Approving Special Emphasis Programs planned and orchestrated by the office responsible for the program
4. Key to Option 2 is the removal of the operational functions inherent in Option 1 and placement of these function as follows:
 - Affirmative action placed in HRDM
 - Complaints processing would be contracted out to private firms that conduct investigations and write proposed dispositions (decisions) for Agency acceptance
 - Title VI would be placed in Grants and Contracts
 - The responsibility for sponsoring special emphasis programs (Women's History Month, Black History Month, Martin Luther King Day, Hispanic Employment Month, Handicapped Employment Month, Asian Pacific American Heritage Month etc.) would be rotated between the major offices under the Associate Administrators. The Director, OCR, would appoint advisors to the planning committees, and would approve program plans.
5. The Office of Civil Rights staff would consist of a Director; a Special Assistant for Policy and Program; a Special

Assistant for Employee Appeals; a Special Assistant of Ombudsman/Disputes Resolution; a Special Assistant for Analysis and Evaluation; and Clerical support. (10 FTEs: 6 professionals and 4 clericals)

RATIONALE

Option 2 is based on the premise that the budgetary constraints and related realities would preclude the full funding and staffing as recommended in Option 1. Like Option 1, this option would meet the statutory reporting requirements, and the renaming of the office from Office of Equal Opportunity Programs to the Office of Civil Rights would broaden the scope of the office. Because other operational aspects of the equal opportunity program are being placed in other Agency organizations, the program concepts and principles will be further integrated into A.I.D. The delegation of authority to the Director, OCR, will for once empower this function to ensure that the program has clear direction, applicable procedures, authority to foster compliance, and monitor a system of accountability. In addition, with the decentralization of the operational aspects of the program, the Director, OCR, will be of greater benefit to the organization by focusing on policy development and implementation. With final reviewing authority in this function, particularly as related to employee rights/appeals, the potential for conflicts of interest are removed, and the function will be recognized for its ability to take corrective action. Although a somewhat different approach, this Option will meet the statutory requirements of the program and will provide a realistic opportunity to succeed and make significant change in the perception and actuality of equal opportunity.

NOTE: The delegation of authority to the Director, OCR, for the functions listed in paragraph 3 above is essential to the success of this option (Option 2), and is the basis upon which it is recommended as the preferred option. If this delegation is not made a reality, then the preferred option becomes Option 1.

CONCLUSION

The above two options are in my view the best ways of strengthening the Agency's equal opportunity program in a progressive balanced way. Clearly, my proposal is a distinct departure from the personnel subcommittee proposal of placing the function under the AAF&A. The subcommittee proposal is a drastic and traumatic change without clear justification. Not only would it not meet the statutory reporting requirement of 29 CFR 1613, such an approach would signify a devaluation and deemphasis of EEO commitment which would be harmful and counterproductive for the Agency.

ccs: A-AID, RRoskens
PAskin, HRDM/WFP
AID Task Force, JHummon

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APPENDIX C - DIVISION OF BUDGET RESPONSIBILITIES

Division of Budget Responsibilities

Budget Formulation

Responsibility for budget formulation should be located in the Agency's Policy Group. Establishment of funding priorities is the essence of policy in a program management agency such as A.I.D. The federal budget cycle provides a regular opportunity to present Agency policy to State, OMB and Congress. The budget system provides opportunity to monitor the implementation of policy by the operating bureaus. Budget formulation includes:

- Provision of program guidance on Agency priorities, including new initiatives;
- Provision of programming standards and guidance, such as the need to focus on a limited number of activities;
- Establishment of "orders of magnitude" of resources to be provided to implement country strategies;
- Preparation of the Agency's budget presentation to State and OMB, including development of an overall programming strategy with the Administrator;
- Preparation of the Agency's presentation to Congress, including assisting with drafting of new legislation;
- Preparation of the Operational Year Budget based on new legislation and the Administrator's programming strategy;
- Development of standards to guide the staffing of field missions and allocation of overall FTE ceilings to the bureaus; and
- Development of standards to guide funding of Agency operations, such as use of Trust Funds, and allocation of overall Operating Expenses levels to the bureaus.
- Management of information systems which are necessary to formulate and present budgets and monitor the implementation of policy. This includes PBDS and the AC/SI system.

Operational Budgeting

The operating bureaus of the Agency are responsible for utilization of available resources to achieve program objectives. Under the Agency's new evaluation initiative, they will be held accountable for achievement of those objectives. To fulfill this responsibility, the operating bureaus need the flexibility to allocate available resources to meet their most pressing operational requirements. This would include:

- Translation of Agency programming policy into specific strategies and programs for individual countries. This includes establishment of verifiable program objectives, based on the overall resource levels established in the third bullet above;
- Establishment of specific funding levels for individual projects and countries for any given fiscal year. These levels are based on progress toward achievement of objectives. If policy issues arise, the Policy Group clears;
- Reallocation of available funds throughout the operational year as requirements change. If policy issues arise, the policy bureau clears;
- Monitoring of pipelines and mortgages in individual projects and countries and deobligation as appropriate;
- Preparation of country and project data for submissions to State, OMB, and Congress. Support of the Policy Group as necessary in these submissions;
- Allocation of FTE ceilings to individual field Missions based on program requirements and country conditions;
- Allocation of Operating Expenses levels to individual field missions based on program requirements and country conditions;
- Decisions on a broad range of operational management options ranging from staff training to procurement of ADP software to telecommunications controls in a "manage to budget" system; and
- Management of information systems necessary for the above.

Budget Execution

Responsibility for budget execution should be lodged with the Chief Financial Officer, as envisioned in the CFO Legislation of 1990 and

OMB's directives. This will help assure tight financial control over Agency resources. It will also help integrate the CFO more directly into Agency operations and policy formulation. This function should be located outside FM to preserve FM focus on accounting--perhaps as a staff to the CFO. The responsible organization would perform all of the operational budgeting related to administration and management for the Agency, based on policy guidance and participation of the operating bureaus in the "manage to budget" system as noted above. Budget execution would include:

- Control of funds by establishing Agency apportionment and budget allowance systems;
- Preparation of all apportionment requests to OMB and clearance of all budget allowances issued by operating bureaus;
- Preparation of President's Budget schedules;
- Maintenance of the Operational Year Budget and monitoring progress on obligations throughout the year;
- Preparation of Operating Expense budget estimates for all Washington management and administration Bureaus and Offices. As required by the CFO legislation, this would include decisions on all aspects of the budget related to financial management, whether in the field or in the operating bureaus, including decisions on personnel;
- Allocation of Operating Expenses among Washington management and administration offices and supervision of the "manage to budget" system; and
- Management of information systems necessary for the above.

APPENDIX D - PROCUREMENT RECOMMENDATIONS

Procurement Subcommittee's Top Ten Recommendations

1. Increase FTEs:
 - A. Procurement Operations: from 111 to 140. This will improve its ability to:
 - Work with project officers early on;
 - Help them formulate projects that make contracting sense;
 - Help them thus to prepare good scopes of work; and
 - Respond to quick turnaround needs.
 - B. Procurement Policy: from 15 to 23. This will improve its ability to:
 - Undertake more frequent mission and A.I.D./W assessments of contract quality -- now on eight-year cycle;
 - Keep handbooks current and revise project officers guidebooks;
 - Provide policy guidance and advice to mission contracts officers;
 - Revise, update, monitor Agency courses on procurement, project implementation, etc.
 - Meet contractors and prospective contractors; maintain dialogue with these entities.
2. Continue and increase Agency training of contracts officers and project officers: project implementation, contracting for non-procurement personnel, how to write scope of work, etc. Initial courses, refreshers, workshops.
3. Improve implementation planning for projects: require draft scopes of work in authorization documents
 - i.e., require project designers to follow through

immediately to scopes of work.

4. Look carefully at the Eastern Europe contracting procedures; consider refining and replicating elsewhere.
5. If FTEs increased as first recommended, make sure procurement staff is more available to participate in project and program design.
6. Streamline the authorization process -- look at the Eastern Europe project design procedures, consider refining and replicating.
7. Update the Project Officer's Guidebooks on A.I.D. direct and host country contracting.
8. Establish closer monitoring of procurement action steps -- from implementation planning to contract award. This will:
 - Identify bottlenecks; and
 - Encourage people not to be bottlenecks.
9. Meet periodically with contracting community to discuss A.I.D. contracting procedures and requirements (World Bank model).
10. Give prospective contractors better information on upcoming procurement:
 - New computerized procurement information system
 - Pre-solicitation meetings with prospective bidders/offerors.

APPENDIX E - ADMIN/LOGISTICS MEMO

MEMORANDUM

DATE: April 2, 1991
TO: DAA/APRE - Bob Friedline
FROM: MS/IRM - Linda Lion and MS/DMS - Ann Dotherow
SUBJECT: Administrative/Logistics Subcommittee: Proposed
Organizational Structure of New Office of Overseas
Management Support in Operations Cone

The attached chart is a rough cut of a proposed organizational structure for the new Office of Overseas Management Support (OMS) which we recommend be housed in the operations cone reporting directly to the Associate Administrator for Operations.

The travel and mail functions currently in MS/AS do involve contractor resources, but we have not included an estimate of these in the attached. These are the only two areas where contractor resources would be utilized.

The total 85 FTEs for the Office is a very rough estimate. We arrived at this number as follows:

- For each of the 4 Geographic Divisions under Personnel Services, we are showing approximately one-half of the existing FTE resources in each of the Regional Bureau EMSs, assuming that the workload in these offices is roughly equally divided between domestic and overseas support operations.
- For the Travel and Transportation Division, we are showing all of the FTEs currently devoted to these functions in MS/AS.
- For the Communications and Records Division, we are showing approximately one-half of the FTE resources currently devoted to the mail function in MS/AS and about one-half of the FTE resources (and none of the contractor resources) currently devoted to the records management function in MS/AS.
- For the Property Management and Purchasing Division, we are showing 6 of the 9 FTEs currently in MD/OMS and 1 FTE from

MS/AS for the administrative purchasing function for a total of 7 FTEs for this Division.

- For the Policy and Planning Division, we are showing the 3 remaining FTEs currently in MS/OMS, 1 FTE from MS/PPF for PSC policy issues, and 2 "new" FTEs for a total of 6 FTEs for this Division.
- For the Resources Management Division, we are showing 1 FTE from PPC/PB for the FAAS budget analysis function and 5 "new" FTEs for a total of 6 FTE's for this Division.
- Finally, we are showing one SFS Director and 3 SFS Deputy Directors, each with their own secretary, for a total front office staff of 8 "new" FTEs.

In summary, our very preliminary FTE estimates reflect the consolidation of 70 existing FTEs and 15 "new" FTEs for a total office FTE level of 85.

Attachment: a/s

APPENDIX F - MATERIALS DISTRIBUTED

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Agency for International Development
Washington, D.C. 20523

Attachment
Appendix
V

MEMORANDUM TO: Henrietta Holsman Fore, Chair/M-Team
FROM: Tom Bebout, Staff/M-Team *TB*
DATE: April 11, 1991
SUBJECT: Chronological Cataloging of Materials Distributed
Within and by the M-Team

As you requested earlier, enclosed is a complete listing, as of today, of all the materials that I have distributed to M-Team's distribution lists A, B, and C. Each one of these documents is on file, in one of four binders(volumes), as indicated on the list. I believe there have been other materials distributed but, if they did not get through my distribution system, they will not be on this list.

I will distribute copies of this list to the M-Team members on Friday and if you wish it distributed to anyone else, John Blackton, the other Teams, Deloitte, etc., please let me know.

✓ Copy With Enclosure To:
John Hummon, Staff/M-Team

6/11

DISTRIBUTION OF MATERIALS, CHRONOLOGICAL LISTING
 ADMINISTRATOR'S TEAM ON RESTRUCTURING
 FOR MANAGEMENT (M-TEAM)

<u>NO.</u>	<u>WEEK</u>	<u>D E S C R I P T I O N *</u>	VOLUME ONE
01	02/04	PAPER: "Summary of Related Studies", by Work Force Planning group, no date indicated	
02		MEMO: "Major Themes of the GAO Management Review of A. I. D., by John Blackton, SA/AID, 2/5/91	
03		PAPER: Scope of Work for Deloitte-Touche contract	
04		MEMO: "Improving Agency Efficiency", from the Bollinger Report, 11/6/89	
05		ARTICLE: "The Drive To Downsize", no date, by Cindy Skrzycki	
06		LAW: "Chief Financial Officers Act of 1990", 11/15/90	
07		LIST: "Questions", no date, from the Policy Task Force	
08		LIST: "Critical Issues for A. I. D.'s New Organization", no date, by M. Mathews	
09		LIST: "General Considerations for a Restructuring", no date, F. Kenefick	
10		OUTLINE: "History of A. I. D., 2/4/91, by Peter Askin	
11		LIST: "Program Planning: Coordination", 2/5/91, by Bob Kelly and Jan van der Veen	
12		LIST: "External Affairs", 2/5/91, by Jim Kunder and Steve Hayes	
13		OUTLINE: "Suggested Methodology for Matching Strategy and Structure", no date, from Operations Team	
14		CHART: "Bureau for Management Services", broken-down by function and by resources availabilities, 11/14/90, Mike Doyle	

* Classifications used are: ARTICLE, CABLE, CHART, LAW, LIST, MEMO, OUTLINE, PAPER, and REPORT

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NO.	WEEK	DESCRIPTION	VOLUME ONE
15	02/04	PAPER: "Office of Human Resources Management - Statement of Functions", revised version of HB 17, Chapter 25, 2/1/91, by Personnel Office	
16		OUTLINE: "Statement of Functions" for both the AID/W Controller and a field mission Controller, 2/7/91, by T. Bebout	
17		LIST: "Exim/A. I. D. Mixed Credit Facility, 2/7/91, no author indicated	
18		LETTER: From USAID/NEPAL, Kelly C. Kammerer to Linda Morse re the reorganization	
19		MEMO: Fax from Regional Development Office/South Pacific re Agency reorganization, 2/8/91	
20		LIST: On the products and services of the Agency, 2/7/91, by J. Murphy	
21		PAPER: "Summary of the Administrator's HFAC Hearing", 2/7/91, S. Grossman	
22		MEMO: From Mike Usnick, FM/CONT, re "Financial Systems Development Memoranda (FSDM) Numbers 6, Office Financial Management AID/Washington Relationships", 2/6/91	
23		MEMO: From Linda Lion, M-Team, re "Proposed Organizational Structure for Finance and Administration", 2/7/91	
24	02/11	MEMO: From Peter Askin, M-Team, re "The Programming Process", 2/11/91	
25		PAPER/CHART: "MS Bureau Summary Functional Statement" by Mike Doyle, 2/8/91	
26		PAPER/CHART: "Functional Responsibilities, Office of Personnel Management", by Personnel, no date	
27		PAPER: "Chapter 18, Bureau for Management Services, Statement of Functions", by MS, no date	
28		PAPERS: Papers distributed and discussed by the Training Resources Group at an M-Team meeting	
29		PAPER: "Mission Director Authorities" and HB extracts attached, by PM/FSP/AB, 2/8/91	

<u>NO.</u>	<u>WEEK</u>	<u>D E S C R I P T I O N</u>	VOLUME ONE
30	02/11	CHART: For the Bureau for Asia and Private Enterprise, as revised, by APRE, no date	
31		PAPER: "Key Dimensions for Success", by Ronald Roskens, Oct. 1990	
32		PAPER: "Why is Workforce Planning an Urgent Matter for A. I. D.?" by Peter Askin and John Hummon, no date indicated	
33		PAPER: "Synthesis of Interviews" from the Work Force Planning group, no date indicated	
34		CHART: "Workforce Planning Process", by the Work Force Planning group, no date	
35		MEMO: Briefing memo for the Administrator from Mike Usnick, FM/CONT, re "Your Meeting with Frank Hodsoll, Executive Associate Director of OMB, on A. I. D.'s Plan to Implement the Chief Financial Officers Act of 1990", 2/19/91	
36		MEMO: From John Hummon, M-Team Staff, re "Reorganization: Basic Assumptions on A. I. D. 's Future", 2/14/91	
37		CABLE: From Team Leaders to AWIDE, "Agency Restructuring", 2/14/91	
38		REPORT: From Deloitte-Touche, in draft, on "Management Assessment of Central and Regional Bureau Activities"	
39		MEMO: From Thomas Nicastro, APRE/DR/TR, on "A. I. D. Contract Bottlenecks to 'Doing Business With Business'", no date indicated	

END OF VOLUME ONE

<u>NO.</u>	<u>WEEK</u>	<u>D E S C R I P T I O N</u>	VOLUME TWO
40	02/18	PAPER: "Change Management" by University Research Corporation (URC/CHS), no date	
41		ARTICLE: "Paraprojects as New Models of International Development Assistance" by Norman Uphoff, Cornell University, 1990	
42		LETTER: From Development Alternatives, Inc. (DAI), Albert Barclay, Jr. to Ronald Roskens re management initiatives of Dr. Roskens at A. I. D., 1/28/91	
43		LETTER: Draft from Regi Brown to Ronald Roskens re "Handbook Guidance on the Project and Non-project design, review and approval process", 7/5/90	
44		MEMO: From Assistant IG for Security, C. M. Flannery to the IG re "Organization and Functions of the Inspector General's Office of Security (IG/SEC), 4/23/90	
45		PAPER: "A. I. D.'s Experience with Decentralization and the Delegation of Project Review and Approval", by PPC staff, November 1989	
46		PAPER: "Mind Your P's and Q's", by Eric M. Phillips, Jr., no date indicated	
47		MEMO: "Brain Storming Sessions on AID's Products and Services", from Henrietta Holsman Fore to John Blackton, C. Adelman, S. Spangler, et al, 2/19/91	
48		PAPER: "The Role of Research and Development in the Agency for International Development", by senior Agency TR officers, no date indicated	
49		MEMO: From Team Leaders to members of reorganization teams re "Basic Assumptions on A. I. D.'s Future", 2/20/91	
50	02/25	MEMO: From Mike Doyle, AA/MS, to HHF re "Command and Control", 2/5/91	
51		LIST: "Some predictions of structural changes as we head towards Workplace 2000", by Training Resources Group, no date	

NO.	WEEK	DESCRIPTION	VOLUME TWO
52	02/25	ARTICLE: Subcontract everything you can except your soul", by Tom Peters, <u>Washington Business Journal</u> , 1/15/90	
53		MEMO: From Dwight Ink, former AA/LAC, to the A/AID re "Is A. I. D. Over-regulating Itself?", with attachment memos and cables from field missions, 8/1/88	
54		PAPER/CHART: Functions of the "Office of Financial Management (FM)", by (not stated), no date indicated	
55		OUTLINE: "Policy Team, Scope of Work", author not indicated, no date indicated	
56		LAW: "Title I - Multilateral Economic Assistance" portion of the 1991 Appropriations Bill which includes requirements for a management commission for the Agency and the corresponding Senate legislation, 11/5/90	
57		MEMO: From Henrietta Holsman Fore, Chair/M-Team, to Richard Bissell, AA/S&T, re "University/-Business/Development Pilot Technologies (Business and Development Partnership No. 4)", 2/4/91	
58		CABLE: From Bangkok re "Agency Restructuring", 2/25/91	
59		LETTER: From USAID/Pakistan, Gordon H. West, re reorganization of the Agency, 2/19/91	
60		LIST: "Cross-Cutting Issues", John Hummon (?), no date indicated	
61		MEMO: From John Foreman, Deloitte & Touche, to Team Leaders re "Food for Thought for Tuesday" or the restructuring process, 2/22/91	
62		ARTICLE: "A Formal Definition of Organization Culture", by Edgar H. Schein, <u>Organizational Culture and Leadership: A Dynamic View</u> , 1985	
63		ARTICLE: "What Is Organization Development?", by Richard Beckhard, <u>Organization Development</u> , 1969	

NO.	WEEK	DESCRIPTION	VOLUME TWO
64	03/04	ARTICLE: "Visions, Values, and Strategies: Changing Attitudes and Culture", by Robert N. Beck of Bank of America, 2/87	
65		MEMO: From Peter Askin, M-Team, re "Issues Cutting Across the Scope of the Three Reorganization Committees", 2/25/91	
66		PAPER/CHART: Talking points from presentation to M-Team by Mike Doyle, AA/MS, 3/7/91	
67		PAPER/CHART: Talking points from presentation to M-Team by Tony Cauterucci, PM/OD, 3/5/91	
68		CHART: From Mike Usnick, FM/CONT, 3/6	
69		MEMO: From Frank Hodson, Executive Associate Director/OMB, to A/AID re "Guidance for Preparing Organization Plans Required by the Chief Financial Officers Act of 1990 (CFO Act), 2/26/91	
70		MEMO/CHART: From Peter Askin, M-Team, re "Arguments In Favor of Organizationally Separating the OE Budget from the Program Budget", 3/5/91	
71		CHART: Seven box model presented at M-Team meeting, by John Mullen, 3/5/91	
72		CHART: Two box model presented to M-Team by John Hummon, 3/5/91	
73		LIST: Revised list of "Cross-Cutting Issues, A Policy Perspective", neither author nor date indicated	
74		ARTICLE: "Develop an Inspiring Vision", extracts from <u>Thriving on Chaos</u> by Tom Peters, 1987	
75		PAPER: "Agency IRM Program Goals", author not indicated, 8/90	
76		MEMO/CHART: From Peter Askin, Chair/SUBCOM on Personnel, re "Personnel Functions and Their Organizational Placement Within A. I. D.", no date	
77		REPORT: M-Team's first draft report, John Hummon edited, no date	

END OF VOLUME TWO

<u>NO.</u>	<u>WEEK</u>	<u>D E S C R I P T I O N</u>	VOLUME THREE
78	03/11	CABLE: From Yaounde, Cameroon re "Agency Restructuring", 3/1/91	
79		CABLE: From Abidjan, Ivory Coast re "Agency Restructuring", 3/8/91	
80		MEMO: From James Murphy, MS/PPE, re "Management Committee - Impact of Contracting Out", 2/27/91	
81		CABLE: From Kinshasa, Zaire re "Agency Restructuring", 3/8/91	
82		ARTICLE: "Cost Cutting: How To Do It Right", by Ronald Henkoff in <u>Fortune</u> , 4/9/91	
83		MEMO: From Tejpal S. Gill, Chief RNRM, re "Agency Restructuring", 3/1/91	
84		MEMO: From John R. Eriksson, AAA/PPC/CDIE, re "Additional Observations", 3/4/91	
85		LETTER: From the Population Crisis Committee re organization of development assistance programs, 3/4/91	
86		MEMO: From Howard A. Minners, M. D. re "The Office of the Science Advisor in a Newly Focussed A. I. D., 3/5/91	
87		MEMO: From Fred M. Zeder, OPIC, to the OPIC staff, re "Reorganization", 1/4/91	
88		MEMO: From M. Charles Moseley, GDO, USAID/ES, (With about 50 pages of attachments), re "Agency Restructuring", 2/28/91	
89		LIST: "Schedule of Steps in the Programming Process During FY 1990", author and date are not indicated	
90		MEMO: From Mike Doyle, AA/MS, re additional reactions to latest thinking, 3/11/91	
91		CHART: "Proposed Operations Group Construct", no date indicated	
92		CHART: Policy Team's proposed organization chart, no date indicated	

<u>NO.</u>	<u>WEEK</u>	<u>D E S C R I P T I O N</u>	VOLUME THREE
93	03/18	MEMO: From Mike Doyle, AA/MS, re further thoughts on proposals, 3/14/91	
94		MEMO: From Tom Bebout, M-Team Staff, re "Interview with Mike Flannery, Assistant Inspector General for Security", 3/18/91	
95		MEMO: From Brian Wickland, ENE/PD/MENA, re "AID Re-Organization -- Policy-Related Issues", 3/13/91	
96		MEMO: From James D. Murphy, Chair/SUBCOM on Financial Services, re "Finance/Budget Functions, 3/19/91	
97		MEMO: From Bob Nachtrieb, SUBCOM on Procurement, re "The Structure of Procurement", 3/19/91	
98		OUTLINE: "Proposed Reorganization in F/A Structure, by John Hummon, M-Team Staff, no date	
99		MEMO: From Peter Feiden, AFR/PD/SWAP, re Agency Reorganization, 3/14/91	
100		PAPER: "Organizational Incentives for Improving AID's Impact", by G. William Anderson, USAID/ZAIRE, October 1986	
101		PAPER: "Division of Budget Responsibilities", by Len Rogers, SUBCOM on Financial Services, no date	
102		MEMO: From Mike Korin, Co-Chair/Managers Network, re "Issues for the focus groups on 'process'", 3/21/91	
103		RFPOR/CHART: Draft of the "Finance/Administration Functional Description" report, 3/22/91	
104		CABLE: From AID/PM/OD to AWIDE re "Human Resources Development Strategy for Agency Personnel", 3/20/91	
105	03/25	REPORT: "A. I. D. Reorganization Open Forum Series" draft, no date	
106		MEMO: From Elmer S. Owens, SUBCOM on Financial Services, re "Location of Budget Functions Under the New Organization Structure", 3/25/91	

<u>NO.</u>	<u>WEEK</u>	<u>D E S C R I P T I O N</u>
107	03/25	MEMO: From Richard C. Nygard, DAA/PPC, re "Draft Paper on 'Division of Budget Responsibilities'", 3/21/91
108		REPORT/CHART: "Summary of Operations Committee Work, 3/27/91
109		OUTLINE: "M-Team Track II Working SOW and Timetable", by John Hummon, M-Team Staff, 2/19/91
110		CHART: Revised draft chart of "Proposed Management Group", 3/29/91
111		REPORT: Revised draft of "The Proposed Management Structure", John Hummon. M-Team Staff, 3/29/91
112		OUTLINE: "Talking Points for Procurement Subgroup Presentation", 3/22/91
113		OUTLINE/CHART: "Argument for Centralization" (of the Personnel Services function) by the SUBCOM on Personnel Services, no date indicated
114		MEMO: From Thomas E. Huggard, SUBCOM on Management/Logistics, re "Agency Reorganization - Comments/Response to March 13, 1991 Memorandum from Lion/Friedline", 3/27/91
115		LETTER: From Thomas S. Carroll, International Executive Service Corps, re the redirection of AID, 3/22/91
116		MEMO: From John F. Owens, AA/MS(Acting), re "Proposed Agency Reorganization of Management Functions", 3/27/91
117		LIST: "Talking Points for Management Structure", John Hummon, M-Team Staff, 3/28/91
118		MEMO(Announcement): From the Managers Network announcing the Topic Workshops, 3/27/91
119		MEMO: From Ray Randlett, AA/LEG, re "Reorganization", 3/29/91
120		LETTER: From Peter Loan, Director/Sister Cities International, re reorganization, 3/22/91

END OF VOLUME THREE

NO.	WEEK	DESCRIPTION	VOLUME FOUR
121	04/01	MEMO: From Tom Bebout, M-Team Staff, re M-Team members' attendance at the "Managers' Network Forums", 4/3/91	
122		PAPER: "The Process" (How the M-Team went about its work for the Team's final report to the A/AID, by Tom Bebout , M-Team Staff, 4/3/91	
123		REPORT: "Office of Information Resources Management and Services", from the SUBCOM on Information Services, not dated	
124		REPORT: "Current Organization Structure" (of AID in FTEs), by Deloitte & Touche staff working on the reorganization, no date	
125	04/08	PAPER: "ISSUE: Policy Coordination and Oversight of Special Programs", by Richard Sheppard, Chief/PPC/PDPR/SI, 3/18/91	
126		MEMO: From Mike Doyle, AA/MS, re additional thoughts on current thinking of the M-Team, 4/4/91	
127		LETTER: From The Ford Foundation, John D. Gerhart, Director/Africa and Middle East Programs, re reorganization, 3/26/91	
128		LETTER: From Contraceptive Research and Development Program, Henry L. Gabelnick, Director/CONRAD Program, 3/28/91	
129		LETTER: From the Office of Management and Budget, Executive Office of the President, Frank Hodsoll, Executive Associate Director, re AID's organizational proposal for implementing the CFOs Act, 3/30/91	
130		ARTICLE: "Organizations and Reorganizations", Chapter Eight of <u>Economic Policy Beyond the Headlines</u> by George P. Shultz and Kenneth W. Dam, date is not indicated	
131		MEMO: From Terrence J. Brown, Director, USAID/Guatemala, re "Agency Reorganization", 3/15/91	
132		MEMO: From several employees re "Reorganization - Where Should the Technical Staff Be?", 3/22/91	

APPENDIX G - SUBCOMMITTEE REPORTS

FINANCE SUBCOMMITTEE REPORT

FINANCE SUBCOMMITTEE REPORT

INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

APR 17 1961

MEMORANDUM

TO: Ms. Henrietta Holsman-Fore
Chair, Management Committee

FROM: ENE/DP, Leonard M. Rogers
MS/PPE, James D. Murphy 

SUBJECT: Finance Subcommittee Recommendations - Final Report

The Finance Subcommittee has met weekly since it was established and has included a broad spectrum of personnel involved with the accounting, budgeting and operations functions of the Agency.

