



Audit Report



OIG-10-002

RECOVERY ACT: Treasury Should Ensure That Assessments of Staffing, Qualifications, and Training Needs Are Based on Reliable Survey Data

October 13, 2009

Office of
Inspector General

Department of the Treasury

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Abbreviations

Board	Recovery Accountability and Transparency Board
BPD	Bureau of the Public Debt
CDFI Fund	Community Development Financial Institutions Fund
CO	contracting officer
COTR	contracting officer’s technical representative
DAWIA	Defense Acquisition Workforce Improvement Act
FAC-COTR	Federal Acquisition Certification for Contracting Officers Technical Representative
FMS	Financial Management Service
OFAS	Office of the Fiscal Assistant Secretary
OPE	Office of the Procurement Executive
Recovery Act	American Recovery and Reinvestment Act of 2009
SAO	Senior Accountable Official

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*The Department of the Treasury
Office of Inspector General*

October 13, 2009

Daniel Tangherlini, Assistant Secretary for Management, Chief
Financial Officer, and Chief Performance Officer

This report presents findings from our ongoing audit oversight of the Department of the Treasury's Non-Internal Revenue Service (IRS) programs and use of funds authorized by the American Recovery and Reinvestment Act of 2009 (Recovery Act).¹ As required by the Recovery Act, the Recovery Accountability and Transparency Board (Board) conducted a review to determine the adequacy of staffing levels, qualifications, and training of personnel responsible for Recovery Act contracts and grants. In order to carry out its review, the Board asked the Treasury Office of Inspector General (OIG), along with the other affected Inspectors General, to work with their respective Departments to complete a survey developed by the Board for this purpose. Our objective for this report was to determine whether those surveys completed by Treasury staff adequately assessed the staffing levels, qualifications, and training of personnel responsible for overseeing contracts, grants, and payments awarded with Recovery Act funds.

In brief, we found that survey responses were not reliable for assessing the adequacy of staffing levels, qualifications, or training of Treasury's Recovery Act workforce. We identified survey responses that were incomplete, inconsistent, and incorrect. In addition, bureau and program offices were unable to fully support their responses. Furthermore, reviews of these surveys by individuals on behalf of the Senior Accountable Official (SAO) were not adequate to identify the incompleteness, inconsistencies, and inaccuracies we found during our audit.

¹ Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

As a result, the surveys, in our opinion, do not provide a reliable assessment of staffing, qualifications, or training of Treasury's non-IRS workforce responsible for overseeing Recovery Act funds awarded through contracts, grants, and payments in lieu of tax credits.

We also found that Treasury used the unreliable survey results to make a critical management judgment that the contracting workforce dedicated to Recovery Act procurements was adequate. Two respondents to the contracting survey stated that their Recovery Act acquisitions were impacting other workloads. While we believe it necessary for Treasury to periodically and comprehensively assess staffing level as well as staffing qualifications and training, we caution Treasury against using the results of this survey effort for this purpose.

We recommended that management comprehensively assess the adequacy of its staffing, qualifications, and training of personnel overseeing Recovery Act funds to include the payment in lieu of tax credit programs and the effect Recovery Act workload has on other activities. We recommended management take actions on issues identified based on its assessment. We also recommended that management ensure policies and procedures are in place to provide reliable and complete data in anticipation of future workforce assessments. Management agreed with our recommendations and will re-administer the surveys to provide information on the full scope of Recovery Act programs. In addition, management has added two high level managers to Treasury's Recovery Act Team who are developing quality control mechanisms to ensure reliability and completeness of data. Management's response is provided in appendix 1.

Based on the Board's timeframe and direction, we conducted fieldwork for this project from August through September 2009. We reviewed applicable guidance provided by the Board for administering the survey; met with bureau and program office staff responsible for completing the surveys and provided clarification of instructions and survey questions; interviewed key Treasury personnel responsible for administering and reviewing completed

surveys to obtain an understanding of Treasury's process for ensuring data completeness and reasonableness; performed validation procedures of survey data by requesting and obtaining supporting documentation; and, to assess the adequacy of Treasury's review, reviewed survey responses for completeness and reasonableness.

