



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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INTERNATIONAL DIVISION

B-203467

The Honorable William P. Clark
Assistant to the President for
National Security Affairs
The White House

FEBRUARY 25, 1982

Dear Mr. Clark:

Subject: Change is Needed in Overseas Staffing Procedures
to Better Assure Consistency With U.S. Program
Objectives (ID-82-22)

Our review of the procedures used to staff U.S. Government activities at diplomatic missions identified disputes between the State Department and other agencies over State's administration of the Monitoring Overseas Direct Employment (MODE) system. The disputes have strained interagency relationships and cast MODE in the role of impeding rather than assisting agencies in carrying out their overseas programs.

INTERAGENCY DISPUTES LIMIT
THE EFFECTIVENESS OF MODE

In 1974 the MODE system was established to control the number of U.S. employees assigned to U.S. diplomatic missions. Disputes have occurred when the MODE staff at the State Department has disapproved proposals of other agencies to increase overseas staffing levels. Although MODE officials contend that these decisions have been based on the opinions of ambassadors whose mission complement would be affected by the increase, officials of other agencies believe the real reason has been the State Department's interest in reducing the number of non-State Department personnel overseas.

A difference of opinion regarding the authority to decide overseas staffing levels has been the fundamental basis for these disputes. Agency officials say that because they have responsibility for the successful achievement of their overseas program goals, they should also have the authority to make staffing decisions in support of those goals. MODE officials say that ambassadors have the authority to make staffing decisions for all U.S. Government activities at their missions regardless of agency affiliation. Disagreements of this kind have occurred since MODE was established in 1974. The continued existence of these disputes raises doubt over whether MODE is achieving its purpose of maintaining the number of overseas personnel most appropriate for accomplishing U.S. program objectives.

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PROPOSAL FOR RESOLUTION

At their request, we had separate meetings with State's Director of Management Operations and staff assistants to the National Security Council to discuss our opinions on the causes of these disputes and their resolution. Similar meetings were held with officials of the International Affairs Division of the Office of Management and Budget. According to the National Security Council officials, the information we provided was used to help develop an option for resolution of the interagency disputes and is contained in a National Security Council staff analysis paper that was forwarded to President Reagan in late November 1981. The adoption of this option would change the procedures now used to assign personnel to diplomatic missions. Overseas personnel ceilings would continue to exist for each agency. However, agency officials would send proposals for staff increases at specific diplomatic missions to an authority to be designated instead of to MODE officials at the State Department. Ambassadors and State Department officials would have the opportunity to submit their comments on these proposals within a specified time limit. However, the final determination on the proposal would be that of the designated authority. The Office of Management and Budget or the staff at the National Security Council could serve as this authority since neither has overseas staff and both are cognizant of U.S. foreign policy objectives. The responsibilities of whichever authority is selected should include the periodic examination of agency staffing to verify that staff ceilings have not been exceeded.

National Security Council staff representatives have said they expect a decision by the President during March 1982. We urge timely adoption of the above option which we believe will substantially eliminate many of the disputes that have existed and provide greater assurance that overseas staffing decisions are consistent with U.S. program objectives.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our review resulted from the concern by the Congress and the executive branch over controlling the number of U.S. Government employees at diplomatic missions and allegations made by agency officials that the MODE system was impeding the achievement of their overseas program objectives.

We focused our review on the overseas activities of five agencies--the Department of Commerce, Department of Defense, United States International Communication Agency, United States Agency for International Development, and the State Department. These agencies were selected because they have the largest number of employees assigned to diplomatic missions. In addition to work conducted at the headquarters of each selected agency, we reviewed their activities at 11 diplomatic missions which have the largest number of assigned U.S. employees.

To obtain an overall perspective on the problems connected with the MODE system, we had discussions with officials of the National Security Council, Office of Management and Budget, MODE Directorate, and headquarters of each of the five selected agencies. We collected statistics from the MODE Directorate to illustrate historical trends in overseas staffing. Our work was performed in accordance with GAO's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

We appreciate the cooperation that was extended our staff during the review. Copies of this report are being sent to the Secretaries of State, Defense, and Commerce; Administrator, Agency for International Development; Director, International Communication Agency, and to other interested parties.

Sincerely yours,

A handwritten signature in black ink that reads "Frank C. Conahan". The signature is written in a cursive, slightly slanted style.

Frank C. Conahan
Director