We have concluded that the accounting functions of the Agency should remain with FM and that FM should be an independent office reporting to the Assistant Administrator for Finance and Administration, who should also be designated the Chief Financial Officer (CFO) for the Agency. The head of FM should be the Deputy CFO - this complies with the new CFO legislation and is consistent with its intent.

Regarding the budget function, we recommend that it be split among Policy, Operations and Finance and Administration as enumerated in the attached functions statement entitled "Division of Budget Responsibilities" (Attachment A), which describes the functions as "budget formulation" (Policy), "operational budgeting" (Operations), and "budget execution" (Finance and Administration). We view budgeting as a horizontal process requiring input and collaboration of all major elements of the Agency in order to be effective. Budgeting needs to be thought of as a planning process with all key components of the Agency participating and not as an accounting function with one Bureau predominating.

This is not inconsistent with the CFO legislation which would require that the CFO have access to the Administrator on his or her own budget, information systems, and the placement of financial personnel including evaluation of their qualifications and career advancement. This can be accomplished with a budget office separate from FM reporting to the Assistant Administrator for Finance and Administration, which we are recommending. The budget office would have responsibility for "budget execution", would be separate but close to FM, and responsible to the CFO who reports to the Administrator.

We did not find any major redundancies in the financial area but we did find a need to develop a better means of harmonizing the budget and accounting functions. This is a question of better information systems which would relate actual expenditures to planned actions eliminating the need for "cuff records". This is not an organizational failure it is an information systems failure.

In examining the current structure of FM we did note a deficiency which should be corrected in the reorganization. We recommend that a unit be established in that office that can make recommendations to the CFO for internal management improvement, can provide advice and assistance on procedural improvements needed in FM, and can provide consulting services on financial matters including pre-award pricing and accounting systems reviews. This can be accomplished with an increase of 5 FTE for FM. Alternatively, this function could be located with the Internal Control Staff.

In the course of examining the budget and finance functions several transitional issues were identified which will require further inquiry once the major question of who has what role in the budget process is resolved. These include:

- How can budgeting and accounting information systems be better integrated?
- Are internal control assessments relevant and useful. If not, how can they be improved?
- Can the current system for audit liaison be improved?
- Can we credit bilateral programs with buy-ins?
- Can the budget process be simplified?
- Can non-project assistance be accounted for in the field, parallel with project assistance?
- Can the Financial Management workforce throughout the Agency -- including the Operating Bureaus and Missions -- be better integrated and managed?

These are questions which should be addressed by the transitional teams once structural issues are resolved.

In recommending a new budget execution office under the AA for Finance and Administration (thereby allowing FM to concentrate on its accounting functions) the staffing implications would be a shift of approximately 5-6 FTEs from FM which would be combined with 5-6 FTEs from PPC who are currently performing "budget execution" functions and 3-5 FTE in MS performing similar functions.

In summary, we believe the Policy Bureau needs control of "budget formulation" including setting program, OE and FTE levels in order to be effective and have some clout. But we believe that the CFO legislation and good management practice require that the Finance and Administration Bureau be more involved in the process and have more control of the outcomes. What we are proposing in Attachment A will accomplish this. This approach was endorsed by a clear majority of the subcommittee. Two dissenting opinions are enclosed at Attachment B and Attachment C. Just as there was debate on our subcommittee, we know there will be further debate on the budget issue. The final outcome even then will be subject to the interaction among the principals named to head the respective Bureaus. While there may be changes at the margin we believe the structure recommended is sound and in the Agency's best interest.

Attachments:

- A Division of Budget Responsibilities.
- B Elmer Owens memorandum dated 3/25/91.
- C Richard Nygard memorandum dated 3/21/91.

cc: John Hummon

DIVISION OF BUDGET RESPONSIBILITIES

BUDGET FORMULATION: Responsibility for budget formulation should be located in the Agency's policy bureau. Establishment of funding priorities is the essence of policy in a program management agency such as A.I.D. The federal budget cycle provides a regular opportunity to present Agency policy to State, OMB and Congress. The budget system provides opportunity to monitor the implementation of policy by the operating bureaus. Budget formulation includes:

1. Provision of program guidance on Agency priorities, including new initiatives.
2. Provision of programming standards and guidance, such as the need to focus on a limited number of activities.
3. Establishment of "orders of magnitude" of resources to be provided to implement country strategies.
4. Preparation of the Agency's budget presentation to State and OMB, including development of an overall programming strategy with the Administrator.
5. Preparation of the Agency's presentation to Congress, including assisting with drafting of new legislation.
6. Preparation of the Operational Year Budget based on new legislation and the Administrator's programming strategy.
7. Development of standards to guide the staffing of field missions and allocation of overall FTE ceilings to the bureaus.
8. Development of standards to guide funding of Agency operations, such as use of Trust Funds, and allocation of overall Operating Expenses levels to the bureaus.
9. Management of information systems which are necessary to formulate and present budgets and monitor the implementation of policy. This includes PBDS and the AC/SI system.

OPERATIONAL BUDGETING: The operating bureaus of the Agency are responsible for utilization of available resources to achieve program objectives. Under the Agency's new evaluation initiative, they will be held accountable for achievement of those objectives. To fulfill this responsibility, the operating bureaus need the flexibility to allocate available resources to meet their most pressing operational requirements. This would include:

1. Translation of Agency programming policy into specific strategies and programs for individual countries. This includes establishment of verifiable program objectives, based on the overall resource levels established in item "3" above.

2. Establishment of specific funding levels for individual projects and countries for any given fiscal year. These levels are based on progress toward achievement of objectives. If policy issues arise, the policy bureau clears.
3. Reallocation of available funds throughout the operational year as requirements change. If policy issues arise, the policy bureau clears.
4. Monitoring of pipelines and mortgages in individual projects and countries and deobligation as appropriate.
5. Preparation of country and project data for submissions to State, OMB, and Congress. Support of the policy bureau as necessary in these submissions.
6. Allocation of FTE ceilings to individual field missions based on program requirements and country conditions.
7. Allocation of Operating Expenses levels to individual field missions based on program requirements and country conditions.
8. Decisions on a broad range of operational management options ranging from staff training to procurement of ADP software to telecommunications controls in a "manage to budget" system.
9. Management of information systems necessary for the above.

BUDGET EXECUTION: Responsibility for budget execution should be lodged with the Chief Financial Officer, as envisioned in the new legislation and OMB's directives. This will help assure tight financial control over Agency resources. It will also help integrate the CFO more directly into Agency operations and policy formulation. This function should be located outside FM to preserve FM focus on accounting--perhaps as a staff to the CFO. The responsible organization would perform all of the operational budgeting related to administration and management for the Agency, based on policy guidance and participation of the operating bureaus in the "manage to budget" system as noted above. Budget Execution would include:

1. Control of funds by establishing Agency apportionment and budget allowance systems.
2. Preparation of all apportionment requests to OMB and clearance of all budget allowances issued by operating bureaus.
3. Preparation of President's Budget schedules.
4. Maintenance of the Operational Year Budget and monitoring progress on obligations throughout the year.
5. Preparation of Operating Expenses budget estimates for all Washington management and administration Bureaus and Offices: As required by the CFO legislation, this would include decisions on all aspects of the budget related to financial management, whether in the field or in the operating bureaus, including decisions on personnel.

6. Allocation of Operating Expenses among Washington management and administration Bureaus and Offices and supervision of the "manage to budget" system.
7. Management of information systems necessary for the above.

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International Development
Washington, D.C. 20523

March 25, 1991

MEMORANDUM FOR JAMES D. MURPHY, CHAIRPERSON
FM SUB-COMMITTEE

FROM: Elmer S. Owens *E. Owens*
FM Sub-Committee Member

SUBJECT: Location of Budget Functions Under the New
Organization Structure

The purpose of this memorandum is to formally express my views on the location of the budget formulation function in the new organization structure.

I believe the budget formulation (PPC) and budget execution (FM) functions of the Agency should be co-located within the same Bureau. My opinion is based on the logical presumption that "financial management" in the federal government includes both the development and implementation of the Agency's budget. This presumption is supported by the Chief Financial Officers (CFO) Act of 1990 and the OMB implementing guidance for preparing CFO organization plans.

One of the significant operational problems the Agency has is PPC and FM not working together to serve the financial information needs of the Agency. Our automated systems do not work together. We are often at odds over the correct figures to include in internal and external reports. Co-locating the budget formulation functions of PPC and the accounting and control functions of FM under the Agency's CFO (AA/Finance and Administration) should result in coordinated financial information systems and reports serving internal and external users. It will also help eliminate redundant processes and records.

I support the suggestions made by others that the policy functions of PPC be located in the Policy Bureau or in a Policy Staff Office reporting to the Administrator. The procedures for how policy decisions are factored into the budget formulation and allocation process would have to be developed.

Finally, I want to make it clear that I do not believe PPC and FM should become one office reporting to the AA/F&A. The offices should remain separate, with both reporting to the AA/F&A (CFO).

Please share my views with the other sub-committee members and the Finance and Administration Committee. Let me know if you have any questions or need additional input.

[Handwritten initials]

for International Development
Washington, D.C. 20523

March 21, 1991

MEMORANDUM

TO: MS/PPC, Mr. James D. Murphy

FROM: DAA/PPC, Richard C. Nygard 

SUBJECT: Draft Paper on "Division of Budget Responsibilities"

I believe that the split of budget functions proposed in the subject draft would not serve the Agency well for the following reasons:

- it runs counter to the precept of putting like functions together, in that much of the analysis required for budget formulation remains applicable during the operational phase; and
- it doesn't adequately comprehend the fact that A.I.D. has an overall resource allocation system, starting with global and country strategies and culminating in final OYB adjustments, which needs to have a single control point in a staff function that reports to the Administrator.

To be more specific, I would suggest a number of modifications to the functional distributions; the most important of which are:

- Under the functions called "Operational Budgeting," the establishment and reallocation of specific funding levels should be proposed by the operating bureaus but approved by the Administrator or his central budget staff. The distinction between allocations with or without "policy issues" is not a real one -- how much money we're giving a country is by definition a basic policy issue for A.I.D. This point also involves the allocation of deobligated funds, so items 2, 3 and 4 should be revised accordingly.
 - Under "Budget Execution," some functions listed are integral parts of the Agency's resource allocation system mentioned earlier and should not be separated from the central budget function. I would include here especially the preparation of President's Budget Schedules, which frequently involve substantive
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judgments and always involve working directly with OMB, and maintain the OYB, which often involves allocation decisions (see preceding tic on "Operational Budgeting").

- I find that several of the functions, such as those involving FTE allocations, are vague, and the wording should be tightened up.

My bottom line is that, while it's clear that each of the three parts of the Agency will be involved in aspects of budgeting, we must avoid dismembering critical functions and processes in the reallocation of functions and staff. I retain my view that the central budget function should be housed in the policy area, but I believe even more deeply that the central resource allocation and control function, wherever placed, should not be fragmented. I'd be happy to work with you in revising the draft, should you wish to do so.

R INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

APR 17 1991

MEMORANDUM

TO: Ms. Henrietta Holsman-Fore
Chair, Management Committee

FROM: ENE/DP, Leonard M. Rogers *LR*
MS/PPE, James D. Murphy *JDM*

SUBJECT: Internal Control Staff *JDM*

Per discussion today with John Hummon, the Subcommittee on Finance did discuss the internal control function and its relationship with the Management Control Review Committee (MCRC), chaired by Ambassador Edelman, as did the full Management Committee. The consensus, particularly at the Management Committee level, was that there should be established a staff office reporting directly to the Assistant Administrator for Finance and Administration that would be responsible for the internal control functions, provide guidance to Agency managers on internal controls procedures, manage the Agency's audit follow-up system and serve as a secretariat to the Deputy Administrator in overseeing this important area.

We believe the Deputy Administrator should continue to chair the MCRC to preclude any real or perceived conflicts of interest when control weaknesses are identified in the F&A Bureau.

cc: John Hummon ✓

PERSONNEL SUBCOMMITTEE REPORT

PERSONNEL SUBCOMMITTEE

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REORGANIZATION TASKFORCE

MANAGEMENT COMMITTEE

FINAL REPORT

PERSONNEL SUB-COMMITTEE

APRIL 15, 1990

**FINAL REPORT OF THE SUB-COMMITTEE ON PERSONNEL TO THE
MANAGEMENT COMMITTEE OF THE REORGANIZATION TASKFORCE**

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EXECUTIVE SUMMARY

LIST OF MAJOR RECOMMENDATIONS

1. Personnel Management processes need to be **centralized** within the Agency in order for actions to be subjected to rigorous and transparent deliberations and to assure that Agency criteria and regulations are uniformly applied. The role of the various EMS units should be integral to the process, but subordinate to the Agency's needs.
2. HRDM be placed as a distinct unit within the management cluster and have the Director of HRDM report directly to the Associate Administrator for Management, with direct access to the Administrator, when appropriate.
3. The Associate Administrator for Management be designated as the **Director of Equal Opportunity** assisted by an EOP staff to advise the AA/MGT on objectives, provide oversight, investigate complaints, and efficiently implement the Agency's EOP policies and programs Agency-wide.
4. A **Workforce Planning Staff** be established and placed as a functional unit within HRDM, with appropriate coordination and linkage to the policy and operation areas of the Agency.
5. A Taskforce of senior Agency personnel be established to fully address the issues relevant to **harmonizing the Foreign Service and Civil Service systems** of personnel administration. Any resulting recommendation on the establishment of a new system would then be put forward to the Administrator for approval.
6. A Taskforce or individual working groups be established to provide an **in-depth examination of the Agency's total incentive's systems** with an emphasis on the issues and recommendations contained in Annex B, and prepare detailed proposals for revamping and improving the present system of incentives.
7. On a related issue, a Taskforce under the Director of HRDM be established to undertake an in-depth study of a **"Dual-Career Track"** system for AID and prepare specific recommendations for review and approval by the Administrator. These recommendations should include a revision of present promotion precepts and a revision of position standards to reflect an appropriate scope for the Agency's technical officers (see Annex D).

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(ii)

8. A Taskforce or individual Taskforces composed of senior Agency personnel be immediately established to work closely with HRDM and prepare a final report for the Administrator on the disposition of each and every recommendation contained in the four major studies identified in Annex C. All recommendations should be "put to bed" and a historical record of their disposition prepared. As a corollary recommendation, the Agency should mandate similar actions and documentation on the final disposition of all future studies and in-house reports in order to justify the extraordinary expense which the Agency annually incurs in contracting for their preparation.

9. The PSC recommends the following internal changes to HRDM's recent reorganization plan:

A. Move the classification function from the current Personnel Policy, Position and Organization Management Division (HRDM/PPOM) to the new Staffing and Career Development Division (HRDM/SCD).

B. Move the Organization Management Review function from HRDM/PPOM to the Management Planning and Analysis Staff attached to the office of the Associate Administrator for Management.

C. Except for the policy and benefits aspects, responsibility for the administration of the Foreign Service National (FSN) personnel should be transferred to the Staffing and Career Development Division of HRDM. Although the Agency should have centralized records of all personnel employed under the PSC category, the specific details relating to their recruitment and management should be left with the Missions and their cognizant contracting officers.

D. Combine the remaining Policy functions of HRDM/PPOM with the newly approved Workforce Planning function and the existing Personnel Systems and Program Evaluation Division (HRDM/PSPE) into a new Policy and Workforce Planning Staff office reporting directly to the Director of HRDM.

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10. The office of the Director of HRDM and at least the Staffing and Career Development Division be **physically relocated from SA-1 to Main State.**

11. The Agency establish a **permanent "forum,"** composed of Agency program and administrative managers, which would be used to receive ideas and provide feedback on the full range of human resource development and management initiatives, issues, operations, etc.

12. The Agency re-establish the **Management Intern Program** to be used as a recruitment and training mechanism for GS employees at the professional level.

13. A taskforce to help determine the appropriate future role, utilization and career path of support staff, taking into considerations how that role has changed and will continue to change, as the result of automation, Desk-Top, PC and other new management technologies.

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April 15, 1991

MEMORANDUM

FOR: HENRIETTA HOLSMAN-FORE
Chair, Management Reorganization Committee.

FROM: Peter Askin *PA*
Chair, Personnel Sub-Committee.

SUBJECT: Final Report and Recommendations of the Personnel
Sub-Committee (PSC).

I. PRESENT ORGANIZATIONAL STRUCTURE

Personnel Management in AID has traditionally been subsumed within a larger organizational unit. The Director of Personnel has reported to the Assistant to the Administrator for Management and, more recently, to the Assistant Administrator for Financial and Personnel Management. Only for the past ten months of AID's thirty-year history have both Personnel and Financial Management been established as autonomous offices with the Controller and the Director of Personnel reporting directly to the Administrator. The original relocation of PM from AA/MGT to AA/PFM and its subsequent establishment as an independent office were administrative decisions formulated as *ad hoc* solutions to problems other than those of organizational structure.

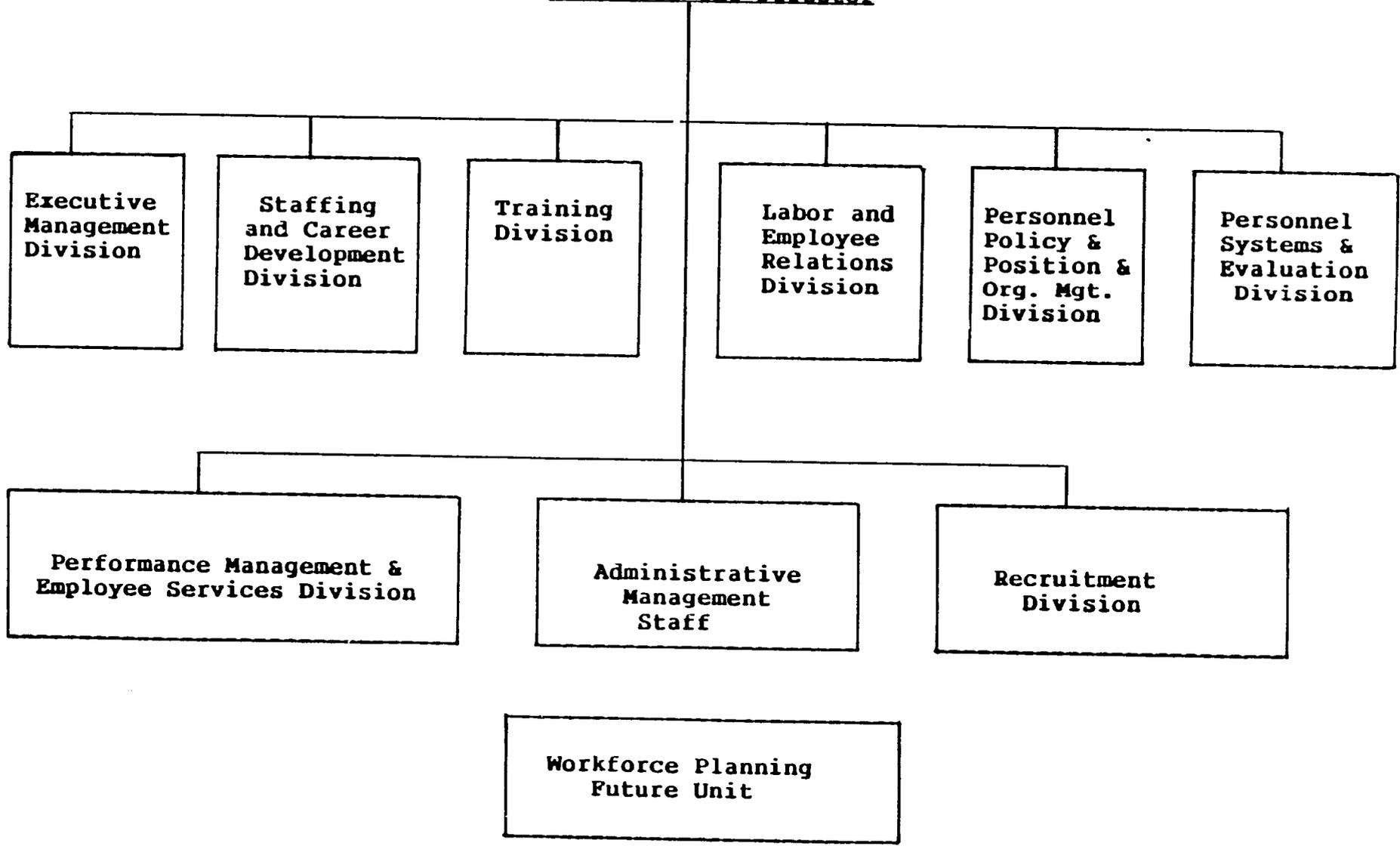
The present Director of Personnel has instituted a reorganization of the office and retitled it the Office of Human Resources Development and Management (HRDM). This reorganization was based to a large extent on recommendations contained in the 1989 Report of the Task Force on Personnel (The Kimball Report).

There are no legislative or regulatory restrictions governing the organizational structure of personnel management within AID but certain legislative parameters restrict the operational flexibility of personnel management. This legislation includes the Foreign Service Act, The Civil Service Act and the Obey Amendment.

The following pages contain an organization chart of the present HRDM configuration and staffing.

OFFICE OF
HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT

Office of the Director



HRDM CEILING

<u>Office</u>	<u>Present Ceiling</u>	<u>Actual</u>	<u>HRDM Ceiling</u>	<u>Additional Needed</u>
OD	6.0	6.0	6.0	
ADMIN	6.0	7.0	7.0	
EPM	5.8	6.0	7.0	1
RS	9.8	9.8	7.8	
PSPE	7.0	7.0	7.0	
LMR	6.0	6.0	8.0	1
PPOM	15.8	17.0	15.0	
TD	21.0	23.8	21.0	2
		PMES	19.0	
CSP	24.5	25.0	-	
		SCD	47.8	1
FSP	37.8	40.8	-	-
TOTALS	139.7	148.4	145.6	4 or 5

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B. PERCEIVED PROBLEMS AND BOTTLENECKS

Past and present problems in personnel management are less organizational than operational. The general perception among AID employees is that personnel management is ineffective, impersonal and unresponsive. Whether deserved or not, such perceptions in and of themselves are a problem for the Agency and lead to lowered morale, lowered productivity and disaffection.