We prepared this report in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Recovery Act provided funds to many federal agencies for programs intended to assist segments of the economy affected by the current downturn. As part of this funding, agencies received additional authority for awarding tax credits, grants, contracts, and other payments. Treasury is responsible for overseeing an estimated \$22 billion of additional funding for contracts, grants, payments, and tax credits for non-IRS activities.²

The Recovery Act established the Recovery Accountability and Transparency Board (Board) to provide oversight of funds expended or obligated from appropriations made under the Recovery Act (covered funds).³ As prescribed by the act, the Board consists of a chairman appointed by the President and 12 inspectors general from federal agencies that expend or obligate Recovery Act Funds.⁴ The Board's functions include reviewing whether there are sufficient qualified acquisition and grant personnel overseeing

² These tax credits are those awarded through the Community Financial Institutions Fund New Markets Tax Credit program. Other tax credits provided for by the Recovery Act are administered by IRS with oversight by the Treasury Inspector General for Tax Administration.

³ Pub. L. No. 111-5, § 1521.

⁴ Publ. L. No. 111-5, § 1522. The 12 inspectors general are from the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, the Interior, Justice, the Treasury, and Transportation and from IRS.

covered funds and whether personnel whose duties involve acquisitions or grants made with covered funds receive adequate training.

To carry out these functions, the Board developed a survey instrument to obtain a benchmark of the current federal acquisition and grants workforce and to capture projected workforce staffing and qualifications data over the next year. The following seven surveys were developed, each focused on a specific segment of the acquisitions and grants workforce:

- Contracting Officers Survey
- Contracting Officer's Technical Representative and Contracting Officer's Representative Survey (COTR Survey)
- Contract Program or Project Managers Survey
- Contracting Support Personnel Survey
- Grants Officers Survey
- Grant Program or Project Manager Survey
- Grants Specialists/Support Personnel Survey

The Board asked inspectors general to assist their agencies in administering the surveys. To that end, our office asked Treasury's SAO for the Recovery Act to direct the surveys to the appropriate program offices and non-IRS bureaus awarding Recovery Act funds through contracts, grants, tax credits, and payments in lieu of tax credits. The SAO for Treasury is the Assistant Secretary for Management, Chief Financial Officer, and Chief Performance Officer.

In addition, we provided the following instructions along with the surveys:

- Respondents are to answer all questions unless directed to skip a question based on a response to a previous question.
- Narrative responses and comments are to provide as much information as necessary to respond fully to the question.
- Acronyms specific to the agency or department are to be identified.

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- Any responses containing references to agency-specific regulations or policy are to be linked to referenced documents or include a Web address.
 - The SAO or designee is to review survey results for completeness and reasonableness of data before providing them the Office of Inspector General.

As stated in the instructions, agencies were not asked to verify the survey results.

The bureaus and offices that completed the surveys were the Community Development Financial Institutions Fund (CDFI Fund), the Procurement Services Division and the Office of Procurement Executive (OPE) within the Departmental Offices, the Financial Management Service (FMS), and the Bureau of the Public Debt (BPD).

Our office received the completed surveys by the deadline established by the Board, September 4, 2009. In turn, those surveys were transmitted, for compilation by the Board, to the Department of Commerce OIG on September 11, 2009, the date required by the Board.

Findings and Recommendations

Finding 1 Survey Results Are Unreliable

We concluded that the survey responses Treasury provided to the Board were unreliable for assessing the staffing levels, qualifications, and training of Treasury's Recovery Act workforce. Our review found that surveys completed by Treasury did not cover staff overseeing approximately 88 percent of Treasury's estimated \$22 billion of Recovery Act funds. We also identified surveys that were incomplete in other ways because respondents failed to follow the instructions provided. In addition, bureaus and program offices were unable to fully support responses provided by their staff. As a result of these findings, we concluded that Treasury's process for ensuring the completeness and reasonableness of survey responses was inadequate.

