



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-MERO-20-09

## What OIG Reviewed

In January 2017, the President issued a Presidential Memorandum imposing a Federal hiring freeze. Two months later in March 2017, the President signed Executive Order (EO) 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, which required each Federal agency to submit a proposed plan to the Office of Management and Budget (OMB) that described how the agency would reorganize. In April 2017, OMB issued memorandum M-17-22, to provide agencies guidance on fulfilling the requirements of the hiring freeze and EO 13781. In response, in May 2017, then-Department of State (Department) Secretary Tillerson initiated a joint reform effort with the U.S. Agency for International Development (USAID). In September 2017, the Department and USAID submitted a draft joint Agency Reform Plan to OMB.

The Consolidated Appropriations Acts for FYs 2017, 2018, and 2019 each had a provision requiring Congressional notification before implementing any reorganization or redesign plan. In addition, the explanatory statement for the 2018 Consolidated Appropriations Act (Public Law 115-141) required the Office of Inspector General (OIG) to review (1) the processes by which the Department developed and implemented reorganization and redesign efforts and plans; and (2) the extent to which employees provided input into these efforts and plans. Finally, Senate Report 115-152 required OIG to review the extent to which recommendations in such plans were proposed by career employees of the Department, contractors, and Federal employees outside the Department.

OIG conducted this review to determine whether the processes employed by the Department to develop and implement its organizational reform effort complied with applicable Federal law and OMB memorandum M-17-22. In addition, OIG responded to the specific review requirements of the Consolidated Appropriations Acts, including the explanatory language, and of Senate Report 115-152. Appendix C provides definitions of key terminology used in this report. The Under Secretary for Management's response to a draft of this report is reprinted in its entirety in Appendix D.

November 2019

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

## Review of the Department of State's Organizational Reform Effort

### What OIG Found

The process employed by the Department to develop and implement its reform efforts generally complied with applicable Federal law and OMB guidance. Specifically, the Department notified Congress about the creation of the Center for Analytics, a new directorate that resulted from the reform effort, and it complied with six of eight OMB requirements. The Department only partially complied with two requirements, however, because it did not submit 1) an Analytical Framework with proposals to eliminate, restructure, or merge activities and 2) a Long-Term Workforce Reduction Plan with specific actions. According to OMB officials, the absence of these plans limited the "transformational" potential of the reform effort.

The Department used a three-phased approach to develop and implement its organizational reform efforts. The Department sent a survey to Department employees, organized teams assigned to develop ideas for inclusion in the Agency Reform Plan and directed teams to implement 16 projects identified as related to Department reform (called "Keystone Projects"). However, OIG could not clearly connect the raw data collected for the Listening Tour Survey to the report summarizing the data from that survey. Similarly, OIG could not connect the report to the efforts in Phase II and could not connect Phase II with decisions and choices made in Phase III.

With respect to employee input into the reform effort and the associated recommendations in the Agency Reform Plan, more than 35,000 individuals (43 percent) responded to a survey that was sent to approximately 87,000 Department and USAID email accounts. The individuals whose opinions were solicited included career employees, contractors, and Federal employees outside the Department. OIG could not establish the extent to which responses from survey participants directly influenced the recommendations offered in the Agency Reform Plan. However, OIG did verify that approximately 600 Department and USAID employees participated on teams whose proposals contributed to the recommendations in the Agency Reform Plan and the development of the 16 Keystone Projects.

Participants in the organizational reform effort shared with OIG lessons learned and observations of the process employed. Overall, participants stated that the effort was a "missed opportunity" and emphasized that leadership, communication, and coordination of a coherent mission with integrated strategic goals are paramount to achieving agency efficiencies, effectiveness, and accountability.