These problems have been abetted and exacerbated by a de-facto decentralization of some key decision processes, most notably assignments, which have been largely managed by the individual bureaus.

The PSC notes that the present Director of HRDM is fully cognizant of the problems facing personnel management and is taking laudable steps to revitalize the office through internal reorganization, reenforcement of service orientation and values, and several new major initiatives such as developing a Human Resource Development and Management strategy, a revitalized IDI program, establishment of a workforce planning capacity and a "career pathing" system for all employees.

The Personnel Sub-Committee applauds the initiatives which, if successful, can have a major impact on human resource management in AID, and believe they should be given every chance to work. It is within this context that the PSC selected the following as the main areas and issues on which it would concentrate its efforts. They are:

1. The degree to which HRDM functions need to be decentralized or further centralized.
 2. The appropriate placement of HRDM in relationship to the Administrator and within the precepts of the reorganization exercise.
 3. How the Agency's two major personnel systems can be further "harmonized" or integrated.
 4. How can the AID incentive system be improved.
 5. Identification of ways to measure the effectiveness of the Agency's management of its human resources.
 6. What modifications, if any, should be made in HRDM's present reorganization plans and new initiatives,
 7. Identification of those unimplemented recommendations from previous reports on personnel that are relevant to the current organization.
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8. Investigate the desirability and feasibility of instituting a "dual-career track" in AID, which would be divided between senior management and non-management staff.

Some of the problems and issues identified by the PSC are not susceptible to quick resolution. They neither can nor should be addressed definitively by a part-time committee under a tight deadline. Recommendations for further in-depth study and in-house debate on these matters are therefore an integral component of this final report, and are summarized in Part VI.

III. ISSUES INVESTIGATED BY THE SUB-COMMITTEE

1. Issue: The degree to which HRDM functions need to be further centralized or decentralized and the respective roles of HRDM and the Bureau EMS units.

Discussion: The PSC found that the present informal but influential role of the independent EMS units has adversely affected HRDM's ability to ensure standardized and uniform application of Agency regulations and criteria in the personnel management process. This has been especially true in the assignment process where decisions are largely made at the Bureau level through networking and negotiation and then formally voting on the official Assignment Boards. This situation frustrates individual employees who perceive an "unlevel playing field" in the bidding process. Action to formally decentralize the process would exacerbate the parochial nature of a system which is already unsatisfactory and lead to a situation bordering on administrative anarchy within the Agency. In addition, decentralization of the assignment and classification functions, as proposed by one committee, would not only result in an even more unlevel playing field, but would also gut the new initiatives now underway in HRDM.

Recommendation: Personnel Management processes need to be centralized within the Agency in order for actions to be subjected to rigorous and transparent deliberation and to assure that Agency criteria and regulations are uniformly applied. The role of the various EMS units should be integral to and full partners in the process, but subordinate to the Agency's overall needs.

2. Issue: The Appropriate placement of the HRDM office within the new organizational structure of the Agency.

Discussion: The PSC concluded that placing HRDM within the organizational unit responsible for overall Agency management support would improve communications and access between and among all units responsible for management support. The PSC felt it

was important to have HRDM on an equal footing with other management and operational units. This arrangement would allow HRDM to remain in touch with and accessible to operating units which would help resolve one of the major problems of the past: lack of effective communication between personnel managers and program managers. This model also provides a degree of protection and continuity for long-range HRDM policies.

Recommendation: HRDM be placed as a distinct unit within the "Management Cluster" and have the Director of HRDM report directly to the Associate Administrator for Management, but with direct access to the Administrator, as appropriate.

3. Issue: Determine the appropriate placement for the Equal Opportunities Program (EOP) office.

Discussion: Government-wide regulations of the Equal Employment Opportunity Commission require heads of agencies to "exercise personal leadership in establishing and carrying out a continuing affirmative program designed to promote equal opportunity. . ." The regulations require the designation of a "Director of Equal Opportunity" who shall be under the "immediate supervision of the head of [the] agency." The regulations also specify various functions of the Coordinator of EO requiring advice to and approval from the Agency head. Given the Deputy Administrator's authority to serve as the alter ego of the Administrator, it would be appropriate for the Director of EO to be placed in the direct chain of command to the Administrator through the Deputy Administrator. However, placement below this level would not meet the requirements of regulations.

The PSC identified a widely held perception that the Equal Opportunity Program in AID is not functioning effectively in terms of the Agency's stated, affirmative action policies and objectives, and has not for sometime. The reasons appear to be varied and complex, in part as a result of the isolation of the functions relative to top management to the Agency's operating units and personnel systems. There would also appear to be a shortfall in the EOP office's capacity to effectively launch and carry out the Agency's policies and objectives, and the EOP Director's planned initiatives. There is also the perception that affirmative action objectives, criteria and procedures need to be more explicitly integrated into the Agency's human resources and operating systems. Lastly, there is a definite need for more and improved communications between EOP professionals and HRDM managers. For example, the PSC was surprised to learn that EOP is not represented on the recently established Minority Recruitment Advisory Group (MRAG).

Recommendation: The PSC recommends that strong consideration be given to (a) designating the Associate Administrator for Management as "Director of Equal Opportunity", (b) attaching to the front office of the AA for Management a small but strong EOP staff to develop proposed affirmative action policies, programs and procedures, to investigate complaints and to provide oversight advice to the "Director" on EEO issues and concerns. and, (c) make EEO and affirmative action functions explicit responsibilities of all HRDM units, and the appropriate EMS and other managers of human resources.

4. Issue: Determine the appropriate placement for a Workforce Planning Staff within the reorganized Agency structure.

Discussion: There is general agreement within the Agency that a Workforce Planning system is required in order to better ensure that the Agency has the most appropriate mix of technical and managerial expertise to pursue its long-term goals and objectives. (See the report of the Workforce Planning Working Group, "Workforce Planning in AID", 02/08/91.

The outstanding issue is whether the workforce planning function and staff should become an integral component of the Policy or Management cones. The PSC recognizes that workforce planning relates directly to and depends on inputs from the policy and operational as well as human resource management areas of the Agency. The PSC is unanimous, however, in its opinion that Workforce Planning, needs to be in close proximity to the systems it is trying to influence, e.g. recruitment, training, assignment, career development, retention, etc., but at the same time must be staffed and function in such a way as to be responsive to policy signals and directions, and the staff and skills needs identified by the operating units of the Agency. The PSC argues strongly for the bulk of the workforce planning function to be placed organizationally as a key staff office of HRDM. Moreover, placement of Workforce Planning within Policy, which is also responsible for budget functions, runs the bureaucratic risk of having Workforce Planning driven by budget considerations thereby depriving the Agency of the necessary inter-divisional discourse and debate on questions of prime importance to the Agency in the pursuit of its goals and objectives.

Recommendation: A Workforce Planning Staff be established pursuant to the report of the Workforce Planning Group and placed as a functional unit within HRDM.

5. Issue: Harmonization of the Agency's two major personnel systems: Foreign Service and Civil Service.

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Discussion: Considerable investigation into this matter was undertaken by the PSC. The PSC reviewed the findings of the Ulrich Obey Regulations Review Committee and other studies seeking to accommodate greater flexibility of movement between Civil Service and Foreign Service. The PSC strongly endorses the recommendation to develop an administrative system which would provide the most flexible mechanism possible to facilitate cross-over from one system to the other for whatever time periods best serve the needs of the Agency and the needs of the individual employees. There are nevertheless several downsides to each such proposed systems which require more in-depth and detailed investigation.

Recommendation: A Taskforce of senior Agency personnel be established to fully address the issues relevant to harmonizing the Foreign Service and Civil Service systems of personnel administration, iron out all details and widely vet their proposals throughout the Agency. Any resulting recommendation on the establishment of modified system would then be put forward to the Administrator for approval.

6. Issue: What is the most appropriate way to manage the Agency's Foreign Service Nationals and non-direct hire (PSC) staff overseas.

Discussion: There was considerable discussion about the lack of real management attention to the Agency's FSN's. While their direct personnel support is provided by the Embassy Personnel Office, we should have a better handle on who they are, how they are compensated and how to get the compensation and benefits issues surrounding this invaluable personnel component elevated to a level where it is dealt with and not ignored. The suggestion has been made that HRDM reassign the FSN staffing issues to Staffing and Career Development and be handled by the Staffing Branches. Also, there is the issue as to whether FSNs can be utilized for higher levels of responsibilities and what changes in existing authorities are needed to permit that to happen.

See Annex A for a somewhat fuller discussion of this issue.

Recommendation: Except for the policy and benefits aspects, responsibility for the administration of the Foreign Service National personnel should be transferred to the Staffing and Career Development Division of HRDM. Although the Agency should have centralized records of all personnel employed under the PSC category the specific details relating to their recruitment and management should be left with the Missions and their cognizant contracting officers.

7. **Issue:** Determine how the Agency's "incentives" system and structure (including promotions, awards, EER's, assignments, training, LCE's, etc.) can be utilized to better contribute to the accomplishment of Agency/employee objectives, improved productivity and improved morale through increased fairness and equity.

Discussion: The PSC's review of this subject concluded that the Agency's system of incentives is not serving its purpose as a management tool for the recruitment, retention and motivation of high-quality staff. It further concluded that perhaps a more serious problem lies in the "perverse incentives" which operate to discourage constructive management practices and performance throughout the Agency. If one of the objectives of the present reorganization is to "revitalize" the Agency, its incentives system - including the "perverse incentives" - will need careful scrutiny and far-reaching reform. The broad findings of the PSC's review, illustrative reform proposals, and recommendations for immediate actions are contained in Annex B.

Recommendation: A Taskforce or individual working groups be established to provide an in-depth examination of the issues and recommendations contained in Annex B and prepare detailed proposals for revamping and improving the present system of incentives. Prior to issuing final reports the proposals should be widely vetted within the Agency to provide the opportunity for substantive input by Agency staff.

8. **Issue:** The development of a "Dual-Track" system which would provide high-level career progression and appropriate incentives and promotion opportunities for both management and technical personnel.

Discussion: Promotion into the Senior Foreign Service or the Senior Executive Service ranks has traditionally resulted in technical personnel moving away from the practice of their technical expertise and into the sphere of "management" or leaving the Agency, thus denying the Agency the advantage of senior-level technicians. Conversely, technical personnel working within their narrow disciplines are often not provided with the opportunity to undertake "supervisory" positions and thus denied the opportunity to gain the management/supervisory experience normally required for career advancement and promotion. Over the last six rating periods 50 percent of threshold promotions went to individuals in Backstops 01, 02 and 94 while only 10 percent went to Backstops 10 and 50. Present promotion precepts do not provide for adequate recognition of technical expertise and achievement. A report on the PSC's review of this issue and recommendations for future action is appended as Annex D.



Recommendation: A Taskforce under the Director of HRDM be established to undertake an in-depth study of a "Dual Track" system for AID and prepare specific recommendations for review and approval by the Administrator. These recommendations should include a revision of present promotion precepts and a revision of position standards to reflect an appropriate scope for the Agency's technical officers.

9. Issue: Unimplemented recommendations of previous reports relevant to the Agency's human resource management that need to be implemented and emphasized in AID's total reorganization effort.

Discussion: An in-depth review of past studies was undertaken by the PSC which identified four recent studies as most relevant to the present reorganization effort. The recommendations contained in these studies identify common themes which have been reflected in prior studies and unimplemented recommendations of the more distant past. A report of this PSC review and recommendations for future action is appended as Annex C.

Recommendation: A Taskforce or individual Taskforces composed of senior Agency personnel be immediately established to work closely with HRDM and prepare a final report for the Administrator on the disposition of each and every recommendation contained in the four major studies identified in Annex C. All records should be "put to bed" and a historical record of their disposition prepared. The PSC recommends that the question of the adequacy of the Agency's investment in training, and "growing its own" receive special attention in this context. As a corollary recommendation, the Agency should mandate similar actions and documentation on the final disposition of all future studies and in-house reports in order to justify the extraordinary expense which the Agency annually incurs in contracting for their preparation.

10. Issue: Internal changes within HRDM that go beyond the recent reorganization.

Discussion: The rationale for reassigning classification to SCD is that under the present structure there is no "one-stop-shopping". No manager in SCD can be held ultimately accountable for timely and responsive service to clients without classification incorporated into SCD. Additionally, classification has been found to be far more informed and accurate when incorporated within the closely related staffing functions. A new HRDM organogram reflecting the above changes is appended as Annex E.

Recommendation: The PSC recommends the following internal changes to HRDM's recent reorganization plan:

- a. Move the classification function from the current Personnel Policy, Position and Organization Management

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Division (HRDM/PPOM) to the new Staffing and Career Development Division (HRDM/SCD).

b. Move the Organization Management Review function from HRDM/PPOM to the Management Planning and Analysis Staff attached to the office of the Associate Administrator for Management (AA/MGT).

c. Move the Foreign Service National function from the current HRDM/PPOM to the new Staffing and Career Development Division (HRDM/SCD).

d. Combine the remaining Policy functions of HRDM/PPOM with the newly approved Workforce Planning function and the existing Personnel Systems and Program Evaluation Division (HRDM/PSPE) into a new Policy and Workforce Planning Staff office reporting directly to the Director of HRDM.

11. Issue: The physical location of HRDM.

Discussion: Employees from the field often take up personnel issues with the EMS offices rather than with central personnel because of their proximity and convenience. Much could be gained in terms of access, confidence, service, rapport, etc., if at least some of the mainline functions of HRDM were located in Main State. This would not only improve employee access to HRDM but would also facilitate HRDM's outreach to Agency program managers. It would also make the Director of HRDM more accessible to the Administrator and vice-versa.

Recommendation: The office of the Director of HRDM and at least the Staffing and Career Development Division be physically relocated from SA-1 to Main State.

12. Issue: Is HRDM fully communicating its policies and programs with the Agency?

Discussion: In the past, many major actions relevant to the establishment of Agency personnel standards and guidelines have been promulgated without having been vetted among managers and impacted employees. The establishment of a senior "forum" would provide an important and useful perspective in reviewing such issues and proposals prior to their enactment. The opportunity for such a review (external to HRDM) could provide welcome refinements and improvements, improve communication between personnel management and its clients, and promote the desired image of "transparency" as an operating philosophy for the Agency.

Recommendation: The Agency establish a permanent "forum" of senior career personnel which would be used to receive ideas and provide feedback on the full range of human resource development and management initiatives, issues, operations, etc.

13. Issue: The International Development Intern (IDI) Program.

Discussion: The Agency has recently reinstated the International Development Intern (IDI) Program as its primary recruitment vehicle. However, this Program has traditionally been reserved for the recruitment of Foreign Service Personnel. A corollary program for the recruitment and training of personnel who are not attracted to or available for overseas service, but still critical for the performance of many AID/W functions, would greatly improve the Civil Service recruitment process and ensure that the Agency is getting the best and the brightest for both of its services.

Recommendation: The Agency re-establish the Management Intern Program as a recruitment and training mechanism for GS employees at the professional level.

IV. MANAGEMENT OBJECTIVES AND PERFORMANCE INDICATORS

Establishing measurable standards of effectiveness and measuring them will be an extremely important aspect of the reorganization and its implementation, because only then can the Agency validate its efforts and programs in reversing the negative perceptions that persist on how it manages its affairs. This appears to be especially true in terms of human resource management.

The sub-committee researched this issue and in the limited time available was able to make only an initial cut at identifying means of measuring on a continuing basis progress and effectiveness in the area of human resource management. The result of that effort is the following list of indicators, realizing that they should be considered only the start of a process that needs to be deepened considerably in the immediate future, and also realizing that it will be equally important to identify how and by whom such measurement and evaluation is to be undertaken.

Suggested Indicators

1. HRDM has a clearly defined set of goals and objectives and a strategy in place to carry them out. This includes a clear statement of mission and a definition of personnel management roles. Office is restructured to better respond to changing circumstances and priorities.
2. HRDM is organizationally positioned at an appropriately high enough level in the agency to influence important management decisions. In order to provide high level quality and relevant advice to agency management in solving human resources issues, HRDM Director has direct access to Administrator's Office and is part of management and decision making coalition.

3. HRDM meets workforce recruitment needs in a timely manner and consistent with Agency EEO workforce hiring goals.

4. HRDM maintains an effective and efficient workforce planning unit that:

- Provides Agency management with a realistic projection of human resource management actions needed to have the necessary staff and skills mix in place to carry out the Agency's objective and program priorities.

- Responds quickly and accurately to requests for information concerning employee and workforce composition and distribution;

- Periodically carries out special projects to identify or resolve ongoing or newly emerging problems related to workforce trends and needs;

5. HRDM department heads have sufficient professional background in order to effectively manage the Agency's human resources. Staff and department heads are aware of recent trends and new practices in their field and applies them as appropriate.

6. HRDM effectively and efficiently implements Agency personnel performance evaluation system by establishing and applying performance standards for each employee.

7. HRDM acts as resource to Agency management in understanding and interpreting Agency and federal government regulations to accomplish workforce needs.

8. HRDM has an ongoing presence and awareness of the line activities of the Agency and in turn effectively shares information with all levels regarding relevant changes in policy, strategy and operations of human resources.

- Establishes and maintains formal and informal communication mechanisms between HRDM and rest of Agency;

- Organizes and manages personnel staff to provide for thorough understanding of Agency programs in various geographical and central Bureaus; and,

- Establishes a permanent forum of Agency employees to help guide and provide feedback on personnel matters.

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9. HRDM actively formulates and promotes new and innovative incentive systems for the workforce in order to:

- Recruit and retain high quality staff;
- Encourage certain kinds of behavior;
- Recognize and reward accomplishments that serve to achieve Agency objectives; and,
- Promote values of fairness and appreciation of staff effort.

10. HRDM utilizes quality control methods in managing personnel functions:

- Creates a system for regular assessments by clients of HRDM performance; and,
- Establishes and applies standards for prompt communication between HRDM and agency staff. Applies rigorous review of turn around times on correspondence, telephone calls, meetings and other communications.

11. HRDM is physically located in close proximity to the operating units that it supports or has representatives that are.

12. HRDM sets programs in motion to accomplish EEO goals.

13. HRDM creates totally transparent assignment system for senior level as well as regular level agency employees.

V. PROPOSED ORGANIZATIONAL, FUNCTIONAL AND STAFFING CHANGES, AND EXPECTED BENEFITS FROM THESE CHANGES

The following is a brief summary of the major changes proposed by the sub-committee and the major advantages and benefits expected as a result:

1. Leaving the major part of HRDM's reorganization intact and encouraging HRDM to move quickly and boldly with its major new initiatives will give AID its best chance in some time to achieve a strong, effective and responsive personnel system.

2. Making the relatively minor modifications suggested in terms of moving the FSN and classification functions should improve the morale and utilization of the FSN component of the workforces to HRDMs clients even further, and combining

workforce planning with personnel policy systems and evaluation should give the HRDM Director the conceptual and analytical capacity needed to develop long-term human resource strategies, identify problems, monitor trends, anticipate future staff and skill needs, and put the programs into motion that will assure the availability of these skills when needed.

3. The suggested changes in the location of the office of EOP offers the possibility of developing a stronger and more focussed affirmative action program that will yield more visible and tangible results.

4. Implementation of the recommendations for HRDM to establish a forum or mechanism for dialoguing on an informal basis with Agency program and administrative managers could produce immediate and far reaching results in terms of (a) improved communications between program and personnel managers, (b) gaining ideas and inputs into HRDM initiatives before they are set in concrete, (c) verify HRDMs intentions to develop a more client and service oriented posture and (d) restoring HRDMs credibility within the Agency.

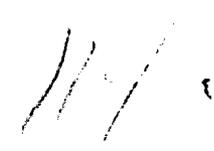
5. Staffing implications of these changes: The PSC can foresee some slight FTE savings resulting from the consolidation of functions. Further savings may be possible. When an experience factor with the reorganization has been established, and as HRDM "professionalizes" its staff.

6. Budget implications: The major adverse impact on budget would result from implementation of the PSC's recommendations on restoring the IDI program (already implemented) and increasing the Agency's investment in training. The establishment of a workforce planning function also will probably require resources for travel, equipment and contractual services.

VI. MAJOR CONTINUING ISSUES

boxes One of the most beneficial results of the reorganization could be the seriousness, priority and vigor with which major systemic problems and issues that have arisen as part of the reorganization process are dealt with immediately following the decisions on the ^{boards}. In the hope and confidence that they will be dealt with, following are the major candidates for continuing attention identified by the PSC. In brief and bulletized form they are:

1. Harmonization and/or integration of the two personnel systems.



2. A hard and comprehensive look at the Agency's incentive systems.
3. EOP and how it can be staffed, organized and empowered to function more effectively
4. Implement or otherwise dispose of the various unimplemented recommendations of recent previous reports on the Agency's personnel systems.
5. Define the role of AID's technical staff, including the possible establishment of a dual track promotion system.
6. Continue efforts to refine the HRDM performance indicators as the basis of continuous efforts to measure performance, receive and give feedback and improve overall human resource management in AID performance measurement, feedback and improvement.
7. Role and Utilization of Support Staff: In the latter stages of the reorganization exercise , it came to the PSC's attention (via the manager's network, that there is a high degree of concern among managers and support staff alike concerning the role and utilization of support staff in AID. The concern is multi-faceted and includes:
 - (a) The perception that the support staff is the "invisible" part of the workplace;
 - (b) That with a decade of increased automation and a "PC on every desk," nothing has been done to reconcile the role of support staff with computer usage, which has resulted in under utilization of and a high degree of frustration among the Agency's support staff;
 - (c) Many career Foreign Service secretaries are concerned about the trend in hiring resident spouses and giving preference in bidding to tandem couples in the hiring of Foreign Service secretaries;
 - (d) The need for an effective program, unlike those in the past, to assist secretaries in moving up into middle-management careers; and,
 - (e) Frustration with the promotion process for FS secretaries, and the perception that it lacks a fair, clear and set criteria.

These are important perceptions and issues that the sub-committee did not have time to deal with by April 15, but which should not be lost and should definitely be in the list on "system and process issues" that will be addressed in the immediate post-reorganization period.

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Harmonization of Personnel Systems

The Personnel Subcommittee on the Agency's reorganization met to discuss ways to harmonize its two major personnel systems, the Civil Service and the Foreign Service, as well as to deal with the two overseas systems of personnel which are not really managed centrally, FSN's and PSC's.

The Subcommittee reviewed the findings of the Ulrich Obey Regulations Review Committee, which explored ways to create greater flexibility of movement between Civil Service and Foreign Service, as well as various other studies and recommendations for integrating the two systems which have been made over time. The Subcommittee endorses the facilitation of greater integration of the two systems. Whatever system the Agency identifies for achieving this goal should meet the needs of the Agency and the needs of the employees.

The various studies suggest many possible options for increasing the exchange between FS and CS personnel. They also point up advantages and disadvantages within each option, all valid and requiring further study. We recommend that a group be convened to identify the best proposed system, iron out all of the details and resolve the problems, and then vet the product throughout the Agency. The resulting recommendation for greater integration of the two systems should then be put forward to the Administrator for approval.

Some of the proposals which have been considered included:

- Using existing legislative authority and procedures, expand the use of Foreign Service non-career candidate appointments to provide opportunities for Civil Servants to serve one or two tours overseas, thus increasing their knowledge of the development needs in the field and the challenges of the second and third worlds;
- Using new legislative authorities, assign Civil Servants to the overseas field for one or two tours without changing their appointment or benefit systems;
- Using new legislative authorities, create a new cadre of Foreign Service employees who are not required to be world wide available, but whose benefits resultingly limited;
- Using the existing announcement system, Open Assignments for the Foreign Service and Merit Promotion for the Civil Service, allow members of the opposite system to apply, compete and be selected for positions, with each selectee accepting the appointment and benefit package of the system he/she is opting for.

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The group we are recommending be convened should not be limited to the above listed proposals, but should rather seek the best and most facilitative integration scheme to achieve the desired goal.

There was considerable discussion about the lack of real management of the FSN's, who all reside in the field. While their direct personnel support is provided by the Embassy Personnel Office, we should have a better handle on who they are, how they are compensated and how to get the compensation and benefits issues surrounding this invaluable personnel component elevated to a level where it is dealt with and not ignored. The suggestion has been made that HRDM reassign the FSN staffing issues to Staffing and Career Development and be handled by the Staffing Branches. As one member put it, dealing with FSN issues in Latin America is considerably different from dealing with FSN issues in Asia, which is different from dealing with FSN issues in Africa. As the Staffing Branches will be organized along Agency organization lines, each will become knowledgeable of the development issues of the regions served. Thus, they will be better equipped to handle regional FSN matters. There was a strong feeling within the group that FSN issues should receive high priority, which the group believed was not the case now.

There was discussion of the PSC's, which the Agency now has no central control of. While we agreed it was best to leave the specific details of their appointments up to the Missions and their contracting officers, who negotiate PSC packages, there was unanimity of opinion that we should have full records of the people employed in this category. There was no detailed discussion of how this should take place, or where.