Surveys Were Not Completed by the Office of the Fiscal Assistant Secretary

We found that Treasury's surveys did not provide the Board with a complete picture of Treasury's workforce responsible for overseeing a significant portion Treasury's Recovery Act funds. Specifically, Treasury did not require the Office of the Fiscal Assistant Secretary (OFAS) to complete the grants manager or project manager survey. This office, however, is responsible for administering nearly \$20 billion in Recovery Act funds for grants in lieu of tax credits for specified energy property and low income housing. These amounts represent approximately 88 percent of the \$22 billion of Recovery Act funds that Treasury is responsible for administering. OFAS did not complete the surveys because it does not consider these programs to be grant programs. For purposes of the Board's survey, that is to assess the levels, qualifications, and training of personnel responsible for administering Recovery Act funds, we believe that OFAS's position was wrong.

Survey Responses Were Incomplete

We found that CDFI Fund submitted incomplete surveys for the Contract Program or Project Manager and the Grants Specialists and Support Personnel. In both cases, required fields were left blank.

In the Contract Program or Project Manager Survey, questions about the estimated cost of training, the number of certified managers who met the continuous learning requirements, and the additional agency requirements applicable to contract managers were not answered. Furthermore, a narrative explanation, as required, as to why these questions were left unanswered was not provided. Because of these missing responses, there was insufficient information to assess the qualifications of current CDFI Fund contract managers.

In the Grants Specialists and Support Personnel survey, incomplete responses were provided with respect to both the adequacy of

staffing levels as well as the qualifications and training of grant specialists and support personnel.

With regard to staffing, CDFI Fund indicated that four individuals worked on Recovery Act grants from April through June 2009. However, no response was provided as to the percentage of time these individuals spent on Recovery Act financial assistance award activities, the sufficiency of the number of grant specialist and support personnel working on Recovery Act grants, or the impact that using such personnel on Recovery Act grants has on the CDFI Fund's non-Recovery Act grant activities. Further, no response was provided as to the number of contractors the CDFI Fund had obtained or planned to obtain to support its financial assistance workforce. It should also be noted that required narrative was not provided to indicate why these questions were left unanswered. Without this information, there is no way to assess the adequacy of CDFI Fund's staffing levels for grant specialist and support personnel.

Concerning the qualifications and training of grant specialists and support personnel, no response was provided as to whether personnel are required to be certified and how many are certified. Similarly, there was no response provided as to whether the agency had additional requirements for continuous learning, experience, education, and training and, if so, whether all grant and support personnel working on Recovery Act grants are required to meet those requirements. Without this information, one cannot adequately assess the qualifications and training requirements of current CDFI Fund grant specialists and support personnel.

Survey Responses Were Incorrect

We identified surveys with incorrect answers. The following are examples of incorrect responses that we found during our review:

- In the narrative portion of the Grants Officer Survey, CDFI Fund indicated that the survey was not applicable because CDFI Fund has grant program managers and project managers, rather than grant officers. Nevertheless, CDFI Fund completed the Grants Officer Survey anyway. As a

result, the responses duplicated those in CDFI Fund's Grants Manager or Project Manager Survey. Moreover, the CDFI Fund's Grants Officer Survey had a review note on it questioning the accuracy of the total number of program managers working at CDFI Fund.

- In its Contracting Officers Survey and COTR Survey, FMS incorrectly answered questions concerning its deadline for implementing the Federal Acquisition Certification in Contracting (FAC-C) or the Defense Acquisition Workforce Improvement Act (DAIWA) certification for Contracting Officers and the Federal Acquisition Certification for Contracting Officers Technical Representatives (COTR). FMS did not provide a date for the deadline and instead made reference to its Career Handbook. However, FMS did not include links or a Web address for its Career Handbook, as required in the survey instructions. We did find the information about the deadline in the Career Handbook but without the link or Web address, users of the survey would not have this information.
- In its COTR Survey, FMS responded incorrectly to a question about how many of its four COTRs had met or were expected to meet FAC-COTR continuous learning requirements. FMS answered the question "zero." Our follow-up with the FMS staff who completed the survey revealed that she misunderstood the question, and in fact three COTRs had completed the required training based on FMS's documentation.

