

Highlights of [GAO-12-317](#), a report to the Chairman, Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, United States Senate

Why GAO Did This Study

The U.S. government employs more than 23,500 Americans overseas at more than 250 diplomatic and consular posts. These posts require a variety of support services, such as building maintenance and vehicle operations. Agencies may obtain these services, primarily from the Department of State (State), through the International Cooperative Administrative Support Services (ICASS), but participation in most services is voluntary. A 2004 GAO report found that ICASS had not eliminated duplication of support services and that customers generally approved of the quality of ICASS services, but that the level of satisfaction was difficult to quantify.

For this report, GAO assessed (1) how changes in ICASS participation have affected the duplication and cost of support services and (2) customer satisfaction with the quality of ICASS services. GAO surveyed ICASS customers, analyzed ICASS data, interviewed officials from State and seven other agencies, and conducted fieldwork in four countries.

What GAO Recommends

Congress may wish to consider requiring agencies to participate in ICASS services unless they provide a business case to show that they can obtain these services outside of ICASS without increasing overall costs to the U.S. government or that their mission cannot be achieved within ICASS. GAO is also making recommendations regarding the reengineering of administrative processes, use of non-State ICASS service providers, and improvement of service standards. State and U.S. Agency for International Development generally concur.

View [GAO-12-317](#). For more information, contact Michael Courts at (202) 512-8980 or courtsm@gao.gov.

EMBASSY MANAGEMENT

State Department and Other Agencies Should Further Explore Opportunities to Save Administrative Costs Overseas

What GAO Found

Agencies continue to provide potentially duplicative administrative services overseas despite slight increases in their participation in ICASS since 2004. When agencies had a choice to opt out of ICASS and provide services independently, they did so about one-third of the time, on average, in 2011. The U.S. Agency for International Development (USAID), however, has reduced duplicative administrative operations by increasing its participation in ICASS markedly since 2005. Agencies have cited several factors for opting out of ICASS, principally concerns about cost, but they do not usually provide any formal rationale to ICASS management and often have not conducted any cost analysis to justify their decisions. Some agencies also indicated that they cannot meet their mission requirements within ICASS. GAO's analysis of ICASS cost and workload data shows that significant economies of scale can be achieved through greater participation in ICASS. Thus, while agencies may opt out of ICASS because they believe they can obtain less costly services on their own, doing so may actually increase the overall cost to the U.S. government. ICASS management's ability to convince agencies that participating will save them or the U.S. government money is hampered by the lack of comparative cost data to demonstrate potential savings. In 2004, GAO recommended that the ICASS Executive Board—the highest level policy-making body in the ICASS system composed of customer agency representatives—encourage greater ICASS participation. However, experience has shown that board members do not necessarily have the incentive to require their agencies to participate in ICASS, especially if they are unconvinced that it is in their agencies' individual financial interest. In this context, Congressional action may be necessary to increase participation and achieve greater economies of scale. Separately, State has made limited progress improving the cost effectiveness of ICASS services in other ways, such as reducing the need for American staff overseas or using other qualified agencies, such as USAID, to provide some ICASS services.

Results from annual ICASS customer satisfaction surveys as well as GAO's own survey show overall satisfaction with ICASS services. For example, data from the annual ICASS survey indicate that, on a scale from 1 to 5, the average overall score increased from 3.95 in 2005 to 4.03 in 2011. Data from GAO's survey show that nearly 80 percent of agency representatives participating in ICASS indicated that the quality of services was "good" or better. Nonetheless, some dissatisfaction persists, potentially hampering participation. In some cases, performance problems and service limitations could affect agencies' ability to achieve their missions efficiently and effectively. For example, USAID officials have cited the unavailability of ICASS motor pool vehicles for travel to distant project sites as a major impediment to achieving their mission. State's service delivery data suggest that these concerns have merit, as ICASS service providers fulfilled about 70 percent of the requests for non-local transportation in 2011. State has implemented new monitoring tools to improve ICASS managers' ability to evaluate performance, but they do not address some agencies' concerns involving billing errors, inequity, and problems with certain critical services.