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Incentives/Disincentives

1. Summary: Although brief and impressionistic in nature, the sub-committee's review of this subject concluded resoundingly that the Agency's system of incentives is not serving its purposes as a management tool. It concluded, moreover, that a perhaps more serious problem lies in the "perverse incentives" which operate to discourage constructive management practices and performance throughout the Agency.

If one of the objectives of the prospective reorganization is to "revitalize AID," the Agency's incentives system - including the "perverse incentives" - will need careful scrutiny and far-reaching reform.

This report sketches out the broad findings of the sub-committee's review, proposes some illustrative reforms of the incentives systems, and concludes with some recommendations for next steps to focus the Agency's attention on the priority issues.

2. Scope of the Sub-Committee's Review: The sub-committee took a broad perspective in looking at this subject. It defined incentives as a tool for accomplishing the following organizational objectives:

- a. to recruit and retain high quality staff;
- b. to encourage certain kinds of behavior;
- c. to recognize and reward accomplishments toward Agency objectives; and,
- d. to promote values of fairness and appreciation of staff effort.

The sub-committee's working definition of incentives subsumed both tangible and intangible incentives. In the former category, there are: promotions, cash awards, assignments, TIC/LCE's, training. The intangible incentives probably all revolve around "job satisfaction," broadly defined.

The sub-committee also gave attention to so-called "perverse incentives." These are cues from the operating environment which prompt actions and behavior which are not in the organization's interest.

3. Principal Findings: There appears to be a broad consensus throughout the Agency that AID's incentives are not working. The tangible incentives are perceived as inequitable and not linked in any persuasive way to performance.

Another, much larger and more complex, set of problems lies in the related realm of "perverse incentives" which are embedded in AID's culture and systems. The consequences of these "perverse incentives" as they are currently operating in the Agency are:

- a. we are not effectively managing our budgets; and,
- b. we are not effectively "managing for results."

"Perverse incentives" are seriously undermining the efficiency and effectiveness with which the Agency conducts its business.

The principal finding of this sub-committee is that these failures of the incentive system constitute a serious deficiency that should be addressed in the context of this reorganization effort. There are compelling reasons to give this area immediate attention:

- a. The existing incentives system is contributing to a pervasive and growing demoralization of staff; this will only worsen if the reorganization stops short of addressing some of the more fundamental issues in AID management; and,
- b. If incentives can be properly structured, they can give real force to the Administrator's commitment to "changing the way AID does business" to get "better development results;" if not, we are missing a real opportunity to promote positive change.

4. Key Problems:

A. Awards and rewards are not linked to results.

This is due at least in part to the overall lack of clarity in Agency objectives and to a recognized difficulty in measuring performance against "results." These factors contribute to murky criteria for awards and rewards, and corresponding perceptions of unfairness. They also lead to a reliance, by default, on "process: or "input" indicators, and measures of quantity instead of quality.

Unit managers can bring about some improvements in this area, by writing clearer statements of work objectives and better means of measurement of performance.

Much however, can only be dealt with at more senior levels" greater leadership is needed to forge a consensus on objectives for the Agency and to communicate those objectives clearly.

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B. Incentives operate without reinforcement from appropriate disincentives.

Everyone is awarded outstanding EERs and PARs, so the really top performers come to expect an award or promotion as an "entitlement." Hence, the incentive system gets overloaded and excessive expectations are created over time. To restore integrity to the incentives system, we need to give our managers viable means of discouraging poor performance.

C. The system itself is broadly perceived as inequitable.

The 6/12/90 Brandi report shows that the SFS, representing 8.2% of the workforce, receives 26.7% of monetary awards, while GS staff, representing 35% of the workforce, receives only 17.6% of the monetary awards.

D. The system places too much weight on promotions.

By failing to provide adequate alternative forms of reward and recognition, the system increases the pressure to promote and hence exaggerated the tendency to over-rate employee performance on EERs and PARs.

E. The system relies excessively on the manager's own initiative and writing skills to recognize and reward outstanding performance.

Since there are few explicit incentives for managers to spend time in this way, exceptional performance often goes unrecognized.

F. Individuals are typically rewarded without reference to the performance of the organizational unit.

This often leads to senior managers receiving substantial awards while no recognition is given to the performance of anyone in his/her unit.

G. The incentives system is woefully neglectful of the support staff.

Given the high turnover rate and problems in recruiting in this category, this problem area deserves immediate attention.

H. The incentives system does not promote "rounded" or broadening career experiences.

FS program managers who take assignments in central service bureaus (such as personnel management or evaluation) or who serve on ad hoc Task Forces addressing Agency-wide management issues are often penalized in the promotions and assignments process, even when their performance in such functions is

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outstanding, contributes to important agency goals, and affords significant growth in skills or knowledge relevant to future assignments.

5. Proposals for Incentives Reform: The subcommittee believes that the following precepts should guide any comprehensive reform of Agency incentives. First, we need to clearly articulate what kinds of behavior we want to reward. Secondly, all parts of the incentive system must be, and appear to be, based on fairness and objectivity; to achieve this, the system must be made more transparent than it is currently. Thirdly, all employees must feel that they have a stake in the system, and can share in its rewards.

The sub-committee considered a wide range of proposals for reform. Such proposals are offered as a point of departure for more thorough examination by others. Some illustrative proposals for specific reforms include:

- a. For cash awards, the pool of funds should be divided into categories by grade (e.g., SFS/SES, GS13-15/FS02-01, GS9-12/FS04-03, etc.). The funds should be divided according to the percentage of the workforce represented by that particular grouping. In this way, competition would be among like-graded employees.
- b. There should be two categories of cash awards for SFS/SES: one category which would recognize general management excellence with sizeable awards (\$10-\$20,000) made to a smaller group that at present (e.g., the top 20%); a second category which would recognize specific program accomplishments geared to Agency priorities which are announced at the beginning of each performance period; this category could be awarded on a group basis, to missions, AID/W offices, or specific ad hoc task forces.
- c. For cash awards below the SFS/SES level, a pool of funds should be apportioned to bureaus or missions on the basis of some measure of performance; the bureau head or mission director would then be responsible to allocate the awards to those having made the greatest contributions according to clearly defined criteria and a transparent process.
- d. Special attention needs to be paid to clerical staff, and clerical awards should incorporate the principle of peer review.
- e. Unit citations should be monetized and there should be more recognition of group accomplishments.

- f. Senior managers should have included as part of their evaluations the development - and reward/recognition - of subordinates. Increased emphasis should be placed on staff development as a criterion for the advancement of managers.
- g. EERs should have a separate section for award write-ups, to make the nomination process more related to the performance evaluation process.
- h. Training could be an effective incentive, insofar as it is de facto a visible recognition of employee potential. However, it is not always used in this way and hence is not perceived as a positive reward or recognition. Current efforts to ensure placement of trainees in good onward assignments may alleviate this problem. However, it was felt that training should be first and foremost a staff development tool, not an award.
- i. The Agency should expand the use of the ENE-initiated on-the-spot ("instant recognition") awards.
- j. The Agency Awards Committee should consider award nominations more than once a year, to minimize the delay between nominations and official recognition.
- k. The Agency should give fewer number of awards, indicating truly outstanding performance, and thereby increasing the prestige, and in the case of monetary, the actual size of the award.
- l. The Agency should develop a "Project Heritage" system to rotate employees evaluations with project evaluations over time.
- m. The EER evaluation process should be cumulative. Employees ranking should formally reflect a series of EERs and ranked unpromoted employees who continue to perform should not find themselves "out-of-the-running" the following year simply because of a different personality makeup of a new board.

6. Recommendations:

a. Immediate attention should be focussed on reforming the cash awards system. This would signal to AID staff that senior management is committed to meaningful organizational reform. Among the various incentive tools, the cash awards system is by far the easiest to change.

The substantial increase in SES/SFS pay-scales which go into effect this year provides an excellent opportunity to redirect and restructure senior-level performance bonuses. A restructuring of the cash awards system could be an effective vehicle to implement the Administrator's program and management priorities by incorporating criteria to reflect those objectives.

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It is suggested that an Ad Hoc Working Group on Cash Awards be established to conduct a more comprehensive examination of issues and options in this area. AA/M Mike Doyle, Mike Usnick and HRDM Director Tony Cauterucci would be excellent candidates to lead such a Group. It is strongly recommended that opportunities be provided to Agency staff to make substantive input into this effort.

b. Task PM to re-examine promotion precepts for managerial-level officers to determine whether appropriate weight is being given to the effective use of incentives and monitoring by Agency managers, and to make adjustments as necessary. This would help to promote:

- clearer definition of objectives for organizational units and individual workplans;
- appropriate recognition and reward of outstanding performance; and,
- greater attention to staff development, training, mentoring.

c. Task CDIE to examine the issue of "perverse incentives" in the context of its planned study on "Getting AID Managers to Focus on Results." The area of "perverse incentives" as it affects managers' behavior throughout the Agency is a complex one, meriting close study and analysis. CDIE's 1991 Annual Agenda includes an opportunity to address this area in a systematic fashion. A Steering Group of senior managers broadly representative of core operational and service functions could provide useful direction to such a study.

d. Defer any decisions on other tangible incentives - e.g., assignments, promotions, training, etc.- until PM has had an opportunity to develop its Human Resources Development strategy, but task PM to consider, as it develops its strategy, ways of improving the equity, transparency, linkage to performance in the working of all aspects of the personnel system to improve their effectiveness as positive incentives.

e. Task senior most managers, AA, DAA to develop highly specific, measurable, work objectives for themselves and their immediate staff, and to ensure that their subordinates do likewise. A special review panel chaired by the Deputy Administrator should review AA/DAA work objectives to insure such specificity.

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Unimplemented Recommendations Of Previous Reports
On Agency Human Resources Management

Over the years a number of studies have been undertaken relevant to Agency personnel policies, procedures and organizational structure. These studies and their subsequent reports have ranged from global overviews to more narrowly focused investigations of specific elements within the Agency's personnel system. Many of these studies had been initiated on the basis of particular issues extant at that point in time and the recommendations of which have since been overtaken by events. An example of this is the 1981 Administrator's task Force of Personnel Ceiling Reductions which was an OMB budget-driven study to achieve a balanced budget objective of the White House by Fiscal Year 1984. Other studies, such as the 1977 "MacDonald Study" of AID's Personnel System, were initiated to find ways of improving the personnel system in order to produce a cadre of AID professional staff whose specific talents were in harmony with the Agency's programmatic objectives and the national Affirmative Action goals. A review of these studies and their resultant recommendations nevertheless demonstrated many common threads and themes. While it is difficult, without yet still another study, to ascertain which of the many recommendations over the years have in fact been implemented - or attempted - the fact that so many of these common themes and recommendations have been resurfaced in major studies undertaken within the last few years leads one to the conclusion that they have either not been implemented or that attempts to implement them have been less than successful.

Since 1988, three major studies on the structure and management of AID's personnel system have been undertaken:

1. Report of the Task Force on Personnel (The Kimball Report).
2. Assessment of the Foreign Service and Civil Service Recruitment Systems (Gwendolyn Joe, et al). November 1988.
3. Assessment of AID Staff Training Programs (James Brady, et al). January 1989.

These AID specific studies and reports have been augmented by the "Report of the Commission on the Foreign Service Personnel System" (The Thomas Report) of June 1989.

Taken together, these four major reports have mirrored and incorporated the most relevant conclusions and recommendations of other past studies and should be used as the focal point for the Personnel Sub-Committee's recommendations to the Reorganization Taskforce.

Tony Cauterucci's recent Information Memorandum for the Deputy Administrator of February 12, 1991, has provided a succinct and graphic demonstration of the reorganization which has recently been proposed by the Office of Personnel Management - henceforth to be named the Office of Human Resources Development and Management (HRDM). It is evident from a study of this memorandum and its attachments that HRDM paid very close and particular attention to the "Kimball Report" in devising its new structure. While not following the Kimball Report recommendations 100 percent, the new HRDM reorganizational structure incorporates the spirit of those recommendations and presents a credible alternative restructuring which addresses specifically the problems and issues targeted by the Kimball Report.

The only organizational issue which appears to be unresolved in HRDM's present plan is that of workforce planning and the establishment of a Workforce Planning Unit. The HRDM organization presents a separate block designated as "Workforce Planning 'Future' Unit." However, the new HRDM functional statement does not address the role and function of this block and workforce planning, as such, appears to be a function of the Personnel Systems and Program Evaluation Staff (HRDM/PSPE). Although it appears evident that HRDM intends to address the issue the Personnel Sub-Committee may wish to make specific recommendations based on the findings and conclusions contained in the February 1991 report of the Workforce Planning Working Group. Whether a future Workforce Planning Unit is established as a separate division or is subsumed within the broader functions of another division would appear to be less of a concern than assuring that the function is undertaken on a permanent and full-time basis by a staff which has been dedicated to that purpose. Assigning the function on an inter-alia basis to existing staff will assure that it is only accorded ad hoc attention.

The non-organizationally related recommendations comprise the majority of the outstanding recommendations and form an extensive and lengthy list. These relate to the crux of what the Agency could expect HRDM to do - as opposed to the organizational recommendations on how. They range from broad-brush to nitty-gritty but have an integral cohesion and deserve to be

individually addressed. However, I believe it is beyond the scope of the Reorganization Taskforce to specifically address these non-organizational items and attempt to provide definitive responses or specific courses of future action. Nevertheless, experience has shown that despite good intentions the press of daily business will assure that recommendations and good ideas languish and gather dust unless a dedicated follow-up is ordered and pursued with diligence. I therefore believe the Personnel Sub-Committee should forward recommendations along the following lines:

A Taskforce, or individual Taskforce, composed of senior Agency career personnel should be immediately established under the authority of the Administrator. The role of these Taskforces would be to prepare a final report for the Administrator on the disposition of each and every recommendation contained in the four major studies mentioned above. They would work closely with HRDM staff members and, as appropriate, personnel from other organizational units and keep the Director of HRDM fully aware of the progress of their work-soliciting his input in a timely manner. (Alternatively, perhaps having the Director of HRDM serve as the Chair of the Taskforces in order to assure HRDM's "ownership" of the process and outcome.) The final report(s) would advise the Administrator on specific actions which have been or will be taken to implement each specific recommendation, a time-frame for the action to be fully implementable, corollary actions (such as the requirement or increased staffing levels or budgetary resources) which would be needed to implement a specific recommendation, or, as the case may be, the rejection of any individual recommendation due to disagreement, impracticability, irrelevancy, being overtaken by events, or having been addressed through alternative measures. The important point is that all recommendations should be "put to bed" and a historical record of their disposition prepared. This is necessary to assure timely follow-up action as well as to preclude subsequent reinventions of the wheel by future studies.

On a side note, it may be useful for an equivalent recommendation to be incorporated somewhere in the final Reorganization Task Force report which would mandate a similar documentation on the disposition of all future studies and recommendations Agency wide. With the millions of dollars which the Agency dispenses on contracted studies and in-house reports, the taxpayers, as well as the Agency itself, deserves a credible follow-up which will document and justify the extraordinary expense beyond the mere shelving of a bound and dust-covered volume.

It is important, however, that the mandate of any such Taskforces be carefully laid out and understood. Their role would not be to undertake new studies and investigations nor to devise new or alternative recommendations. Their role would simply be to assist HRDM in fully addressing outstanding recommendations and documenting the results during a time when HRDM is already preoccupied with the bureaucratic trauma of its own reorganizational efforts and the press of ongoing daily business.

DUAL CAREER TRACK SYSTEM

The Personnel Sub-Committee of the Management Task Force was asked to look at the question of a dual track system for AID professional staff. In our view, "dual track" means a career progression which provides incentives and promotion for management, as well as technical professionals.

To research this question, we considered the experience of other U.S. government organizations, the World Bank and some large private sector firms. The approach to dealing with this issue varies widely, as would be expected. For example, other government agencies, such as NIH, Defense and NASA, grant salary supplements in order to retain scientific and technical expertise. The World Bank established what it calls a "non-managerial career track" about 4 years ago. It has had mixed success. Briefly, it works like this - all professionals go through a standard promotion ladder to a mid-career level. Then they either continue in a management stream, or elect to move into non-management, non-supervisory senior positions. In the latter case, an individual is paid the equivalent of a first level manager (more or less equivalent to our FE-OC). The lead economist for on either geographic regions would fill such a job. In the non-managerial stream, there also is a more prestigious, selective and better paid group of technical advisors - example, forestry or highway advisor. The Bank has a rank in job system like our GS. One problem has been that the Bank has tight controls on the number of all senior positions. So, there is a one to one trade-off between the managerial vs. non-managerial slots.

In the corporate world, there are a number of variations. Hewlett-Packard has set up a technical track to let scientists advance without taking on management responsibilities. TRW offers technical fellowships to engineers, who get generous budgets and bonuses. Merck offers variety in career development where scientists can test themselves in management and move back into a technical track without penalty.

The single point to extract from this very limited survey is that many private sector and government organizations are trying to figure out ways to motivate, retain and promote technical and scientific staff.

The Personnel Sub-Committee should voice its concerns about this issue. We did a review of promotions from FS-02 to FE-OC 1985 to 1990. Over the six rating periods, there were 145 threshold promotions. Half of these, or 72, went to individuals in BS 01, 02 and 94. In contrast, BS 10 and 50 combined had 15 promotions,

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or about 10% of the promotions. Last year, 1990, there were 20 promotions to FE-OC. Twelve, or 60%, went to BS 01, 02, and 94. Whereas, one was for BS 10 and none in BS 50. Based on current promotion standards to SFS, the technical staff are not competitive and/or competing.

We recommend several actions:

- First, along with the re-formatting of the EER for next year, we understand that Personnel is revising the promotion precepts in Handbook 25, Chapter 40C, especially the description of skill areas necessary for promotion. We recommend that there be a separate set of precepts for FS-01 and below, and for SFS. In both cases, the precepts should provide for recognition of technical expertise and achievement. We further recommend that a representative group of senior technical officers participate in the re-drafting of these precepts.

- Second, we urge there be a major over-haul of the position classification system and re-write of position standards for technical staff. The current system is arcane and unresponsive for establishing the scope and level of positions required of today's technical officers - individuals who can think in sectoral and strategic terms. As above, we suggest that senior technical staff be a part of this process and be recognized in their EERS for helping to modernize one important aspect of our personnel system.

- Finally, we recommend that a Task Force be organized under supervision of the Director of Personnel to look more in depth at a dual track system for AID. From our brief look at the outside world, we would suggest a dual track career path which has three features. One, the focus would be on individuals at the FS-01 level. A system could be put in place to permit FS-01 officers after a certain time in grade to offer themselves for either SFS, as they can now, or alternatively for a senior technical track. Entry into would be determined by a panel separate from the SFS threshold panel. Two, unlike the World Bank model, the AID senior technical officers could be in management positions, but only of technical units, such as Mission HPN office or a large agricultural division in AID/W. These are individuals who would elect not to be considered for executive ranks. Individuals in this track could also be in non-managerial positions, such as senior Bureau economists, or senior AID advisor. Third, a percentage of the technical track professionals would receive salary supplements based on achievement, stature, representation and/or credentials needed. This could be analogous to

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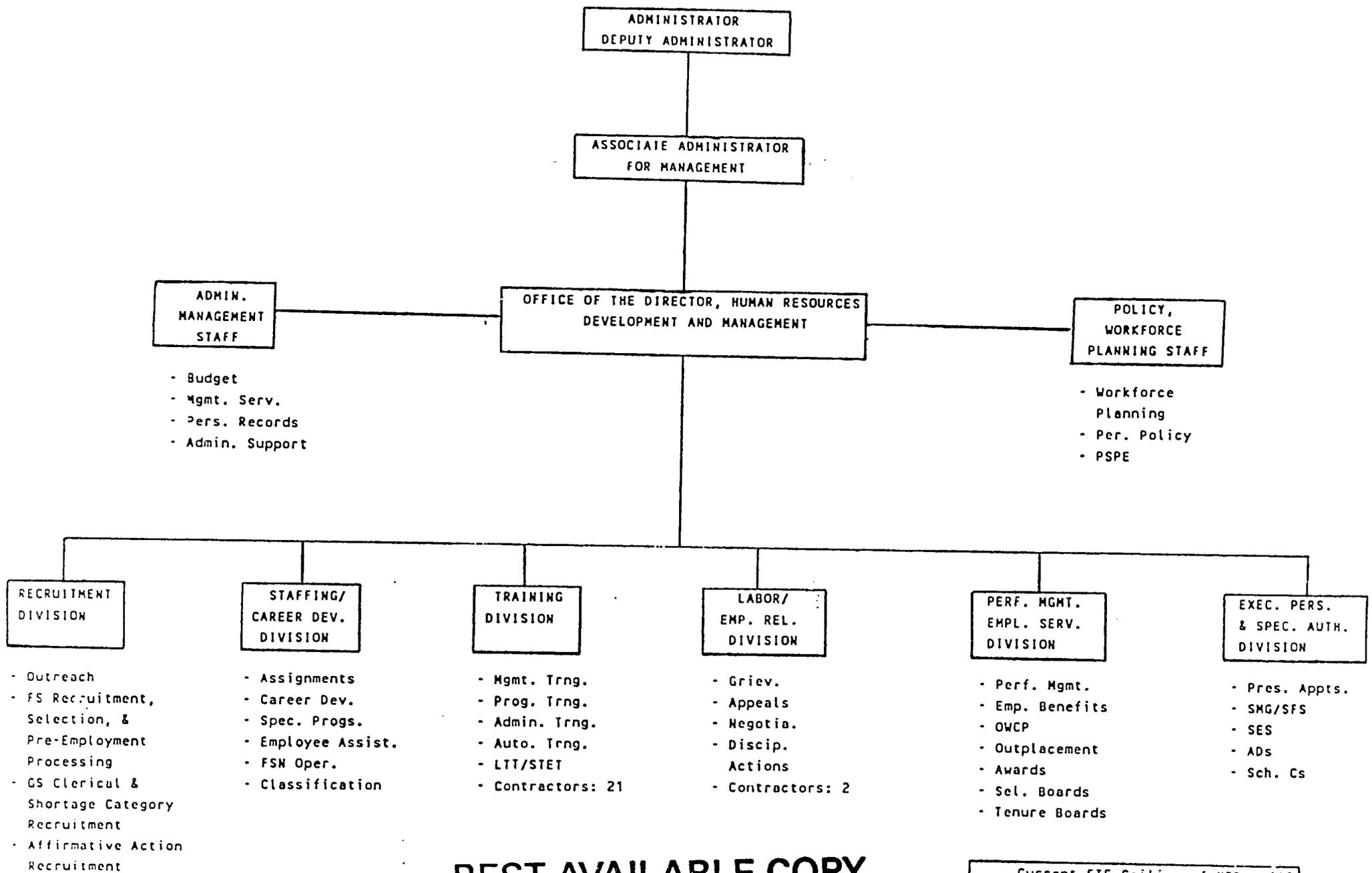
payments made to medical doctors in the Agency. SFS officers would not be eligible for these salary supplements, since the SFS already has a bonus program. Only FS-01 officers in the senior technical track would qualify.

The implications and opportunities for GS professionals also should be considered.

ANNEX E

Proposed Organogram For The Office Of Human Resources
Development and Management (HRDM)

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BEST AVAILABLE COPY

Current FTE Ceiling of HRDM:	140
Current FTE Ceiling of EOP:	10
HRDM Proposed FTE Ceiling of WFP:	5
TOTAL: 155	
Current HRDM Contractors:	31
Mgmt, Com. Proposed FTE Ceiling:	149
Set Aside (5% of Current):	8

ANNEX F

Personnel Sub-Committee (PSC)
Scope of Work, March 7, 1991

The PSC will undertake analysis of and prepare positions and recommendations on the following issues and areas of AID's human resources management functions and systems:

1. The degree to which HRDM functions need to be further centralized or decentralized, and in this determine the basic roles of HRDM, EMS and the Missions.
2. The appropriate placement of the HRDM office in relationship to the Administrator, and in the process determine the appropriate locations of related functions such as the EEO office and a Workforce Planning Staff.
3. Harmonization of the Agency's two major personnel systems, and in the process determine what more or less should be done about the FN personnel system. The the extent time permits, the issue should also include analysis ad recommendations regarding the respective future roles of direct hire and non-direct hire staff.
4. The Agency's "incentives" systems and structure, (including promotions, awards, EER's, assignments, tic/LCE's etc) and how they can be made to better contribute to accomplishment of agency and employee objectives, fairness and higher productivity.
5. Identification of ways to measure the effectiveness of the manner in which the Agency manages its human resources.
6. Affirmation of those unimplemented recommendations of previous reports concerning human resources management that the PSC believes need to be implemented and emphasized in AID's total reorganization effort.
7. Determine the staffing and budget implications for the above analyses and recommendations.
8. Submit a report of the PSC findings and recommendations to the Chairperson of the Management Committee.
9. Evaluate Dual-Career track

PROCUREMENT SUBCOMMITTEE REPORT

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PROCUREMENT SUBCOMMITTEE

April 2, 1991

TO: John Hummon
FROM: Bob Nachtrieb, Procurement Subgroup
SUB: Recommendations of Procurement Sub-Group

As you requested, here is a summary of our recommendations:

1. Proposed Functions and units:

We recommend a centralized Washington-based line procurement facility for project and program goods and services. This is no significant change from present structure. A brief summary of the functions to be performed by this unit follows:

- procurement of goods and services for Washington-based clients
- contracting for field missions in some cases
- TDY assistance to field
- Advice on personnel assignments for contracts officers
- Arrangement for shipment of food and other bulk commodities
- Centralized reporting on contract activities worldwide
- Backstopping and monitoring commodity import programs

We also recommend a separate staff unit responsible for procurement policy, assessment of contracts officers, and competition advocacy; this unit could also house the Agency's procurement executive. This unit should not be integrated with the line operations unit described above.