Because of the incorrect answers provided the surveys did not provide reliable information to assess the adequacy of the staffing, qualifications, and training of Treasury's Recovery Act workforce.

Inconsistent Survey Responses

We noted inconsistencies between answers within certain of the surveys. Following are two examples of this condition.

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- In its COTR Survey, CDFI Fund responded to one question that one COTR would be working on Recovery Act contracts from January 1, 2010, through June 30, 2010. However, in response to another question, CDFI Fund said that there were two COTRs that had or would receive FAC-COTR certification.
 - In the Contracting Support Personnel Survey, OPE responded to one question that it lacked a sufficient number of support personnel to work on Recovery Act contracts. In a lengthy narrative to another narrative question, OPE identified a number of functions impacted by Recovery Act workload. However, its responses to other questions indicates that OPE has adequate resources for Recovery Act work.

Unsupported Survey Responses

We performed procedures to validate the data supporting survey responses and assess the sufficiency of responses both quantitatively and qualitatively. In doing so, we found that for four bureaus and program offices, documentation supporting their answers to the surveys was incomplete. FMS, on the other hand, maintained sufficient documentation.

Completeness and Reasonableness

To understand Treasury's process for ensuring completeness and reasonableness of survey responses, we interviewed the Treasury official responsible for ensuring the right Treasury bureaus and offices completed the survey as well as for reviewing the results of those surveys for completeness and reasonableness. To determine reasonableness, the official indicated that the survey responses were reviewed to ensure that they were accurate and made sense.

We concluded that this review was not effective because it did not detect the errors noted by our review.

Finding 2

Treasury Is Basing Critical Management Judgments on Unreliable Survey Results

Treasury officials used the survey results to assess the adequacy of staffing levels of personnel responsible for Recovery Act contracting activities. An internal memorandum prepared for the SAO stated, among other things: "Survey results for contracting-related staffing indicate that, while the Recovery Act has increased Treasury's contracting workload, additional staffing is not required for execution of remaining acquisitions under the Act. Bureaus have accommodated the increase primarily by reprioritizing non Act procurements and working additional hours to meet requirements. The initial impact has now been mitigated through early execution of the most immediate procurements and overall maturity of the program."

We believe that the survey responses do not support this assessment. Notwithstanding all the problems noted above with the survey responses as well as the absence of a survey completed by OFAS (the office responsible for administering 88 percent of Treasury non-IRS Recovery Act funds), there were concerns raised by two survey respondents as to the adequacy of staffing.

BPD responded in its Contracting Officers Survey that Recovery Act acquisitions require additional time to process, making it more difficult to balance non-Recovery Act work. Furthermore, BPD indicated that this could become a challenge if its workload increased with the approach of the end of the fiscal year. In its Contracting Support Personnel Survey, BPD stated that personnel do not have adequate time to spend on non-Recovery Act actions. As a result, according to BPD, work is not completed as quickly and work quality may be affected.

OPE responded in its Contracting Support Personnel survey that Departmental Offices lacks sufficient personnel to work on Recovery Act activities. In its answer to a question about the effect of Recovery Act activities on the contracting process for non-Recovery Act acquisitions, OPE noted that to accommodate Recovery Act requirements, other workloads were reprioritized. In this regard, OPE's Evaluation and Monitoring program was the

most affected in that, among other things, scheduled assessments of bureau acquisitions could not be conducted as required by the Office of Management and Budget; follow-up could not be performed on corrective action plans; and transaction reviews for high-dollar noncompetitive actions may take longer to complete. As stated in Finding 1, OPE's survey responses were inconsistent as to whether staffing was adequate.