We also discussed administrative purchasing operations, and concluded that it is best left as a separate organization within the Finance and Administration area; its rules and procedures are different, and there is little to be gained by merging it with program procurement.

2. Staffing: We recommend major increases in Washington-based USDH program procurement staff:

- for line operations, up from 111 (total, including support) to 140;
- for the policy unit, up from 15 to 23.

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The recommended increases are not to address any new functions or roles, but rather to enable the units to handle their existing workload in a manner which is both responsive to needs and which decreases vulnerabilities. Procurement staff has been reduced over the past 15 years from about 150 to 75, despite growing workload. This has directly led to many of the vulnerabilities identified by the PPAP. The Procurement Sub-Group explored a variety of organizational and functional alternatives to try to relieve the procurement facility of workload, and thus to allow it to function within the existing FTE level. We found no better alternative; the dilemma is decentralization, quick response, and double or triple current staffing levels on one hand, versus a combination of a central unit in Washington and decentralized field offices, as now, and only a 30 percent increase in staffing on the other. The only way significantly to improve responsiveness and quality of the Agency's program procurement is to increase staff. If staffing levels are left where they are, procurement will continue to function, but at roughly its present level of effectiveness; marginal improvements can be had without increasing staff by following the recommendations in the attachment.

We also considered devolving some procurement functions to others, e.g. project officers. Simply put, this would lead to only marginal improvements; contracts officers and project officers already collaborate extensively; in fact, smoother procurement will result from more, not less, participation of contracts officers in project design and conceptualization. This means more, not less, work for contracts officers.

3. Interaction with rest of the Agency: Procurement policy must stay independent of, but closely related to, procurement operations. It is "policy", but of a different sort than that to be handled by the Agency's policy "directorate"; it should therefore not be integrated within that directorate, but rather left within the same directorate as procurement operations, separate from but adjacent to it. Also, both units must report to the Procurement Executive. It is much more operational, and thus needs to be closer to its operatives.

OSDBU must likewise remain a stand-alone unit reporting to the Administrator, because:

-- standing legislation requires OSDBU to be responsible only to, and report directly to, the Administrator or Deputy;

-- OSDBU's functions and objectives are different from those of the contracts officers. OSDBU's purpose is to maximize

small and disadvantaged contracting; Procurement's is to contract as quickly and efficiently as possible. Sound organizational theory requires that these two sets of purposes be pursued by separate units. Issues not resolvable by the two must be elevated beyond the head of procurement. Recognizing the Administrator's need for a manageable span of control, OSDBU's special status could be maintained without undue call on the Administrator's time; e.g., OSDBU need not attend daily staff meetings, etc.

-- We felt that putting OSDBU within Procurement would in fact slow down the process; internal conflicts would take more time and attention than if they could be resolved externally, as now. This is not a mere supposition; it is exactly what did happen when OSDBU was a part of Procurement some years ago.

4. Differences from the Past: We recommend little substantive difference beyond increased staffing. The present organization of the Agency's procurement is tailored to its needs, and quite responsive to them, given shortage of workforce, and requirements beyond A.I.D.'s control, i.e. CICA, etc. Put another way, the problems we face in procurement are best solved by means other than reorganization.

5. Issues:

The procurement facilities in the present Management Services Bureau deal with just a portion of the entire acquisition process, if one includes conceptualization and design of the projects for which contracts for goods and services are entered. Many of the problems confronting A.I.D. in the procurement arena concern articulation of the services needed to support project objectives, and this needs to be addressed well before a procurement order reaches a contracts officer. A good portion of the recommendations in the attachment address this point.

The Procurement Sub-Group believes significant improvement in Agency procurement could be achieved by collocating contracts officers with their clients, enabling them to interact continually on project and program development, and thus to contribute and guide it into sound, contractible scopes of work. The dilemma comes from the equally compelling need to keep contracts officers together for professional collaboration and support and administrative efficiency. The only way to satisfy both needs is to put both Procurement and its clients all in one building, and that is simply not a feasible course of action. Forced to choose between keeping Procurement together as a group and dispersing its staff to client locations, the Procurement

Sub-Group recommends leaving it together. The staffing increases recommended are to enable the Procurement staff to spend more time visiting client offices to participate early in the project development process. This would achieve the benefits of collocation and the efficiencies of a centralized operational and support unit.

The Sub-Group examined the proposition that Procurement be placed within the Operations Directorate, as opposed to the Finance and Administration Directorate. The Sub-Group felt that they belong in Finance and Administration, but in either directorate Procurement will have to service the Agency's operations, and yet do so from an independent base (in order to be able to say "no" to an unsound procurement). The importance is in maintaining objectivity; if that can be done with Procurement in Operations, we would have no objection; however, we think it would be more effectively done in Finance and Administration. A final point is that the entire body of A.I.D./W is responsible, directly or less so, for the Agency's operations; whether Procurement is in Operations or somewhere else, its responsibilities remain the same. The question then becomes what is gained by moving it.

attachment: Procurement Policy Reform Proposals: list of top ten recommendations

Clear: Jim Murphy(draft)
Ralph Williams(draft)
Larry Tanner(draft)
Ken Fries(draft)
John Wilkinson(draft)
John F. Owens(draft)

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Procurement Sub-Group
Top Ten Recommendations

1. Increase FTEs:

A. Procurement Operations: from 111 to 140.

This will improve its ability to:

- work with project officers early on
- help them formulate projects that make contracting sense
- help them thus to prepare good scopes of work
- respond to quick turnaround needs

B. Procurement Policy: from 15 to 23.

This will improve its ability to:

- undertake more frequent mission and AID/W assessments of contract quality -- now on eight year cycle;
- keep handbooks current and revise project officers guidebooks;
- provide policy guidance and advice to mission contracts officers;
- Revise, update, monitor Agency courses on procurement, project implementation, etc.
- Meet contractors and prospective contractors; maintain dialogue with these entities.

2. Continue and increase Agency training of contracts officers and project officers: project implementation, contracting for non-procurement personnel, how to write scope of work, etc. Initial courses, refreshers, workshops.

3. Improve implementation planning for projects: require draft scopes of work in authorization documents -- i.e., require project designers to follow through immediately to scopes of work.

4. Look carefully at the Eastern Europe contracting procedures; consider refining and replicating elsewhere.

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5. If FTEs increased as first recommended, make sure procurement staff is more available to participate in project and program design.

6. Streamline the authorization process -- look at the Eastern Europe project design procedures, consider refining and replicating.

7. Update the Project Officer's Guidebooks on A.I.D. direct and host country contracting.

8. Establish closer monitoring of procurement action steps -- from implementation planning to contract award. This will:

-- identify bottlenecks;

-- encourage people not to be bottlenecks.

9. Meet periodically with contracting community to discuss A.I.D. contracting procedures and requirements (World Bank model).

10. Give prospective contractors better information on upcoming procurement:

-- new computerized procurement information system

-- pre-solicitation meetings with prospective bidders/offerors.

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INFORMATION RESOURCES MANAGEMENT SUBCOMMITTEE REPORT

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INFORMATION RESOURCES MANAGEMENT SUBCOMMITTEE REPORT

14/3

Office of Information Resources Management Services

Proposed Functions of the Office

- Formulation, promulgation and enforcement of Agency-wide automation standards for hardware, software, information systems and data.
- Operation and management of A.I.D.'s central automation and telecommunications facilities and systems.
- Maintenance of the corporate data base and promotion of the use of corporate data by Agency entities for both internal and external purposes.
- Formulation and implementation of A.I.D.'s information resources management strategic plan.
- Development of corporate data systems and support for the development of other information systems.
- Oversight and guidance for all AID/IRM activities, including those financed through program activities.

Staffing of the Office

- Certain functions are to be decentralized to operating bureaus (see below) but these functions are not being performed adequately at present; therefore, no staff would be shifted from IRM. Therefore, the current staff levels (85 USDH and about 120 contract staff) will need to be maintained.
- As part of the post-May 1 effort, the ratio of contract staff to direct hire staff should be examined to determine whether more of the "routine" tasks of the office can be performed by contractors.

The structure of the office as proposed by management in the recent reorganization appears appropriate for the new role of IRM, but the specific tasks to be performed by the Systems Development and Maintenance Division and the Customer Liaison and Support Division should be reevaluated in light of decentralization of some functions.

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Location

The Office of Information Resources Management and Services will report to the Associate Administrator for Finance and Administration.

Interaction with the Rest of AID

- IRM will have both service and control relationships with other bureaus and offices and with field missions. It will facilitate the use of automation equipment and systems. To do so, it will need strong authority to establish and enforce standards.
- IRM's main day-to-day contact with operating entities will be through technically proficient people located in bureaus and offices whose responsibilities will include the identification and articulation of data requirements and, to some extent, systems development work.
- In addition, a senior-level Information Management Committee comprised of managers from operating bureaus and offices will provide Agency views and guidance to IRM on major policy and substantive issues.

Differences from the Past

- Given the advent of A.I.D.-wide automation and the installation of PC, LAN and E-mail capabilities, IRM's functions will evolve substantially from day-to-day direct management responsibilities for all information systems to setting and enforcing the "rules of the game." It becomes extremely important that one organization be accountable for ensuring the compability of Agency equipment and systems and for economical use of IRM resources.
- IRM will take a more active role in promoting and enforcing the use of corporate data to ensure that the Agency speaks with one voice internally and externally. This will require working with other offices to ensure that corporate data availability is understood and that steps are taken to make available the kinds of information that are needed on a corporate basis in a timely and accurate fashion. This will be a long-term effort, but the policy and approach must be articulated immediately.

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- The placement in operating bureaus of technically oriented staff to carry out data requirements and analysis functions is also a departure from the past. It will ensure that the needs of operating entities are correctly articulated, and IRM's function will be to ensure that such requirements can be translated into applications drawing, to the maximum extent, on existing corporate data. In practice, this will mean using standard data or systems (e.g., OYB control, correspondence tracking) that may be 95% of what an office wants rather than developing a brand new system to cover the full 100%.

- To ensure that IRM policies and approaches are based on Agency-wide requirements, a senior-level Information Management Committee will provide guidance to the IRM office. The specific role of this committee will be defined in a charter, but it is intended to serve as a systematic feedback loop to help integrate IRM into the mainstream of Agency operations.

Issues

The issues that arise from enhanced automation of the Agency are largely functional rather than organizational, but may have organizational implications. Resolution of these issues will depend on the overall Agency structure and the extent to which service and support functions generally are to be decentralized to operating units. Major issues on which additional work is needed include:

- The need and means by which to support the use of corporate data (rather than non-corporate data which covers the same subject matter) by A.I.D. entities. This is essential for implementation of the Agency's IRM strategic plan. The central IRM office and the revised Information Management Committee will need to take the lead with support from the Administrator and other senior managers.

- The extent to which information requirements analysis and systems development functions should be shared between the central IRM office and operating bureaus. This issue will need to be discussed by the new heads of Operations and of Finance/Administration.

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- The degree to which budgets for automation-related items (hardware and software procurement and maintenance, systems development, etc.) should be decentralized to operating bureaus where they could be traded off against funding for other requirements. PPC is working with the central IRM office and operating bureaus on this issue and will include guidance in the FY 1993 budget instructions.

- The main functions to be carried out by a senior-level IMC and whether that Committee needs to be supported by a permanent Secretariat function located outside the IRM office. The IRM office is assembling a small advisory group to draft a new IMC charter which should be ready for adoption by late May.

- Whether additional functions currently performed by direct-hire staff in IRM could be shifted to contract staff, consistent with OMB Circular A-76. This decision should be made by the new head of Finance and Administration.

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ADMINISTRATIVE/LOGISTICS SUBCOMMITTEE REPORT

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ADMINISTRATIVE/LOGISTICS SUBCOMMITTEE REPORT

149.

FINAL

1

MEMORANDUM

DATE: April 15, 1991

TO: AA/APRE - Henrietta Holsman Fore,
Chairperson, Management Committee

FROM: ~~4~~ The Administrative/Logistics Subcommittee *amd*

SUBJECT: Agency Reorganization: An Analysis of
Administrative/Logistical Support Services

A. Current Organizational Structure

Five organizational entities in the Agency currently perform functions related to the delivery of administrative/logistical support services. They are: 1) the Office of Administrative Services in the Bureau for Management Services (MS/AS); 2) the Office of Information Resources Management in the Bureau for Management Services (MS/IRM); 3) the Office of Overseas Management Support in the Bureau for Management Services (MS/DMS); 4) the Administrative or Management Offices, Executive Management Staff or Administrative/Operations Officers in AID/W Bureaus and Offices; and 5) the Executive Offices in overseas Missions. Attachments 1 - 5 describe the functions performed by each of these entities.

MS/AS currently has responsibility for delivering the bulk of support services in AID/W and also provides services for overseas Missions. Specifically, MS/AS responsibilities exclusively for AID/W include the following: administrative space management; motor pool management; personal property management, including warehousing; printing; graphics; and copy machines. Services performed by MS/AS for both AID/W and the field are: administrative purchasing; mail; travel; claims; directives and reports management; and records management. Finally, services performed by MS/AS exclusively for overseas Missions are the transport and storage of HHE, UAB, and POV. (See Attachment 1.) MS/AS has an FTE ceiling of 94 and 55 CWYs. Its contractor workforce is divided among the following functions: travel, warehousing, records management (declassification), mailroom, and printing. MS/AS's OE budget in FY1991 is \$23,491,000, the majority of which is for rent and other "general services" items which, by their nature, need to be centrally managed. MS/AS implemented a reorganization of its internal structure early in FY 1991.

As part of its overall information management responsibilities, MS/IRM performs the full range of telecommunications support services in AID/W. For purposes of this analysis, these functions include: telephone acquisition, installation, and management; FAX machine acquisition and installation; and commercial and diplomatic cable receipt and distribution. Prior to October 1, 1990, MS/AS was responsible for delivering these services, and MS/IRM served

as an advisor to MS/AS on technical and policy issues in these areas. These functions were consolidated and transferred to MS/IRM on October 1, 1990. (See Attachment 2.) The staff in MS/IRM who perform these functions consist of 24 direct-hire employees; no contractors work in these areas except for wiring and machine maintenance personnel under service contracts. The FY 1991 OE budget for those telecommunications functions specified above is approximately \$7,000,000. (The total MS/IRM OE budget for all information management activities in FY 1991 is about \$20,000,000.) MS/IRM completed a major internal reorganization which was just approved by O/PM.

MS/OMS performs policy, evaluation, training, and advisory services exclusively for overseas Missions worldwide in the following areas: general management; real property management; Mission motor pool management; personal property management; and, to a more limited degree, personnel management. It serves as A.I.D.'s representative on a number of Foreign Affairs Agency and other Interagency Councils/Boards in areas under its purview. In addition, MS/OMS liaises with: 1) the Department of State's Foreign Building Operations (FBO) regarding overseas office and residential construction, housing policy and standards, and safety programs; and, 2) IG/SEC regarding overseas physical security. It also oversees the 636(d) Overseas Schools Construction Program in conjunction with the Department of State. (See Attachment 3.) MS/OMS has an FTE ceiling of 9 (all Foreign Service Officers) and no contractor resources. Its FY 1991 OE budget is \$60,000.

AID/W Bureaus and Offices are organized differently to handle their administrative and logistical support requirements. In general, the large Bureaus have a Management Office or Executive Management Staff; the smaller Offices have one or two Administrative or Management Officers who have responsibility for these functions. Only the four regional bureaus (LAC, AFR, ENE, APRE) perform functions related to the delivery of administrative and logistical support services to overseas Missions as well as in AID/W; the other Bureaus and Offices deal only with AID/W support services. In the administrative/logistical support services area, the functions performed by Bureaus and Offices are exclusively coordinating or facilitative in nature. The Bureau EMS or Management Officer in the smaller Offices determines requirements or identifies problems, and contacts MS/AS, MS/IRM or MS/OMS to deliver the services, resolve the problems, or, in the case of MS/OMS, provide policy guidance. Their relationship with O/PM, however, is different; in some areas, the Bureau EMSs or Management Officers have direct responsibility for certain personnel management functions whereas in other areas, they coordinate with or facilitate actions by O/PM staff. (See Attachment 4.)

In overseas Missions, the Mission Executive Office, in general, is responsible for providing to its Mission the full range of administrative and logistical support services provided in AID/W

by MS/AS, MS/IRM, MS/OP, O/PM, and the IG (for security) to AID/W Bureaus and Offices. Specifically, the functions performed by the typical Mission Executive Office include: general management; personnel management; contracting for PSCs (FSNs, TCNs and U.S.) and for support services; procurement; communications and records management; real property management including leasing and acquisition; motor pool management; personal property management including receiving, warehousing, inventory and disposals; freight, travel, and transportation; information/data resources management; and physical and personnel security. Variations exist in those Missions which are involved in a Joint Administrative Operation (JAO) with the Embassy at post. Often, but not always, the direct-hire Regional Contracts Officer (RCO) or direct-hire Mission Contracts Officer reports to the Executive Officer. Also, in some Missions, the IRM function is housed in the Controller's Office rather than the Executive Office. Missions budget for all of the support services provided at post.

B. LEGAL, LEGISLATIVE OR REGULATORY ISSUES

There are no such issues which must be taken into account in determining the location of administrative/logistical support functions in the Agency except for the telecommunications functions. These must fall under the purview of the Designated Senior Official (DSO) for IRM in the Agency. In accordance with the Paperwork Reduction Act of 1980, the DSO must report to the head of the Agency. Currently, the AA/MS is the DSO in the Agency. This requirement would be fulfilled by having the Associate Administrator for the Finance/Administration Directorate designated as the DSO for IRM in the Agency. There may also be legislative issues associated with the recommendation below to transfer the physical security functions currently within the Office of the Inspector General (IG/SEC) to MS/AS.

C. CONSTRAINTS

The major constraints to the efficient, effective, and timely delivery of administrative/logistical support services in the Agency are as follows:

- Limited or no involvement of individuals responsible for these functions in decisions made by Bureaus and Offices (such as moves and reorganizations) which have significant budgetary and human resources impact as well as scheduling implications.

- Limited or no involvement of client Bureaus and Offices in developing the budgets or determining the allocation of resources provided under the "Agency OE budget" centrally managed by the MS Bureau offices.

- Inability of individuals responsible for these functions to adequately plan and budget for the Agency's needs on an annual basis since Bureaus and Offices do not pay adequate attention to planning their needs for and monitoring their utilization of administrative and logistical support services and often neglect to consider the resource implications of uncontrolled demand for and utilization of these services by their staffs.

- Limited or negligible flexibility in the budget (e.g. no contingency) to respond to unforeseen or emergency needs or changing priorities identified by other elements of the Agency during the fiscal year.

- Inadequately trained and graded employees.

- Insufficient OE resources to meet the current demand and expectation level of client Bureaus/Offices for services.

- Overly bureaucratic or micro-managed processes imposed by external entities such as OMB or the Congress which translate into considerable staff resources devoted to report preparation and paperwork instead of direct services delivery to clients.

D. SPECIFIC QUESTIONS/ISSUES

Attachment 6 sets forth the specific questions/issues we addressed in analyzing the administrative/logistical support services area in the Agency.

E. FINDINGS AND CONCLUSIONS

1. The subcommittee found little in the way of duplication of effort or redundancy in the administrative/logistical support functions performed by MS/AS, MS/IRM, MS/OMS, the AID/W Bureau/Office EMSs and Management Officers, and the Executive Offices in overseas Missions.

2. The subcommittee found considerable interdependence between MS/AS and MS/IRM on the one hand and the AID/W Bureau/Office EMSs and Management Officers and Mission Executive Offices and Mission USDH employees on the other hand. The latter relate primarily to MS/AS's travel and transportation functions. The subcommittee also found considerable interdependence between MS/OMS and Mission Executive Offices. The subcommittee found limited interdependence between MS/OMS and the AID/W Bureau/Office EMSs and Management Officers and even less interdependence between MS/OMS on the one hand and MS/AS and MS/IRM on the other hand. MS/OMS's role vis-a-vis these latter two offices is largely as an ombudsman for the overseas field Missions.

3. In overseas Missions, all of the functions currently included in the Finance/Administration (F/A) Directorate in AID/W are located in the Executive Office (with the exception of the financial management function, which is in the Controller's Office, the IRM function in those Missions where this function is housed in the Controller's Office and not in the Executive Office, and the contracting function, in those Missions where the RCO or Contracts Officer is not in the Executive Office). In AID/W, however, because of decentralization, financial, administrative, personnel, and "like" functions in support of field Missions are located in a multiplicity of different offices currently located in both the F&A Directorate and the Operations Directorate. What this means is that Missions must coordinate with and look to many offices in AID/W to meet their requirements.

4. The overwhelming majority of subcommittee members do not believe that MS/AS and MS/OMS should be combined. Rather, for the reasons provided in Attachment 7, they believe that increased efficiencies in the delivery of services to overseas field Missions and a better balance between the overseas and domestic workload could be achieved by consolidating all overseas administrative/logistical support functions currently performed by MS Bureau Offices and transferring those functions from the F/A Directorate to one office in the Operations Directorate. In addition, most subcommittee members believe that the overseas personnel functions currently performed by the regional bureau EMSs as well as FSN policy and operational functions currently in O/PM also should be transferred and consolidated in this same integrated overseas support office. (Attachment 8 presents this proposal. Attachment 9 sets forth the rationale and describes the organizational structure for an alternative proposal, namely, a combined MS/AS - MS/OMS Office in the F/A Directorate, and without the overseas USDH and FSN personnel functions.) The exact functions to be consolidated and transferred and the structure of the newly proposed office should be worked out by the Implementation Task Force which, we understand, will convene after May 1, 1991.

5. The subcommittee does not believe that any functions currently performed in AID/W should be decentralized to the field nor that any functions currently performed in the field should be centralized in AID/W. The current division of functions between AID/W and the field seems appropriate and appears to be working well. However, related to items 3. and 4. above, the subcommittee believes that AID/W should strengthen its ability to speak with one voice in promulgating policy and be consistent and more effective in implementing and monitoring policy and standard procedures in all field Missions worldwide. The majority of subcommittee members believe that a structural modification involving consolidation of overseas management policy and support functions is required to achieve this desirable goal. Some members believe that increased financial and human resources as well as staff incentives, but not structural change, are required.



6. The subcommittee believes that the records management function in support of AID/W should remain in MS/AS and that this function in support of the field (largely technical assistance and training) should be transferred to the newly proposed Office of Overseas Management Support discussed above. However, both MS/AS and the new Office should work closely with MS/IRM to ensure that appropriate information technology policies and procedures are incorporated into the function.
7. The majority of subcommittee members believe that the physical security planning and evaluation functions currently within the Office of the Inspector General (IG/SEC) should be transferred to MS/AS because they believe that the IG should not be involved in providing services to the Agency. (Some members believe the functions should be transferred to the F&A Directorate along with computer security and personnel security but established as a separate Office of Security within the F&A Directorate.) Assigning this function to MS/AS, which is currently responsible for budgeting for and implementing physical security enhancements, also would be more in line with what occurs in the vast majority of other federal agencies. By having the same office which is responsible for budgeting for and implementing physical security also be responsible for planning and evaluating physical security would better marry these related inputs. The present bifurcation of the function inherently carries with it inefficiencies.
8. With the exceptions noted above, the subcommittee does not believe that the responsibility for any other administrative or logistical support service functions should be transferred or delegated to other offices within the Agency. However, the subcommittee does believe that more adequate planning would be possible and more prudent utilization of services would result if, for certain services currently performed by the MS Bureau Offices, user bureaus and offices in AID/W were given authority to plan and budget for such services. These services include, for purposes of this analysis: telephone long distance charges, line charges, move charges, number of telephone lines, and special telephone equipment (e.g. STUs); FAX machine acquisition, installation and maintenance. The subcommittee understands that MS/IRM is currently discussing the feasibility of this approach (for these and other MS/IRM services) with PPC and FM for possible implementation in FY 1992. MS/AS is also looking at ways to decentralize decision-making to the user bureaus and offices to enable them to specify in advance what services they will require for the ensuing year.
9. The subcommittee believes that a Management Planning and Analysis (MPA) Staff should be reinstated in the Agency and that the Staff should report directly to the head of the F/A Directorate to give it the stature, clout and visibility it needs to function effectively Agency-wide. The subcommittee believes that members of this Staff as well as the head of the F/A Directorate should be involved in, inter alia, Agency program and policy decisions that

have an impact on management organizational and administrative-logistical service delivery requirements, especially those that have budgetary and human resource implications.

10. The subcommittee was specifically asked to examine whether or not the handbook function currently in MS/AS should be transferred to the Policy Directorate. Prior to October 1, 1990, the handbook function had been located in MS/IRM; it was transferred to MS/AS to consolidate this function with the records management function within MS/AS. Each of the handbooks has a designated author office responsible for revising/updating the handbook as new policies and/or procedures are promulgated; these author offices spread across all three Directorates -- F/A, Operations, and Policy. The subcommittee believes that the handbooks function should remain in the F/A Directorate since the handbooks deal with both policy and operations, and the function is closely related to the records management function which also cuts across all elements of the Agency. Furthermore, the subcommittee believes that the proposed Management Planning and Analysis (MPA) Staff (discussed above) should have responsibility for the overall management, analytical and coordinating functions associated with the handbooks and that MS/AS should continue to be responsible for the printing, publication and distribution of the handbooks. The MPA Staff will be better positioned "in the loop" on policy and operational issues and should be aware of changes which require handbook revision.

11. The subcommittee believes that further analysis is required to determine to what extent functions currently performed by direct-hire employees in MS/AS and MS/IRM could/should be contracted out. MS/AS currently has 55 contractors who represent about 37% of its human resources. As mentioned above, there are no contractors in MS/IRM who perform those telecommunications functions included in this analysis with the exception of wiring and machine maintenance service contractors. Whereas direct-hire employees must serve in policy, control and accountability positions, the subcommittee believes that every effort should be made to fill operational positions with contractors. Any increase in contracting out, however, should be based on clear cost and efficiency criteria and an analysis of space, ADP, phone and other support requirements and implications. The subcommittee understands that both MS/AS and MS/IRM are currently looking into this matter.

12. The subcommittee has not had time to discuss how to measure management effectiveness in the Agency. The subcommittee believes that this is a priority task for the MPA Staff to undertake.

13. The subcommittee has not had time to examine the Agency's budget for administrative/logistical support services, including what drives the budget, historical patterns, what are fixed, non-discretionary costs, what costs can be reduced, etc.? Again, the subcommittee believes that this is an area which the MPA Staff should examine in depth for both AID/W and the field.

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F. RECOMMENDATIONS

1. That a consolidated and expanded Office of Overseas Management Support be established and housed in the Operations Directorate.

a. That the Operations Directorate establish a separate office, reporting to the Associate Administrator for Operations, which is responsible for overseas management support, including a combination of administrative/logistical support functions as well as personnel management functions.

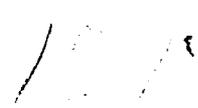
b. That all of the functions currently performed by MS/OMS and all of its staff (currently 9 employees) and budget be transferred to that office.

c. That the following functions (and associated FTEs and budgets) currently within MS/AS also be transferred to that office:

- i. Transport and storage of HHE, UAB and POV.
- ii. All international and domestic travel.
- iii. Overseas mail and the diplomatic pouch system.
- iv. Administrative purchasing for overseas Missions.
- v. Claims for damage/theft of personal property overseas, en route, or in storage.
- vi. Records management training and technical assistance for overseas Missions.

d. That the functions (and associated FTEs and budgets) currently performed by the regional bureau EMSs in support of overseas Missions and Foreign Service personnel also be transferred to that office which, we recommend, should be separate from the office in the Operations Directorate which will be responsible for the corresponding functions for the domestic side of the house. (We assume that the Operations Task Force plans to recommend that all EMSs in the Bureaus within that Directorate be consolidated into one office reporting to the Associate Administrator for Operations.)

e. That the following functions (and associated FTEs and budgets) currently performed within PM also be transferred to that office (both policy and operational issues):

- i. Foreign Service National (FSN) direct-hire, including membership on the Inter-Agency FSN Committee.
 - ii. Allowances and benefits for USDH FS personnel.
- 

3. That the Associate Administrator for Finance and Administration be the "Designated Senior Official" (DSO) for IRM in the Agency.
4. That MS/AS and MS/IRM continue their work with FM and PPC to meaningful involve user offices and bureaus in AID/W in the planning, budgeting and decision-making process for the delivery of services.
5. That MS/AS and MS/IRM continue their efforts to analyze the possibility of contracting out more of their administrative and logistical support functions in the Agency.
6. That MS/AS retain responsibility for the records management function in AID/W and that the proposed new Office of Overseas Management Support assume this responsibility (technical assistance and training) for overseas Missions; and that both Offices work closely with MS/IRM to ensure the application of appropriate IRM technologies in the records management function.
7. That the physical security functions currently in the Office of the Inspector General (IG) be transferred to MS/AS.

MEMBERS OF THE ADMINISTRATIVE/LOGISTICS SUBCOMMITTEE:

Bob Friedline, Co-Chairperson

Linda Lion, Co-Chairperson

Ann Dotherow

Robertta Gray

Tom Huggard

Marcus Rarick

Mike Trott

ATTACHMENTS: a/s



MS/AS

Responsibilities for AID/W

- o Admin. Space Management
- o Personal Property
- o Printing
- o Graphics
- o Copy Machines

Responsibilities for AID/W and Overseas

- o Admin. Purchasing
- o Mail
- o Travel
- o Claims
- o Directives
- o Records Management

Responsibilities for Overseas

- o Transport/Storage of HHE, UAB, POV

1/2/00

A.I.D. SUPPORT SERVICES
(By Category, By Function)

Include the following general activities/functions.

- o Administrative space management
(office, warehouse, special, etc.) (MS/AS)
 - acquisition, directly or via GSA or State
 - disposal
 - space planning, design, utilization, build-out
 - safety and occupational health matters
 - alterations and renovations
 - physical security/emergency preparedness

[In AID/W, approximately 600,000 sq. ft. of administrative use space in over 10 locations; approximately 3,000 workstations supported].

- o Personal Property management
(office furniture, equipment and supplies) (MS/AS)
 - acquisition and disposal
 - warehousing and distribution
 - office moves
 - property accountability
 - periodic inventories
 - minor repairs & carpet installation
 - contract administration

[In AID/W, over \$10 million of accountable property; 2,500 employees moved in FY 90; 4,500 supply orders filled.]

- o Administrative Purchasing (MS/AS)

[2,100 purchase orders for AID/W; 320 purchase orders for USAIDs; 690 petty cash actions for AID/W; over \$10 million in transactions].

- o Mail (MS/AS)
 - internal AID/W mail distribution
 - official/personal Mission Mail Pouch
- o Printing (MS/AS)
 - internal
 - GPO
 - contract
- o Graphics (MS/AS)

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-2-

- o Copy Machine Administration (MS/AS)
- o Telecommunications (MS/IRM)
 - telephone acquisition & installation
 - FAX machine acquisition & installation
 - cable receipt & distribution
- o Travel (MS/AS)
 - passport & Visa acquisition
 - ticket/itinerary assistance
 - Diners Club card acquisition

[In AID/W, 5,200 TDYs and 640 changes in station in FY 90; \$5.5 million in tickets].

- o Transportation/Storage of HHE, UAB, POV, etc. (MS/AS)
 - packing/shipping documentation
 - moving & storage contracts
 - claims

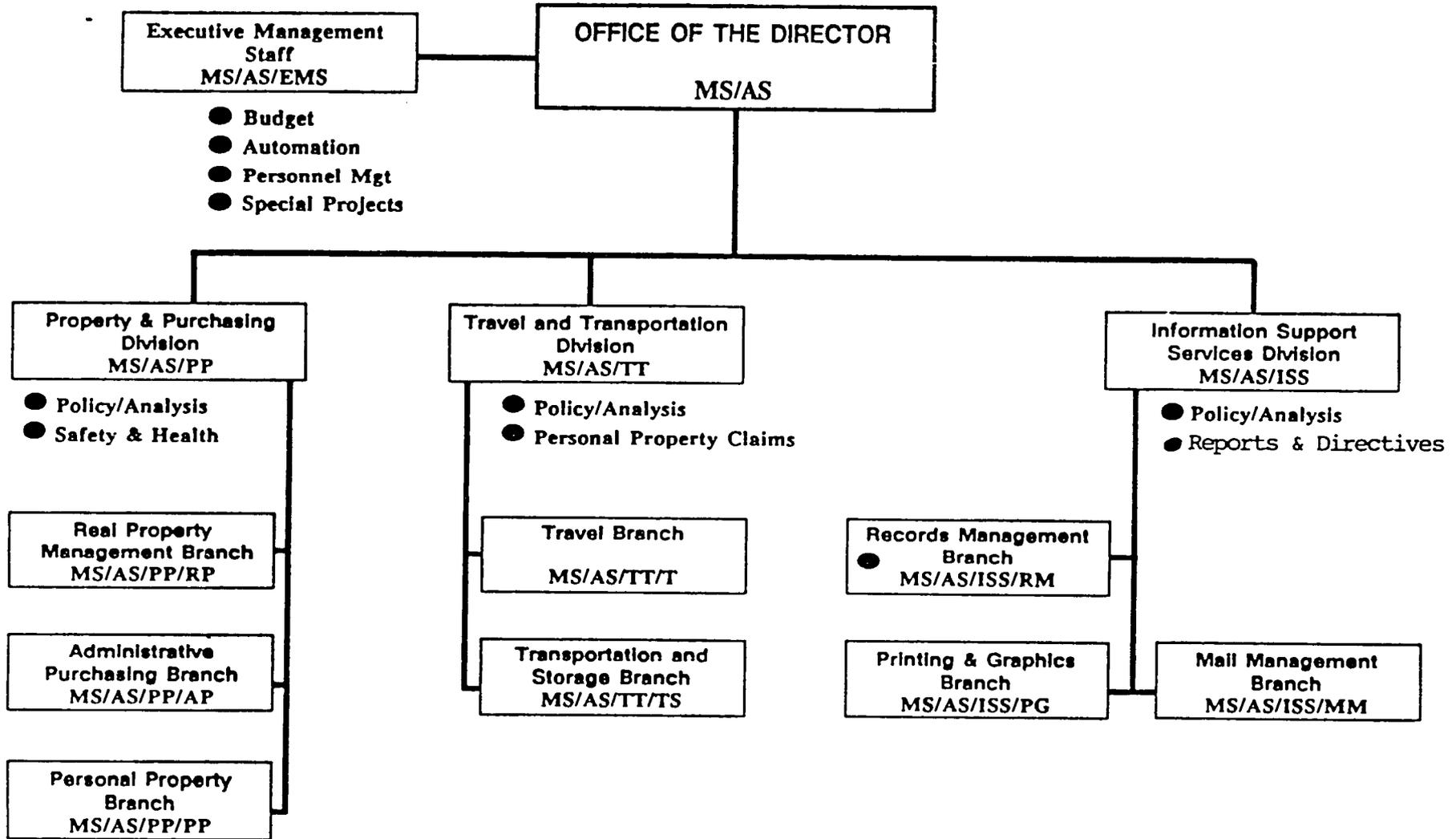
[2,200 lots in storage; 970 lots shipped; 400 lots received].

- o Directives and Reports (MS/AS)
 - coordinates AID-wide directives, handbooks & reports
 - conducts micrographics conversion program
- o Records Management (MS/AS)
 - declassification program
 - records management program (policy & training)
 - forms design & management

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Office Of Administrative Services (AS)



● Indicates realigned functions

ATTACHMENT 1
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18J. Office of Information Resources Management (MS/IRM)

c. Telecommunications Branch (MS/IRM/TCO/T)

(1) Manages the automation communications network through requirements analysis and long range planning, developing and implementing network operations criteria. Designs and implements specialized software products, and provides operational support through performance tuning, problem determination, and resolution. Provides operational and administrative oversight for Local Area Network file server operations for A.I.D./W Offices.

(2) Manages all voice and data related telecommunications operations for A.I.D./W offices, including facsimile machines/services, modems and wiring for telephones and computers. Reviews and approves requirements for service, installations and relocations.

(3) Evaluates telephone equipment and system utilization for compliance with appropriate directives. Coordinates certification of official calls, billings, and invoices for telephone system products and services.

(4) Coordinates with Department of State in the management of the Department of State-managed System 85 telephone system, and within A.I.D. and with the Department of State actions in the publication of telephone directories and A.I.D. Employee Locator system.

(5) Coordinates with MS/AS regarding planned office moves to ensure timely installation of any related telephone or computer services. Provides planning, coordination and execution of centralized computer and telecommunications equipment relocations.

(6) Coordinates with Department of State for the provision of diplomatic telegraphic telecommunications services Agency-wide. Develops standards and procedures, manages and operates the Agency's diplomatic telegraphic telecommunications systems for automated processing, storage, retrieval, analysis, and distribution for communications between A.I.D./W and A.I.D. activities overseas.

(7) Coordinates all management activities and provides liaison involving electronic storage and retrieval of communications through the use of the Department of State Foreign Affairs Information Management Center (FAIM).

16 E

MS/OMS

Responsibilities:

- General Management: 0 Provides professional leadership, guidance and assistance in the development of overseas administrative management support systems, methods, and operational activities required in planning, designing and implementation overseas programs. (Such as what services to procure through FAAS; what services can be contracted out; types of project logistic support systems, etc.)
- 0 Provides evaluation of mission organization and services through periodic on-site review and analysis of organizational structures and management support systems. Provides assistance to missions requiring an assessment of the effectiveness of missions' administrative capability.
- 0 Provides recommendations on vulnerabilities identified by the Internal Control Assessments. (Coordinate with IG). Also provides guidance and follow-up to IG/Audit recommendations.
- 0 Evaluates existing or proposed operations for Joint Administrative Operations through on-site observation and/or review of pertinent documents and reports. Negotiates change, as appropriate.
- 0 Serves as Agency representative on Interagency FAAS council--a policy unit of representatives from each Foreign Affairs Agency.

- o Serves as Agency Representative on the Commissary and Recreation Board--a policy unit of representatives from each Foreign Affair Agency.
- o Serves as Agency Representative on the Interagency Housing Board--a policy unit involved in establishing overseas housing standards.
- o Primary responsibility for the development, preparation and clearance of AID Handbook 23.
- o Provides on-site GSO training to FSN and USPC staff.
- o Provides technical backstopping for Backstop 03 and 06 personnel.
- o Technical BS-03/06 representative on FS Assignment Board.
- o Serves as technical review member of IDIP Graduate Panel.
- o Provides orientation and training for all newly-hired EXOs.
- o Serves as selection review member of recruitment panel for BS-03.
- o Central focal point for policy formulation on implementing the Agency's FAA (636 c) program (acquisition and leasing real property overseas for A.I.D.

Personnel
Management

Real Property
Management:

- o Provides liaison with State's Foreign Building Operations on design and construction of USAID office space, warehouses, and residences. Coordinates requests for renovations of mission functional space.
- o Provides liaison with FBO/Housing on housing standards and policy formulation.
- o Provides liaison with FBO/Fire and Safety on implementing overseas safety programs.
- o Provides liaison with IG/SEC on matters of overseas security and equipment.
- o Provides Agency approval to:
 - lease functional space
 - exceed \$25,000 in rental costs
 - to exceed maximum space standards
 - request waivers on standards and security requirements.
- o Administers the Overseas Schools ^{CONSTRUCTION} Program under 636 (c) authority.

- o Approves mission motor fleet size and composition according to functional need and workforce lead. Provides annual report to GSA and Congressional Presentation. Approves standardization plans and disposal criteria.

- o Monitors, advises, and assists in the acquisition, standardization, utilization, accountability, and disposition of personal property overseas and prepares annual, periodic or special reports and CP requirements.

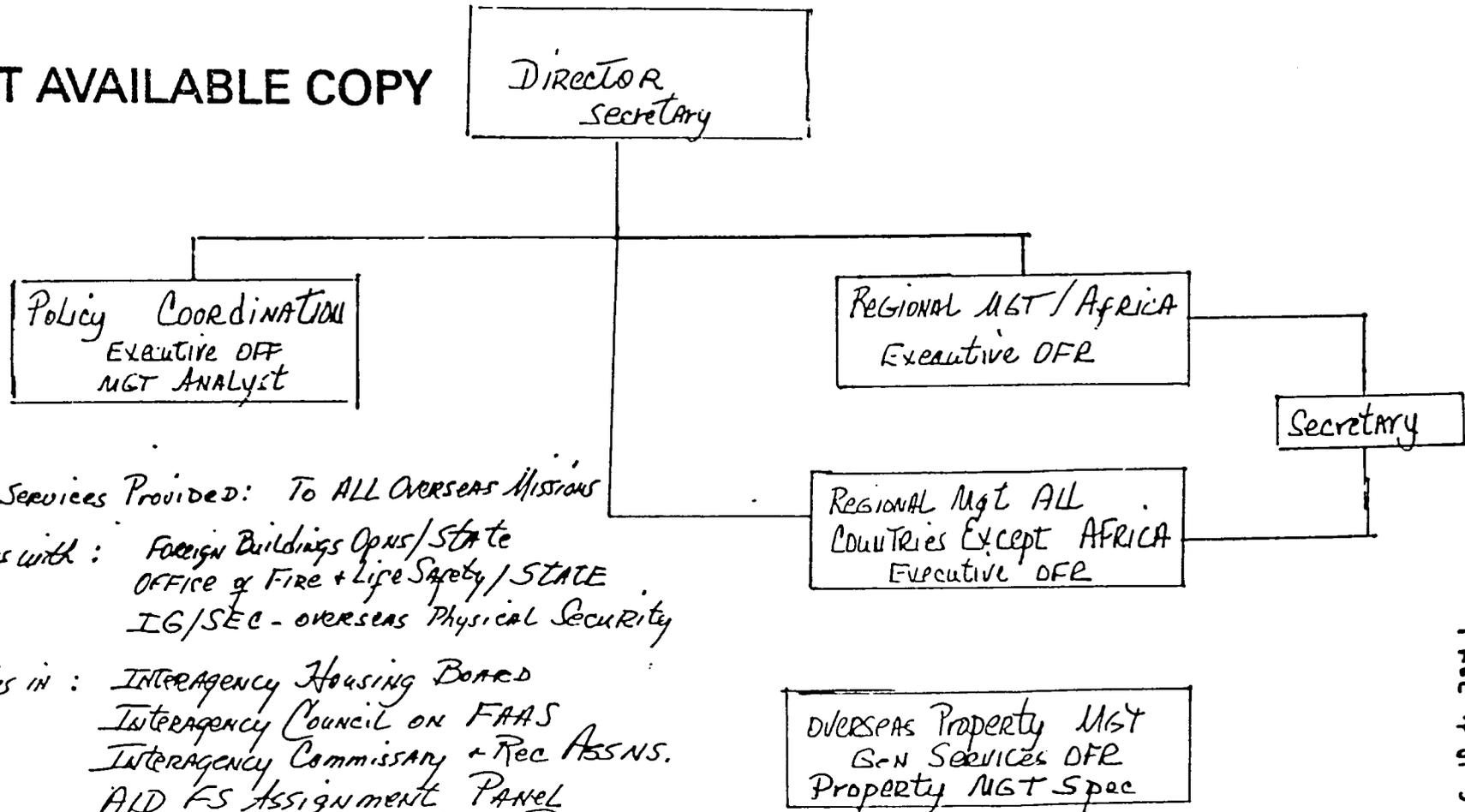
Motor Pool
Management:

Personal Property
Management

BUREAU FOR MANAGEMENT SERVICES

Office of Overseas Management Support

BEST AVAILABLE COPY



Support Services Provided: To ALL Overseas Missions

Coordinates with: Foreign Buildings Opns/State
Office of Fire + Life Safety/STATE
IG/SEC - overseas Physical Security

Participates in: Interagency Housing Board
Interagency Council on FAAS
Interagency Commissary + Rec Assns.
AID FS Assignment Panel
AID FS IDIP Graduate Panel
AID Technical Review Panel on Recruitment

Liaisons with: BUREAU EMS OFFICES + CONTROLLERS

MS/OMS

As of Beginning of FY 91

628,542 items of AID-owned personal property worldwide,
valued at \$147,558,420

1,423 short-term leases costing \$28,103,106 annually -
1,259 residences, 37 warehouses, 103 office buildings,
24 other

93 owned properties worldwide, estimated value: \$40,635,768
62 residences, 23 offices, 8 other

1014 vehicles valued at \$15,563,511

2/91:OMS:GCK

ATTACHMENT 3
PAGE 5 OF 5

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

Executive Management Staff (APRE)

Provides a full range of personnel and management services, in a timely, professional, facilitative, and supportive manner to all staff of the Bureau, both in Washington and overseas.

§ Personnel Management

- Staffing and FTE management
- Assignment Board (Non-EPAP assignments) 65
- Employee Relations Issues
(Performance, Behavioral or Attitudinal Problems)
- Performance Evaluation System (GS & FS)
- Training
- Employee Benefits Programs
(Health Benefits & Thrifts Savings Programs, etc.)
- Payroll and Leave Issues
- Bureau's EEO Program

§ Administrative Management

- Space
- Office Moves
- Telephones
- Parking Permits
- Office Automation
- Operating Expense Budget
(Travel & Miscellaneous Services)
- Information Management
(Cables, Mail, etc.)
- Duty Officer Roster
- Awards
- Supply Center
- Special Projects, i.e., as assigned by AA/APRE

§ Privacy Act Issues

§ Freedom of Information Requests

§ Security (Physical & Personnel)

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24B

6. Approves and directs the allocation of available resources among Bureau Offices and overseas Missions.

7. Assures necessary liaison with other AID Offices, the Department of State, other U.S. bilateral and multilateral agencies, and the officials of recipient countries; represents the Agency at LAC country consortia or consultative group meetings.

8. Oversees the implementation of Bureau programs and projects; monitors performance under loan and grant agreements, contracts, and other operating agreements; and takes or recommends any required remedial action.

9. Chairs LAC's Development Assistance Executive Committee (DAEC) which reviews Country Development Strategy Statements (CDSS's), the Annual Budget Submissions (ABS), Sector Analysis Action Plans, completed sector analyses, Project Identification Documents (PID's), Project Papers (PP's), and program/project evaluation reports--including LAC bilateral and regional projects as well as Bureau for Science and Technology (S&T) interregional projects carried out primarily in LAC or such S&T inter-regional projects or subprojects carried out in LAC of \$500,000 or more. For such projects of lesser amounts, LAC is represented in S&T review processes. Permanent membership on the DAEC consists of the Offices of the Assistant General Counsel for Latin America and the Caribbean (GC/LAC), Development Planning (LAC/DP), Development Resources (LAC/DR), and Geographic Area Offices as appropriate.

10. Represents the agency before the press and the public, as required.

24C. Executive Management Staff (LAC/EMS)

1. Provides continuing management policy-level consultation and advice to AA/LAC and Bureau senior staff, using the Bureau for Management (M), and other offices' resources as appropriate.

2. Represents AA/LAC in basic personnel administration decision-making processes for the Bureau and LAC overseas Missions.

3. Gives Bureau-level approval to position and organizational actions requested by Missions and Bureau Offices.

4. Advises AA/LAC on the allocation of LAC workforce limitations and operating expense funds among Missions and Bureau offices, using Agency resources as appropriate.

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24C

5. Reviews internal LAC operations to assure adequate management, administrative personnel, and logistic support; facilitates resolution of LAC management and operating problems, using Bureau for Management (M) and other Agency resources as required. Provides Bureau organizational planning services.
6. Coordinates centralized services provided to the Bureau; with assistance from appropriate AID organizations, assures the provision of other staff services, such as management briefing materials, administrative budget, travel planning and authorization, and space planning.
7. Reviews LAC program budget, operating expense and workforce budgets in close collaboration with LAC/DP.
8. Determines training requirements for Bureau employees in Washington and overseas. Works with the Training Division of AID's Office of Personnel Management (M/PM/TD) in the design of Bureau's training needs.
9. Develops and recommends specific plans for the Bureau to give effect to the agency's commitment to the Equal Employment Opportunity (EEO) program.

~~24D. - Controller Staff (LAC/CONT)~~

- ~~1. Provides advice and assistance to Bureau management on the financial implications of legislation, plans, programs, policies, procedures, operating expense activities, and audit and evaluation findings.~~
- ~~2. Participates in the review and approval of LAC loan and grant projects and programs.~~
- ~~3. Reviews project implementation from the financial management viewpoint to determine whether project objectives are met economically and determines the effectiveness of implementation based on analysis of the deployment of monetary resources for workforce, equipment, etc.~~
- ~~4. Serves as the Bureau's central coordination point for the processing of all PIO and contracting documents, providing supporting financial data, advice on methods of funding and interpretation of AID Regulations.~~
- ~~5. Provides uniform guidance and procedures for financial management of all funds available to the Bureau and its overseas missions.~~

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23B3

f. Provides direction and advice on requirements for allocation of available program and operating expense funds within the overall AFR Bureau and with specific responsibilities for programs in geographic area countries.

g. Exercises approval authorities on behalf of AA/AFR consistent with existing delegations of authority.

h. Chairs reviews of COSSs and other program reviews as requested by AA/AFR.

i. Chairs the Africa Bureau Executive Committee for Project Review (ECPR) meetings for review of PIDs and PPs in geographic area countries.

j. Is directly responsible for ensuring application of AFR Bureau policies in geographic area countries.

k. Participates with other DAAs in advising the AA/AFR on the selection/placement of executive personnel within the Africa Bureau.

l. Provides guidance and direction to Africa field posts regarding A.I.D. strategy and policy considerations, as well as implementation and management concerns and resource budget considerations.

23C. Office of Management (AFR/MGT)

1. Office of the Director

a. Counsels the Assistant Administrator, his/her Deputies, Mission Directors and Office Heads in the discharge of their line responsibilities for economical and effective organization, workforce utilization, and operating policies, systems and procedures.

b. Oversees the identification and implementation of initiatives directed toward enhancing the Bureau's operational effectiveness both overseas and in A.I.D./W, particularly those which require coordination among two or more of the Bureau's offices or involve Bureau-wide concerns.