It should be noted that the memorandum transmitting survey results to the SAO did not include an assessment of the adequacy of the grant workforce level nor comment on the qualifications and training of the contract or grant workforce.

Recommendations

We recommend that the Senior Accountable Official do the following:

1. Comprehensively assess the adequacy of staffing levels, qualifications, and training of personnel responsible for Recovery Act contracts and grants, including the payments in lieu of tax credits programs. The assessment should take into consideration the effect the Recovery Act workload has on other mission critical activities. Based on the results of this comprehensive assessment, take actions to address the issues identified.

Management Response

Management concurred with our recommendation and will re-administer the surveys that will provide information on the full scope of Recovery Act programs. Our office will provide advice to the affected bureau and program offices as appropriate.

OIG Comment

Management's action meets the intent of our recommendation.

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2. In anticipation that there may be future assessments by the Board or others regarding the staffing, qualifications, and training of Recovery Act personnel, ensure that adequate policies and procedures are in place to provide reliable and complete data.

Management Response

Management concurred with our recommendation and has augmented the Treasury Recovery Act Team with two high level managers who are developing quality control mechanisms to ensure reliable and complete data.

OIG Comment

Management's action meets the intent of our recommendation.

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We appreciate the courtesies and cooperation provided to our staff during this audit. If you wish to discuss this report, you may contact me at (202) 927-5400 or Donna Joseph, Audit Director, at (202) 927-5784.

Marla A. Freedman
Assistant Inspector General for Audits


Appendix 1
Management's Response



ASSISTANT SECRETARY

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

**MEMORANDUM FOR DONNA JOSEPH
AUDIT DIRECTOR
OFFICE OF THE INSPECTOR GENERAL**

FROM: Dan Tangherlini 
Assistant Secretary for Management
and Chief Financial Officer

SUBJECT: Audit of Staffing, Qualifications and Training Surveys

Thank you for the opportunity to review and comment on the draft audit report findings on our surveys to determine the adequacy of staffing, qualifications and training of personnel responsible for Recovery Act contracts and grants.

Based on the findings and recommendations of your report, we have increased and adjusted the Recovery Act Team staffing and will be re-issuing the survey within the next two weeks. We look forward to better understanding our staffing capacity to implement the Recovery Act provisions.

Attached is further detail in response to your recommendations. If you have any questions, do not hesitate to call me at 202-622-6611.

Appendix 1
Management's Response

Recommendations and Responses

Recommendation 1: Comprehensively assess the adequacy of staffing levels, qualifications, and training of personnel responsible for Recovery Act contracts and grants, including the payments in lieu of tax credits programs. The assessment should take into consideration the effect the Recovery Act workload has on other mission critical activities. Based on the results of this comprehensive assessment, take actions to address the issues identified.

Response: We agree and will immediately re-issue the survey. We note, however, that the guidance from the Recovery Act Board and the engagement memo from the Office of the Inspector General (OIG) had different categories of the types of program staff to be surveyed. As noted in the Recovery Act Board guidance, the survey was developed in order to review expenditures through contracts or grants. While the OIG engagement letter listed programs beyond contracts and grants at Treasury, we did not survey certain Recovery Act program staff administering payments in lieu of tax credits. Such payments are not contracts (acquisition) or grants.

While we agree that we should be accountable for all funding disbursed through the Recovery Act mechanisms, it will be difficult to treat these payments in the same manner as contracts and grants. That said, we are eager to work with the OIG to re-administer this survey and provide information on the full scope of our Recovery Act programs.

Recommendation 2: In anticipation that there may be future assessments by the Board or others regarding the staffing, qualifications, and training of Recovery Act personnel, ensure that adequate policies and procedures are in place to provide reliable and complete data.

Response: We agree and have augmented the Treasury Recovery Act Team with two high-level managers. These managers are developing quality control mechanisms to ensure that we provide reliable and complete data.

Appendix 2
Major Contributors To This Report

Donna Joseph, Director
Cynthia Milanez, Audit Manager
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