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23C1

c. Represents the Assistant Administrator in personnel decision-making for the Bureau; serves as the principal Bureau representative on the Foreign Service Assignment Board; and oversees the Bureau Personnel Management Programs designed to improve both employee performance and welfare.

d. Working with AFR/TR, AFR/PD, and AFR's overseas organizations, regularly assesses the technical capacity of the Bureau to effectively design and implement the programs for which the Bureau is responsible, and develops and directs the implementation of solutions to correct any deficiencies.

e. Provides recommendations and advice to the Assistant Administrator on the management impact on the Bureau of proposed policy and programs. In addition, works with senior Bureau managers to evaluate program processes and program priorities.

f. Directs, leads, and/or conducts management appraisals of Africa Bureau offices and overseas organizations.

g. Directs the development of methodologies for integrated Bureau program and workforce budgeting and allocation of available funds and staff among offices and activities, and assists the Assistant Administrator in defending the Bureau's budget request in coordination with AFR/CONT.

h. Oversees the review, evaluation and formulation of recommendations to the AA/AFR on operating expense budget levels for workforce, IPAs, consultants/experts, and overtime, and maintains controls over the usage of those allocations. Coordinates with the Office of Management Operations, Bureau of Management, (M/SER/MO) in the Department of State (State/M/MO) on approved position levels.

i. Coordinates the Bureau's administrative relationships with the administrative elements of the Bureau of African Affairs within the Department of State (State/AF).

j. Establishes and maintains liaison with A.I.D. Bureaus and Offices, other Federal Agencies, and the private sector, as necessary to facilitate the Bureau's program and management objectives.

k. Directs and supervises the activities of the component units of AFR/MGT.

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23C

2. Management/Information Systems Resources Division (AFR/MGT/MISR)

a. Provides on-site management guidance to Africa Bureau offices and overseas organizations on resource utilization and management effectiveness.

b. Conducts management analyses and surveys providing comprehensive appraisals of management problems/issues affecting the operation of the Bureau's offices in A.I.D./W and overseas drawing on the resources of M/SER/IRM and other M Bureau offices as appropriate.

c. Participates in the Africa Bureau's budget cycles and provides guidance to the Director, AFR/MGT, on the Bureau's A.I.D./W and overseas requirements and workforce allocations.

d. Develops, for AA/AFR approval, allocation of the Bureau's workforce levels among its A.I.D./W offices and overseas organizations in collaboration with the Human Resources Management Division (AFR/MGT/HRM) and other Bureau units as appropriate.

e. Maintains liaison with State/M/MO and A.I.D.'s Office of Financial Management (M/FM) on workforce allocations to overseas missions.

f. Administers the Bureau's automation program in coordination with M/SER/IRM including Bureau policy development and administration.

g. Directs, in coordination with M/SER/IRM, the design, development, programming and implementation of the Bureau's information management systems, both automated and nonautomated.

h. Develops training strategies and intra-Bureau seminars and programs for Bureau personnel on the utilization of automation equipment and systems; reviews and approves all training requests for automation-related training.

i. Serves as Secretary of the Bureau's System Advisory Committee which makes recommendations to the AA/AFR on the acquisition of automation equipment and systems.

j. Prepares Bureau directives and coordinates Bureau clearance of A.I.D. directives.

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23C2

k. Allocates space among Bureau offices, and handles all administrative procurement matters for the Bureau.

1. Handles all Bureau activities relating to security matters, charitable drives, telephone directories, duty rosters, etc.

3. Human Resources Management Division (AFR/MGT/HRM)

a. As delegated by the Director, AFR/MGT, serves as the Africa Bureau member of the Agency's Foreign Service Assignment Board.

b. Formulates, in coordination with M/PM and other Agency offices, personnel recruitment incentives to attract quality personnel with the skills required for effective program implementation in the Africa region.

c. Monitors personnel assignments and human resource utilization to identify potential problem areas or occupational requirements, and develops recruitment plans and/or takes other appropriate action to fill identified occupational needs.

d. Maintains a close working relationship with the Bureau's senior managers, the Office of Personnel Management (M/PM), and other Agency management offices in the negotiation and assignment of personnel to the Bureau.

e. Provides career counseling and development advice to Bureau personnel in collaboration with M/PM Career Counselors.

f. Provides direct staff support to the AA/AFR in assuring timeliness, consistency, equity, clarity, etc., in AFP's personnel performance planning and evaluation program and that proper focus is placed on the priorities established for the Bureau.

g. Coordinates AFR employee training activities except automation-related training which is handled by AFR/MGT/MISR, advising on and providing information on training programs; reviews/approves training applications for AFR employees.

h. Administers the Bureau's Equal Employment Opportunity Program, developing the annual EEO plan for AFR and monitoring compliance with that plan as well as with the Agency-wide EEO plan.

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23C3

i. Coordinates the Bureau's participation in the International Development Intern (IDI) Program including selection, placement, evaluation and assistance to Bureau managers in the development of appropriate work plans.

j. Reviews Bureau-related proposals for employing certain outside resources such as direct-hire consultants and personnel under Resources Support Services Agreements (RSSAs) and the Intergovernmental Personnel Act (IPA).

k. Administers the Bureau's participation in the Agency Incentive Awards Program by serving as Chairperson of the Africa Bureau's Incentive Awards Committee.

l. Provides consulting services to AFR overseas organizations relating to human resource recruitment and utilization in conjunction with AFR/MGT/MISR, M/PM and M/SER/IRM as appropriate.

* 23D. Private Enterprise Staff (AFR/PRE)

a. In coordination with the Bureau for Private Enterprise (PRE), is responsible for developing a closer and more effective partnership between A.I.D. and the U.S. private sector and for facilitating the participation of the U.S. private sector not only in A.I.D.-financed transactions, but in privately financed projects and activities which can accelerate the development process overseas.

b. Provides a central Bureau focus for the review, coordination and design of selected A.I.D.-sponsored initiatives which serve to foster a closer and more effective relationship between A.I.D. and the U.S. private sector.

c. In concert with PRE, other A.I.D. Offices and Bureaus, develops alternative proposals for revising existing legislation to promote increased reliance on market solutions to development problems.

d. In collaboration with PRE, assists African Missions to identify means by which host country governments can create the requisite climate and infrastructure to support expanded private enterprise investments.

e. In collaboration with PRE, other A. I.D. Offices and Bureaus, develops new and innovative developmentally oriented approaches for private enterprise investments that utilize the full range of appropriate U.S. Government resources. *

MISSION EXECUTIVE OFFICE

Responsibilities:

- General Management:
- . Administration of USAID mission support services.
 - . Admin management advisor to mission and mission Director
 - . Liaisons with Embassy Administrative Office
 - . Member - local commissary and Recreation Association Board
 - . Member - Interagency Housing Committee.
- Personnel Management:
- . USDH personnel records, actions, evaluations
 - . FSNDH personnel records, actions, evaluations
 - . FSNPSC - recruitment, classification, employment training, evaluation.
- Contracting for Services
- . USPSC (L) recruitment, position classification, records, evaluation.
 - . Contracts for PSCs - FSNS and US/TCN
 - . Contracts for Support Services
- Communications and Records Management
- . Provides central mail and records center
 - . Records storage and disposition
 - . Mail room functions
 - . Provides central library on Handbooks and other regulations.
- Real Property Management
- Leasing: Office Space
Residences
Warehouses
Leasing authority for functional space and residences (under \$25,000) and under 9 year contract time.
- Acquisitions: Land - Initiates actions
Office Construction -- Approvals in AID/W
- Lease: Purchase Options -- Approvals in AID/W

- Motor Pool Management . Provides transportation including drivers for official purposes.
- Personal Property . (Expendables and Non-Expendable)
 - Receiving . Record keeping
 - Warehousing . Management of warehouse
 - Inventory . Maintains yearly inventory of NXP and EXP (computerized program)
 - Disposals . Initiates disposals through public auctions or re-distribution.
- Freight and Transportation . Shipment and receipt of HHE, UAB and POV
- Data Management Systems . Responsible for providing information resources equipment and services to USAID offices.
- Unit Security Officer . Responsible for security and safety for the USAID. Liaisons with Embassy Regional Security Officer.

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AGENCY REORGANIZATION: ADMINISTRATIVE/LOGISTICS SUB-COMMITTEE

QUESTIONS/ISSUES FOR DISCUSSION

1. What is the relationship between the functions performed by MS/AS, MS/IRM, and MS/OMS on the one hand and those performed by the AID/W Bureau/Office EMSs on the other hand, both in terms of administrative/logistical support within AID/W as well as support provided by AID/W to the field? Duplications? Redundancies? Interdependencies?
2. What functions, if any (and associated budgetary and human resources) currently performed centrally by the MS Bureau Offices should/could be decentralized to other AID/W Bureaus/Offices?
3. To what extent can administrative/logistical functions currently performed by direct-hire staff in AID/W Bureaus/Offices be contracted out?
4. What drives the budget for administrative/logistical functions? What are fixed, non-discretionary costs? How can these be reduced? What costs are driven by Agency decisions which are beyond the control of the MS Bureau Offices and in which they have limited or no involvement?
5. To what extent should those responsible for administrative and logistical functions in the Agency have input in program and policy decisions, especially those that have management budgetary implications and have an impact on management organizational as well as service delivery requirements?
6. Should MS/AS be responsible for physical security, currently the responsibility of the IG?
7. Should MS/AS and MS/OMS be combined?
8. Should the records management function currently within MS/AS be transferred to MS/IRM?
9. Should the handbooks activity within the records management function within MS/AS be transferred to the policy cone?
10. What are the major constraints to the efficient delivery of quality services in this area? To what extent are customer expectations incongruent with the realities of the budget and/or with existing Agency policy in these areas? What are other constraints and which are amenable to structural or organizational changes? Which require "attitude" changes? Which are due solely to insufficient resource levels?

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11. Are there any functions currently performed in AID/W which should be decentralized to the field? Are there any functions currently performed in the field which should be centralized in AID/W?

12. Is there a need for a management planning and analysis function in the Agency? If so, where should it be located and what specific tasks should it perform?

13. How can/should management effectiveness be measured in the Agency? Who should be responsible for this function?

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MEMORANDUM

DATE: March 13, 1991

TO: AA/APRE - Henrietta Holsman Fore

FROM: Linda Lion and Bob Friedline, Co-Chairpersons
Administrative/Logistics Support Services Subcommittee

SUBJECT: Agency Reorganization: Possible Transfer of Overseas
Administrative/Logistical Functions to Operations Cone

Although our subcommittee has not finished its deliberations, we are considering the possibility of recommending the transfer, from the finance/administration cone to the operations cone, of specific administrative/logistical functions carried out in AID/W in support of overseas operations. This memo is in response to your request for details on this subject that you could share with other members of the integration committee.

RATIONALE:

1. Currently MS/AS, MS/OMS and the regional bureau EMSs are involved in the delivery of administrative/logistical support services to overseas personnel and missions. MS/OMS is the only office which deals exclusively with overseas support and performs primarily policy, evaluation, training, and advisory services for field missions worldwide. We believe that consolidation of overseas support functions, where policy and operations are combined, is likely to achieve increased efficiencies and be more responsive to overseas requirements. Currently, because of the separation and the lack of any authorities (or meaningful budget) within MS/OMS, vulnerabilities and problems in overseas mission support operations are not being adequately addressed in the Agency. MS/OMS is neither empowered to take remedial action nor is it in a position to "force" regional bureaus to do so.
2. Where possible and desirable, support operations should be as close to the end users as possible. If all the regional bureaus are in the operations cone and only this cone will deal directly with field missions, then we believe that overseas administrative and logistical support functions should be located in the operations cone.
3. The overseas support functions carried out by AID/W, while management functions in a generic sense, are different from domestic support functions, and many are uniquely tailored to overseas requirements -- e.g., transport and storage of HHE, UAB, and POV; the diplomatic pouch and overall overseas mail system; residential security and housing issues; office/warehouse construction and leasing in overseas environments, etc. It appears that they can readily be separated out, operationally, from

domestic support operations. Although some functional areas in the Agency (e.g. procurement, information resources management) seem to be able to maintain a balance in meeting both domestic and overseas requirements, it is possible for domestic clients and requirements to consume financial and human resources at the expense of "distant" overseas needs or for overseas needs to be dwarfed or consumed by domestic needs, especially in a service-demanding environment like AID/W.

4. Foreign Service Officers heading out or coming in from overseas need a "home" where they can be out-processed and in-processed in a more efficient manner than is currently the case. It would be desirable to establish an office where "one-stop shopping" is possible. Ideally, this one office would have a checklist for FSOs and all the forms to be filled out. The office would be responsible for processing all the forms and coordinating with other offices (PM and FM) to ensure that they follow-up on all actions in a timely manner.

5. Similarly, we believe that Executive Officers in missions should have one "backstop" office that can address their needs and problems and that can serve as an ombudsman in AID/W for their cause.

6. Although not within our purview, we believe that a single office dealing with overseas support operations also should be responsible for Foreign Service National issues, which is currently a neglected area in the Agency.

7. Similarly, again not within our bailiwick, we believe all Foreign Service Officer placement, training, career counseling and the like should be consolidated in this office, for all regional bureaus. This arrangement should achieve greater efficiencies and also facilitate cross-over assignments of our FSO complement among the regional bureaus.

8. Again under the purview of the personnel subcommittee and not ours, we believe one office needs to look holistically at the issue of overseas staffing, taking into account both DH and PSC personnel. O/PM deals only with DH employees. Both FSN PSCs and US/TCN PSCs, a growing body in our workforce, carry with them a host of issues and problems which are not being adequately addressed in the Agency; this area has essentially fallen between the cracks.

9. Finally, having all of these functions consolidated in one office which deals with missions worldwide will provide "one voice" to all missions and should be able to promulgate and monitor the implementation of consistent policies and standards in all missions.

MEMORANDUM

DATE: April 2, 1991

TO: DAA/APRE - Bob Friedline

FROM: MS/IRM - Linda Lion and MS/OMS - Ann Dotherow

SUBJECT: Administrative/Logistics Subcommittee: Proposed
Organizational Structure of New Office of
Overseas Management Support in Operations Cone

The attached chart is a rough cut of a proposed organizational structure for the new Office of Overseas Management Support (OMS) which we recommend be housed in the operations cone reporting directly to the Associate Administrator for Operations.

The travel and mail functions currently in MS/AS do involve contractor resources, but we have not included an estimate of these in the attached. These are the only two areas where contractor resources would be utilized.

The total 85 FTEs for the Office is a very rough estimate. We arrived at this number as follows:

- For each of the 4 Geographic Divisions under Personnel Services, we are showing approximately one-half of the existing FTE resources in each of the Regional Bureau EMSs, assuming that the workload in these offices is roughly equally divided between domestic and overseas support operations.
- For the Travel and Transportation Division, we are showing all of the FTEs currently devoted to these functions in MS/AS.
- For the Communications and Records Division, we are showing approximately one-half of the FTE resources currently devoted to the mail function in MS/AS and about one-half of the FTE resources (and none of the contractor resources) currently devoted to the records management function in MS/AS.
- For the Property Management and Purchasing Division, we are showing 6 of the 9 FTEs currently in MS/OMS and 1 FTE from MS/AS for the administrative purchasing function for a total of 7 FTEs for this Division.
- For the Policy and Planning Division, we are showing the 3 remaining FTEs currently in MS/OMS, 1 FTE from MS/PPE for PSC policy issues, and 2 "new" FTEs for a total of 6 FTEs for this Division.
- For the Resources Management Division, we are showing 1 FTE from PPC/PB for the FAAS budget analysis function and 5 "new" FTEs for

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a total of 6 FTEs for this Division.

- Finally, we are showing one SFS Director and 3 SFS Deputy Directors, each with their own secretary, for a total front office staff of 8 "new" FTEs.

In summary, our very preliminary FTE estimates reflect the consolidation of 70 existing FTEs and 15 "new" FTEs for a total office FTE level of 85.

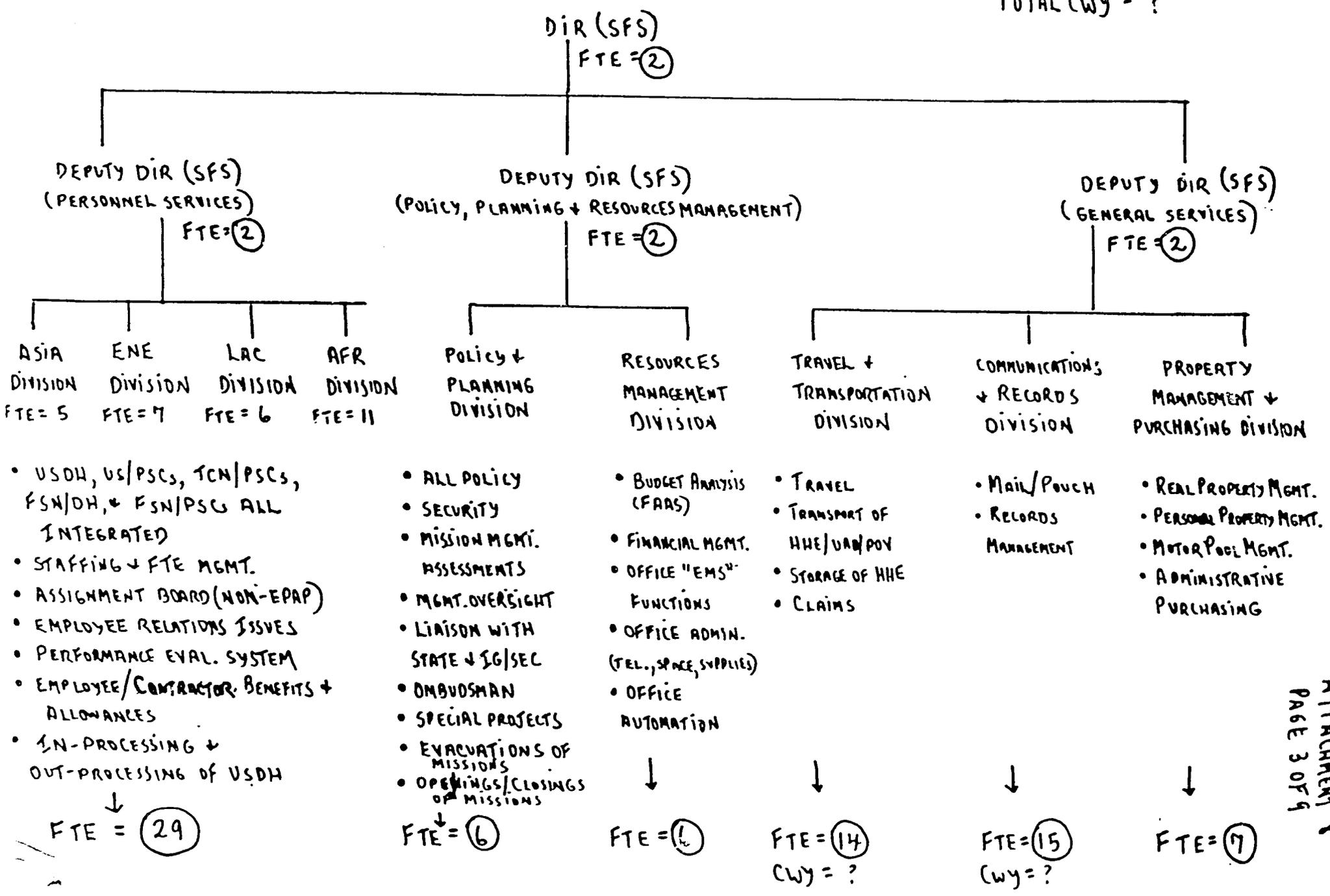
Attachment: a/s

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4/2/91

OFFICE OF OVERSEAS MANAGEMENT SUPPORT (OMS)

TOTAL FTE = 85
TOTAL CWY = ?



OPERATIONS

Integrated Field Support Operations

Hypothesis:

A focal point in AID/W dedicated solely to providing a variety of functions to support and serve foreign service employees and overseas missions that is not encumbered or truncated by headquarters (AID/W) activities will create an environment that will be eager, rather than loathe, to carry out tasks or talents of the staff. Thus, a lean efficient unit in a synergic mode will be greater than the mere sum of its parts.

Basic Assumptions:

- (1) That the Field Support Operations will subsume the current staff of MS/OMS and that additional positions will be needed to take on other functions.
- (2) That the Geographic (Regional) Bureaus will be integrated in their operations.
- (3) That the Bureau EMS functions are combined into one unit and split the personnel functions between Washington operations and overseas, with an EMS office retaining Washington needs for the Operations Bureau and the Field Support Operations assigned overseas functions.

Tasks:

1. ^{Coordinates with PM on} ~~coordinates~~ the FS Personnel Assignments to overseas positions for the Operations Bureau.
2. Coordinates and integrates the FSN Personnel Program (direct hire and PSC); Includes employment, classification, training, evaluation, disciplinary actions, awards, employee associations, credit unions and other special programs.
3. Coordinates training for FSN Personnel Specialists.
4. Provides Travel authorizations for FS assignment travel.
5. Manages transportation/storage of HHE, UAB and POV.
6. Adjudicates the personal property claims program.

- Administration*
7. Provides procurement services under (Small) Purchasing Authority to overseas missions (mostly furniture, and representational items; approximately 320 purchase orders yearly).
 8. Manages the overseas pouch mail.
 9. Manages the records management program for overseas missions.
 10. Provides training to FSN and USPSC C&R supervisors and record managers.

PICKS UP CURRENT FUNCTIONS IN MS/OMS AS STATED BELOW

11. Provides professional leadership, guidance and assistance in the development of overseas administrative management support systems, methods, and operational activities required in planning, designing and implementation overseas programs. (Such as what services to procure through FAAS; what services can be contracted out; types of project logistic support systems, etc.)
12. Provides evaluation of mission organization and services through periodic on-site review and analysis of organizational structures and management support systems. Provides assistance to missions requiring an assessment of the effectiveness of missions' administrative capability.
13. Provides recommendations on vulnerabilities identified by the Internal Control Assessments. (Coordinate with IG). Also provides guidance and follow-up to IG/Audit recommendations.

14. Evaluates existing or proposed operations for Joint Administrative Operations through on-site observation and/or review of pertinent documents and reports. Negotiates change, as appropriate.
15. Serves as Agency representative on Interagency FAAS council--a policy unit of representatives from each Foreign Affairs Agency.
16. Serves as Agency Representative on the Commissary and Recreation Board--a policy unit of representatives from each Foreign Affairs Agency.
17. Serves as Agency Representative on the Interagency Housing Board--a policy unit involved in establishing overseas housing standards.
18. Primary responsibility for the development, preparation and clearance of AID Handbook 23.
19. Provides on-site GSO training to FSN and USPC staff.
20. Provides technical backstopping for Backstop 03 and 06 personnel.
21. Technical BS-03/06 representative on FS Assignment Board.
22. Serves as technical review member of IDIP Graduate Panel.
23. Provides orientation and training for all newly-hired EXOs.
24. Serves as selection review member of recruitment panel for BS-03.

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25. Central focal point for policy formulation on implementing the Agency's FAA (636 c) program (acquisition and leasing real property overseas for A.I.D.
26. Provides liaison with State's Foreign Building Operations on design and construction of USAID office space, warehouses, and residences. Coordinates requests for renovations of mission functional space.
27. Provides liaison with FBO/Housing on housing standards and policy formulation.
28. Provides liaison with FBO/Fire and Safety on implementing overseas safety programs.
29. Provides liaison with IG/SEC on matters of overseas security and equipment.
30. Provides Agency approval to:
 - lease functional space
 - exceed \$25,000 in rental costs
 - to exceed maximum space standards
 - request waivers on standards and security requirements.
31. Administers the Overseas Schools Program under 636 (c) authority.
32. Approves mission motor fleet size and composition according to functional need and workforce lead. Provides annual report to GSA and Congressional Presentation. Approves standardization plans and disposal criteria.
33. Monitors, advises, and assists in the acquisition, standardization, utilization, accountability, and disposition of personal property overseas and prepares annual, periodic or special reports and CP requirements.

ADVANTAGES

- o With regard to personnel placements to overseas positions there would be greater flexibility in cutting across "regional" ownership. Provides the opportunity to match employee strengths with Agency needs. Ability to prioritize needs arising above regional biases.
- o With regard to Foreign National Personnel Program, the Field Support Operations would ensure ownership of the program (has a vested interest) and would alleviate a tendency to ignore the need.
- o Has a vested interest in the FSN training programs for FSN personnel specialists, FSN GSO supervisors, FSN C&R supervisors and would ensure that resources planned for these activities would not be re-directed for another priority.
- o Providing travel created services and managing the movement and storage of HHE, UAB and POVs strikes at the heart of every FS employee. Knowledge of overseas environments, knowledge of the pain experienced in waiting for lost UAB; of existing at a post without a POV all make a shared vested interest in the system a priority response.
- o The new Field Support Operations unit incorporating all activities that correspond to the Mission's Executive Office functions would provide an absolute focal point of contact for all Executive Officers and would provide an AID/W central follow-up support for problems that cut across organizational entities.
- o Would continue to provide a single point of contact between Agency and FBO on overseas housing standards, overseas leasing programs, and management of A.I.D.-owned real property.
- o Would continue to provide a core staff of experienced EXOs to draw upon for field implications of AID/W policy decisions.
- o Would provide an even greater opportunity for meaningful jobs in AID/W for FS employees.

DISADVANTAGES

- o Would dissect the services provided to overseas versus Washington operations.
- o Would, in some cases, create an office that would be duplicating what is being done for headquarters --such as a mail room for overseas and a mail room for Washington offices. (However, the Zip Code already does this: 20523 for Washington mail and 20521 for overseas mail).

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MEMORANDUM

MAR 27 1991

TO: APRE, Henrietta Holsman Fore
Chair, Management Committee

FROM: MS/AS, Thomas E. Huggard, Member (signed) Thomas E. Huggard
Management/Logistic Support Sub-committee

SUBJECT: Agency Reorganization - Comments/Response to
March 13, 1991 Memorandum from Lion/Friedline

The subject March 13th memorandum (TAB A) proposes an organizational separation of certain administrative type/logistic support activities along geographic lines -- Washington, D.C. vs. overseas -- rather than the more usual functional lines, within which geography may be given organizational cognizance. Though a point-by-point response to the proposer's statements of "Rationale" could be made at a later time, I now make the following general and/or salient comments which are aimed, frankly, at suggesting an alternative organization (see TAB B). This alternative will address not only the tangible concerns expressed by our overseas based colleagues but also their emotional ones.

Though there is general agreement that AID's overseas staff is poorly supported by AID/W, there does not seem to be common agreement on the types of support which are poorly given. Moreover, there seems to be an attitude that "no one cares" or no one is "willing" to help. In the administrative support area, there appears to be a consensus among foreign service personnel that the "no one" is in reality both the "GS employees who don't know what it's like out there" and the "political leaders who also don't know what USAIDs are doing". This attitude is frequently demonstrated in a "we versus they" dynamic: FS vs. GS, political leadership vs. FS, Field vs. Headquarters, U.S. Government vs. Field, program vs. management, program vs. support. The need for a one-Agency view or spirit, internalized by all, has never been stronger! It is no surprise that Deloitte & Touche's proposed Agency organization goes right to the heart of this matter when it places the geographical bureaus within the confines of a functionally based organization, i.e. the AA for Operations.

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I fully support the complaint that insufficient resources and authority have been given to organizations supporting the field missions, particularly MS/AS and MS/OMS. However, if these resources and authorities had been given to the current organizations, one could ask if a reorganization would be necessary. Conversely, the proposed reorganization will not, ipso facto, assure sufficiency of resources and authorities. I therefore suggest that the "insufficient resources" argument for justifying an organizational change is spurious in this case.

The belief that "consolidation of overseas support functions ... (will) achieve increased efficiencies and be more responsive" is tantalizing and itself responds to a widespread belief that such support is, and has been, both inefficient and non-responsive. On the other hand, no firm indication or evidence is given to support the new belief that a reorganization/consolidation approach will reverse history. If anything, the context in which the "new" belief is rationalized appears to cite "separation and the lack of any authorities (or meaningful budget) within MS/OMS" as the cause of the current situation. The "separation" mentioned above seems to be that which exists between MS/AS and MS/OMS, as well as pieces of other offices. It is noted that OMS and AS are conjoined within the MS Bureau today. The "lack of any authorities (or meaningful budget)" for OMS may be an overstatement but contains enough truth to be valid. As above, a reorganization/consolidation will not fix this situation; only a recognition by senior management of the need for additional resources and authorities will begin to do that.

The subject referenced memorandum also asserts that under the Deloitte & Touche-based organizational proposal "only (the Operations) cone will deal directly with field missions". This is a mis-statement of that proposal. In fact, all three "cones" (Finance & Administration, Operations, and Policy) will deal directly with the field, to a lesser or greater degree. Certainly, the Personnel, IRM, FM and OP organizations proposed for the F&A cone will each have direct relations with the field missions. Again, this argument should be dismissed from the rationale statement.

I hasten to emphasize that I continue to strongly favor creation of a field mission oriented office which can "pick up the ball and run with it" when the normal Agency process drops it. Such an ombudsman office could be set up as a staff office reporting to the F&A Head, but with direct access to each F&A major component.

-3-

Within the administrative service/logistical support area, I recognize the need for a staff which are capable of responding to the differing circumstances found within AID/W and the field, respectively. But, over these geographically focused support organizations there should be a management which can make the kinds of Agency-wide priority and resource choices/decisions/balancings which are inherent in the management of all organizations, private or public. If placed within the cone responsible for finance and administration, the administrative services/logistical support functions should get the proper oversight and priority which the Agency as a whole needs.

The proposed alternative organization, shown at TAB B, gives recognition to the legitimate administrative management distinctions caused by geography without sacrificing the Agency's need for a coherent, responsible central management of policies, functions and resources. Our sub-committee's discussions clearly demonstrated a warranted recognition of the separate regulations and different situations governing the provision of administrative services in Washington and overseas. However, the functions are generic and naturally fit within a cone which has a world-wide mission to support all elements of AID no matter where located. This is as true for IRM, procurement, accounting and personnel functions as it is for administrative/logistical services. In addition to the above management philosophy argument, there are a number of other advantages to this alternative:

- o Facilitate a uniform, consistent AID policy-making/implementation/oversight mechanism.
- o Less overhead, staff and costs.
- o Provides single point of contact for other government agencies (OMB, GSA, Joint Committee on Printing, State, etc.) on critical support matters.
- o Facilities coordination between, and timely balancing of, support requirements for overseas and AID/W.

A word of caution, however. Neither this alternative proposal nor any other organizational proposal will be successful in redressing years of inadequate support unless senior management is prepared to strongly support this area with financial and manpower resources and an appropriate level of authority to act on behalf, and in support, of the Agency's overall mission. This is particularly crucial in both the day-to-day decisions made within the Agency as well as the more strategic decisions and relations with outside agencies.

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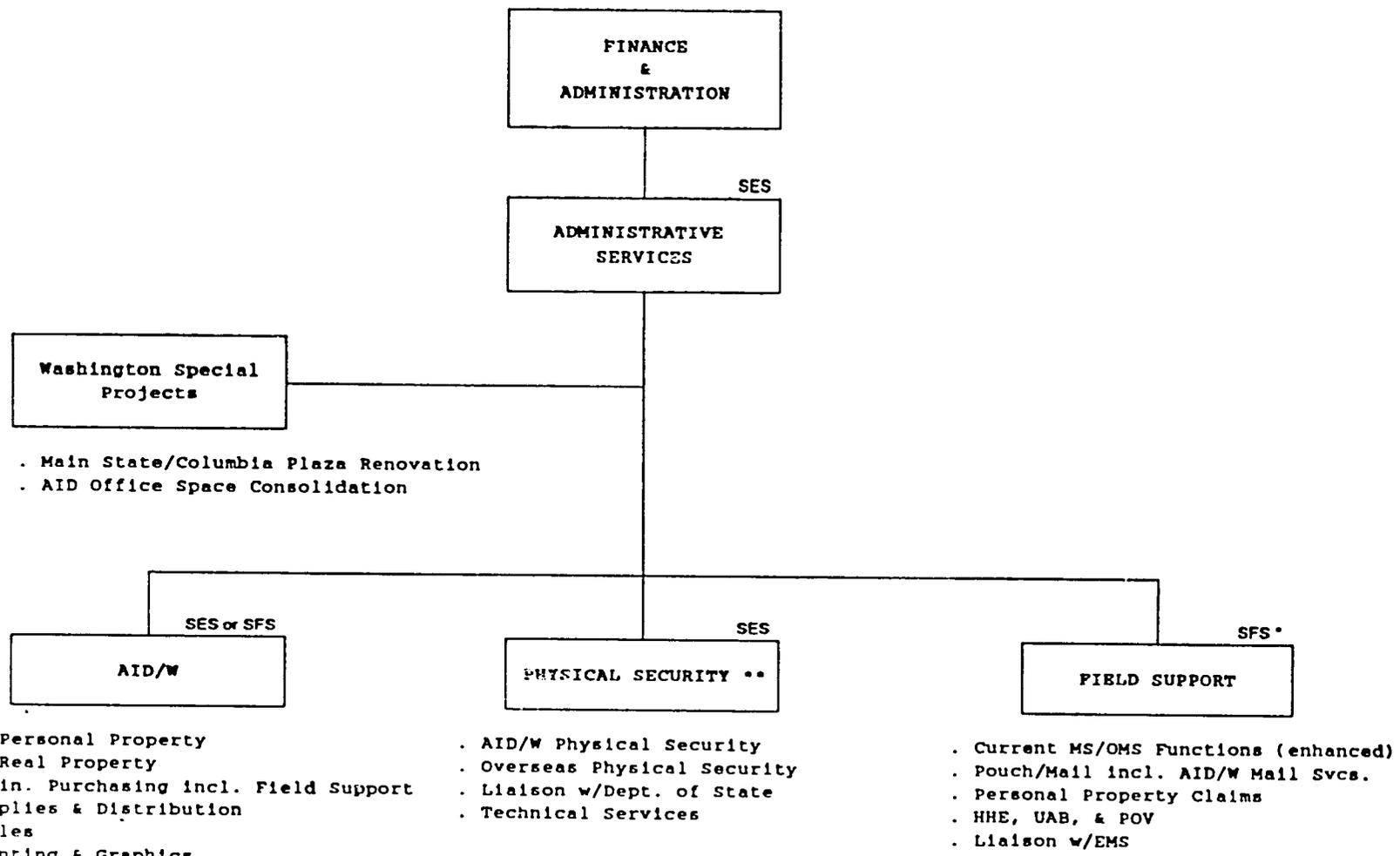
I have avoided any detailed review of the proposed transfer of PM functions into the recommended Operations cone-based administrative services/logistical support organization, because I am not a personnel expert. However, as a former organizational specialist, I would make much the same case for leaving personnel functions in the Personnel organization as I have for the administrative services/logistical support organizations. In any event, I would welcome specific comments from PM, on this matter.

None of the above is intended to preclude frequent and in-depth liaison between and among the F&A components and those within the Operations and Policy cones as well as the field missions. To the contrary, I believe the daily relationship with the EMS (or their successor organization) must be strengthened and, if need be, formalized. The essential point is to place functions organizationally where they can achieve OPTIMUM performance and value for the entire Agency, not to satisfy the needs of only one element, albeit a most important one. Or, to put it another way, we need to create an organization that integrates and balances field and Washington requirements in terms of policy, resources and general organizational unity. We should not institutionalize within the organization structure an overseas vs. Washington approach.

Attachments:

- TAB A - Memo Lion/Friedline to Fore dtd 3/13/91
- TAB B - Alternative Organization Chart

cc: MS/IRM:LLion ✓
DAA/APRE:RFriedline
MS/OMS:ADotherow
APRE/EMS:RGray
PPC/PB:MRarick
OM/PCF/PP:MTrott



NOTE The distribution of functions between the three organizations in Administrative Services is not firm, additional study for appropriate place and titling will be necessary

- * The SFS head of the Field Support organization would act as Director of Admin. Svcs. in absence of the Director
- ** IG/Security would be legislatively removed from OIG, and split in parts (already separate in OIG), and assigned as follows: Personnel Security to PM organization, Information Security to IRM, and Physical Security to Admin. Svcs.

ATTACHMENT 9
PAGE 5 OF 5

APPENDIX H - FINANCE AND ADMINISTRATION TEAM'S SCOPE OF WORK

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT
ADMINISTRATOR

H. Holsman
Appendix II
Appendix II

FEB 19 1991

MEMORANDUM FOR: Management Team Members
FROM: AA/APRE, Henrietta Holsman Fore *H4*

Attached is the Management Team's Scope of Work.

Attachment:
a/s

cc: Management Team Circulation List

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Scope of Work for The Management Team (M-Team)

A. GENERAL

1. The overall purpose of the proposed reorganization is to develop a unified, effectively performing Agency which carries out its development objectives in the most efficient and effective manner. In this context, we want an organization which will effectively implement the Mission statement and the three plus one initiatives. The goal also is a revitalized Agency which will speak with one voice.
2. The Policy Committee is to look at at how we should formulate the short and long-term policy and program directions and goals of the Agency; the Operations Committee is to look at how we can most effectively carry out our mission and programs to meet the Agency's objectives; and the Management Committee is to look at how we can most efficiently and effectively support these policy and operational efforts.

B. TRACK I - OVERALL DIRECTION, MANAGEMENT AND ORGANIZATION

The three committees en toto will forge recommendations on the total reorganization and reorientation of A.I.D. These will evolve during the reorganization Task Force deliberations. The basic responsibility for melding together the overall recommendations will rest with the Integration Group -- the three Committee Chairmen, the ex-officio member, the staff and the Administrator's Office. The Management Committee will be a sounding board on various proposals and will make suggestions on overall organization and operation of the management support components.

There are various questions which are critical in looking at the total reorganization. Some of these relate to basic assumptions on the future of the Agency; others are more specifically organizationally related. These are not necessarily questions on which the Management Committee will be expected to take any action. However, we may wish to comment, either as a committee or individually, on the various aspects of these and other points as the process moves along. These questions include, but are not limited to, the following:

- What is the expected future policy and program direction of A.I.D.? Are the Initiatives and the Mission statement a clear strategy for the future? What more needs to be done?
- How can Agency leadership set policies responsive to U.S. interests and the world situation and back those new policies, refocusing the program budget, activities and overall Agency commitment?
- What external influences affect the Agency as it attempts to restructure its future? What type of accommodation is possible/necessary with the Congress, with the State Department and the Agency's role as a part of foreign policy, and with private interest groups, particularly those who have vested involvement and provide support to BHN approaches?
- What assumptions should be made regarding: A.I.D. as the lead agency in international development? Program levels? Operation Expense levels? OMB controlled staffing levels?
- What type of program emphasis and delivery systems are expected to be needed to carry out A.I.D.'s future Mission? Will product lines be reduced, especially in individual Missions? What will be the expected role of field Missions in the future? What flexibility should be allowed for among the regions?
- What are appropriate balances between field size and H.Q. management support, etc.?
- What changes are needed in the workforce itself and in workforce planning to ensure that we will be able to respond to the program priorities and budget OE levels of the 90's? How can we develop a plan to be more efficient and to secure sufficient OE to meet staffing and operation needs? What mix, e.g., program managers and technical staff, DH, contractors and FNs, etc., of personnel will likely be required?
- In terms of centralization versus decentralization, what should be the appropriate balance? Does it differ by functions? By area, etc.?
- What are present organizational bottlenecks to carrying out the expected future vision? How can these be overcome? In short, is AID organized to deal with the issues, types of programs, and countries that will be high priorities in the 1990's?

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- Does A.I.D.'s current structure (1) ensure central direction, oversight, and control of activities; (2) eliminate duplication of efforts; (3) optimize the utilization of human and financial resources; (4) establish clear lines of authority, responsibility and accountability; and (5) employ widely accepted and effective management concepts, techniques and technology?
- Does A.I.D.'s current structure develop a sense of common purpose, and esprit de corps? Does it reflect cultural diversity? Does it take the human resource element sufficiently into account, or take it too much for granted? In other words, how people-oriented are we? Externally? Internally? In terms of our "clients"? In terms of our workforce?
- Does A.I.D.'s incentives system reflect and promote Agency objectives and values?
- Do we have sufficient indicators and methods to measure management, program and workforce performance and effectiveness.

(There are, of course, many other questions which will need to be addressed. Committee members are invited to suggest others.)

The overall reorganization will require an intensive perspective/analysis in several areas. Among those which may be of particular interest to this committee could be the following:

- An assessment of what are/should be A.I.D.'s product lines.
- What happens to A.I.D.'s various assistance delivery modes, i.e., project, non-project, central project and food agreements, from gestation through the approval process to implementation to completion, with special focus on redundancy, layering, excessive reviews, clearances, paper requirements, diffusion of responsibility? How do the Agency's support functions relate to this total process? Where are they a help, or a hindrance? What reforms are necessary?
- What are the implications of the findings and recommendations of the Workforce Planning Working Group study for policy, operations and management support functions and their organizations?
- A description of differing forms of assistance; also a description of the functions undertaken by different types of personnel, USDH, FSNs, PSCs, and the "extended workforce" at "representative" Missions.

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C. TRACK II - SUPPORT SERVICES

This is the primary area of responsibility for the Management Committee. If we do nothing else, it should be to clearly dissect the management/financial area to come up with the best possible organizational modifications to be in consonance with Agency direction, values and objectives. Answers to assumptions on the future are important so that we delimit what we will do and what we will not do in this exercise.

The areas to be covered in this major element of the Management Committee's responsibilities are the following:

1. Financial Management Services

- Program and OE budgets
- Financial management
- Financial planning and record-keeping
- Provision of reports to serve management needs
- Establishment and dissemination of standards and operations results
- Fiduciary responsibility and financial accountability
- Vulnerability and FM assessments
- CFO legislation
- Role of regional controllers
- Payroll
- Local currency
- Interface with IG, GAO, etc.

2. Personnel Services

- Administering the workforce
- Gearing recruitment, training and assignments to assure the availability of needed skills

3. Information Services

- Assuring availability of systems and technology to provide needed information and communications
- Technical information (CDIE), evaluation

4. Procurement Services

- Setting and promulgating standards for obtaining goods and services
- Contracting and procurement actions for services and commodities

5. Management/Logistical Services

- Maintenance of physical environment and services to permit headquarters to function
- Support for field logistical and management staffs
- Measuring, monitoring, appraising, evaluating management performance and management effectiveness

It is suggested that a subcommittee be established in each of these five functional areas, with participation on each of at least one Management Committee member; that member shall be chairman unless he/she has direct invested interest in the subject. We suggest further that there be at least one representative on the subcommittee from the primary organizational component being examined.

The purpose of the subcommittee will be to analyze the specific functional area and to make recommendations to the plenary M-Team on the proposed future role, function, staffing and organization.

Each of these subcommittees -- which shall report periodically during this exercise -- will be expected to cover (but is not limited to) the following:

1. Present organizational structure in the relevant functional area, including not only central but regional bureaus and field as well. The legal, legislative or regulatory parameters that are beyond A.I.D.'s control.
2. Perceived bottlenecks and the affinities and synergies of activities in the functional area. What do customers say about your area's services?
3. Specific questions to be asked in each area (see below for a preliminary listing).
4. The Management Objectives and performance measurements in the area.
5. Proposed solution to the bottlenecks.
6. Proposed organizational, functional and staffing changes -- central, regional and field -- to meet objectives, overcome bottlenecks and lead to a more efficient undertaking of this function. Must be coordinated where appropriate with Policy and Operations Committees.

(See also F, below.)

A suggested preliminary, and obviously by no means inclusive, list of questions in each of the functional areas is as follows:

1. Financial Management

- Should all/any of the Agency's program and OE budget functions be placed in one area with Financial Management, or continue to be separated in the present fashion or in some theme variation?
- How should we organizationally handle the requirement of the Chief Financial Officers Act of 1990 that the Agency CFO shall report directly to the head of the Agency regarding financial management matters?
- What management and financial information do top-level managers need but don't get?
- Are the budgeting, accounting, and management information systems reliable, consistent and relevant for controlling costs and assessing program results?
- Do the financial information systems adequately present the Agency's financial position?
- Should we have an Agency-wide audit follow-up unit in FM?
- What recommendations should be made concerning the FM/regional controller split?
- What types of internal financial and management controls are needed?

2. Personnel Services

- What is the workforce?
- How do we achieve effective workforce planning to ensure that A.I.D.'s future workforce is consistent with desired future directions?
- How do we harmonize the personnel systems?
- How does A.I.D. identify the knowledge, skills, and abilities it needs to perform the work of the Agency?
- Do A.I.D.'s recruitment, training, promotion, retention and assignment policies and practices ensure that the right mix of human resources is available when and where it is needed?

- Does A.I.D.'s personnel reward system support achievement of program goals?
- What modifications are needed in such other basic areas as:
 - Career development
 - Training
 - IDI program
 - Classification
 - Integration of FS and CS, including rotations both ways
 - Incentives and benefits
 - More effective use of FSNs and non-DH staff, including focusing on questions of accountability
 - Executive development
 - Employee relations
 - Labor/management and grievances
- Should there continue to be separation of personnel functions between PM and bureaus (EMS)?
- What are the responsibilities of EMSs?
- What is the field function in personnel?
- How can you get better communication between program and PM managers?
- What changes are needed in any reorganization in split among PM, regions or central bureaus, and the field in workforce responsibilities?
- What changes are needed in the personnel data systems to most effectively handle total workforce and workforce planning requirements?
- What role can PM or other organizational units with personnel functions play in helping to lead the Agency toward a modified workforce, perhaps along the lines of an emphasis on program managers, but still with a key technical cadre?
- What shifts may be necessary to achieve minority/EEO goals?
- What is the effect of our present workforce on Agency OE levels, and how should this be measured?

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3. Information Services

- How should we structure our information resources to bring A.I.D. in line with modern information practices?
- Is the current IRM and CDIE split appropriate?
- Should more of the information responsibility lie within the operations area?
- How much of this function could/should be contracted out?
- Why such multi-system incompatibility; how to change this?

4. Procurement Services

- How can we ensure stringent procurement safeguards, while ensuring timely responsiveness to field needs?
- What are the appropriate organizational linkages between our contracting and procurement functions and their clients, the operating bureaus? Can the present structure be made more responsive?
- How can we overcome bulging workload at the crash cycle in fiscal year?
- What impact does the growing use of contracts have upon the procurement area?
- How might procurement of contraceptives or other commodities normally orchestrated by others be handled in the future if there are significant overall organizational changes?

5. Management/Logistical Services

- What can be done to accelerate the provision of services in the most basic areas -- e.g., telephones, supplies, etc.?
- How much of this activity affects our field missions? What changes, if any, are needed to reduce redundancies?
- How should the overhead cost be managed?

TIMETABLE ..

- A schedule for progress reports to M-Team by each subcommittee will be worked into the Agenda.
- By February 20, a list of questions, by priority, to the Agency from each subcommittee is to be sent to the Communications Subcommittee.
- It is expected that a first cut by the subcommittee of major organizational recommendations within each functional area will be completed by March 8.

(See also F, below.)

D. OTHER M-TEAM ACTIVITIES

Two other subcommittees will also function:

- One is Communications to develop and implement a continuing program of outreach, in conjunction with other committees, to ensure that voices throughout the Agency are heard in this reorganization process, and particularly in our management area of responsibility.
- A Management Directives Subcommittee will look at the Handbooks and related documentation with a view to making recommendations on their future.

In addition, at some point, the question of the relationship of GC, XA and LEG to the bureau GCs may be folded into M-Team's deliberations.

E. OTHER

Attached are two pieces of paper which will be helpful in looking at our various tasks:

- One from the Operations Committee is "A Suggested Methodology for Matching Strategy and Structure."
- The second is a list of "Questions for Interviews" from the Policy Committee.

F. Attached is a proposed Track II Working SOW and Timetable.

G. See separate paper on Basic Assumptions on A.I.D.'s Future.

M-TEAM TRACK II WORKING SOW AND TIMETABLE

A. Structure of the Analysis

1. Present organizational structure (including proposed reorganization efforts) in the relevant functional area, including not only central but regional bureaus and field as well. The legal, legislative or regulatory parameters that are beyond A.I.D.'s control.
2. Perceived bottlenecks and the affinities and synergies of activities in the functional area. What do customers say about your area's services?
3. Specific questions to be asked in each area. Prioritize these (please also include key questions that reflect the inter-relationships with activities within the primary province of the other subcommittees and the Operations and Policy Committees.
4. The management objectives and performance measurements in the area. Include in this assessment, among other components as you have defined/determined them to be:
 - A review of the key processes within your area;
 - Reduction in the amount of paper flowing through your area;
 - Reduction in time needed to achieve objectives;
 - Concise, realistic, useable information flow for decision-making, and improved communication up, down and across the organization and outside the Agency;
 - Improved end-products or deliverables that improve support services, save money, have impact and are sustainable.

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5. Proposed solution to the bottlenecks. Please cover among other elements:

-- What can be contracted out?

-- What can be done in AID/W? In the field?

-- A proposed system of accountability related to management objectives and performance measurements.

6. Proposed organizational, functional and staffing changes -- central, regional and field -- to meet objectives, overcome bottlenecks and lead to a more efficient undertaking of this function. Describe and, to the extent feasible, quantify the benefits from these changes. Must be coordinated where appropriate with Policy and Operations Committees.

B. Timetable

February 25, 1991

Prioritize questions by subcommittee Agency-wide for the outreach effort of the Communication subcommittee.

February 27, 1991

Prioritize questions to be asked in the analysis within your area. Address toughest operational and organizational questions first.

March 1, 1991

All Agency and outside interviews and suggestions into the Committee.

March 8, 1991

Proposed Management, Operations and Policy organization charts with rough functions.

*March 15, 1991

Proposed Agency organization chart with rough functions.

March 30, 1991

Basic agreement with other Committees on functions, staff, information flow, projects, etc.

* Approval by Dr. Roskens

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April 6, 1991

Proposed detailed functions on management organization chart.

April 15, 1991

Proposed detailed functions on Agency organization chart.

April 15, 1991

Proposed performance measurements for each subcommittee area.

*April 15, 1991

The staffing and budget implications of what we are proposing.

*April 30, 1991

Final proposed organizational and staffing recommendations coordinated with Policy and Operations. Proposed reporting relationships, Redelegations of Authority (responsibility, accountability) and cross-functional interactions.

* Approval by Dr. Roskens