



Memorandum Report



OIG-CA-10-005

**GENERAL MANAGEMENT: Administrative Resource Center
Processing of Personnel Actions for the Community
Development Financial Institutions Fund**

February 1, 2010

Office of
Inspector General

Department of the Treasury



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

February 1, 2010

OIG-CA-10-005

MEMORANDUM FOR VAN ZECK, COMMISSIONER
BUREAU OF THE PUBLIC DEBT

FROM: Kieu T. Rubb
Director, Procurement and Manufacturing Audits

SUBJECT: Administrative Resource Center Processing of Personnel
Actions for the Community Development Financial
Institutions Fund

We completed an audit of the Community Development Financial Institutions Fund's (Fund) procurement process for its information technology (IT) development and support contracts in 2008.¹ In connection with that audit, we noted deficiencies related to certain personnel management practices by the Fund. These deficiencies were facilitated by the Bureau of the Public Debt's (BPD) Administrative Resource Center (ARC) as the Fund's human resources service provider.

In brief, ARC processed a noncompetitive promotion for the Fund without obtaining all appropriate documentation from the Fund. Additionally, ARC did not properly maintain adequate records for the processed personnel action. While we did not conduct an audit of ARC's processing of personnel actions, we consider these matters serious enough to warrant corrective action by ARC management. Accordingly, we are making three recommendations in this memorandum report. In your written response, which we are including as appendix 1, you concurred with our recommendations and outlined planned actions that are responsive to the recommendations. BPD will need to develop and record the estimated completion dates for the planned actions in the Joint Audit Management Enterprise System (JAMES), the Department of the Treasury's audit recommendation tracking system. A distribution list for this memorandum is provided as appendix 2.

¹ *CDFI Fund Contract Administration and Personnel Management Practices Need Improvement* (OIG-09-048, Sept. 17, 2009)

Finding 1 - Noncompetitive Promotion Processing Practices Were Inadequate

In August 2006, ARC processed a noncompetitive promotion, specifically an accretion of duties promotion of a Fund employee from GS-13 to GS-14, without obtaining adequate documentation from the Fund. The documentation should have included a promotion justification describing those duties and responsibilities that the employee performed which was in addition to his normal duties and responsibilities. In this instance, the promoted employee was a contract specialist serving as the contracting officer's technical representative (COTR) and alternate COTR on two Fund contracts.

Federal personnel law states that an agency shall place each position under its jurisdiction in its appropriate class and grade in conformance with standards published by the Office of Personnel Management (OPM). When facts warrant, the agency may change a position to another class or grade.² According to personnel regulations, an agency may, at its discretion and without using a competitive action, promote an employee and classify the position to a higher grade when an employee performs additional duties and responsibilities beyond those identified in his or her current position.³ This process is commonly referred to as an accretion of duties.

When properly used, an accretion of duties promotion allows agencies to promote an employee who has performed additional duties and responsibilities not normally required in the employee's current position description. In this instance, however, the Fund did not document its rationale for promoting the employee and did not identify the additional duties and responsibilities performed by the employee. ARC processed the promotion without obtaining a written justification describing the additional duties and responsibilities.

Finding 2 - Records Management Needs Improvement

Federal personnel law states that an agency shall place each position under its jurisdiction in its appropriate class and grade in conformance with standards published by OPM and maintain those records for Agency and OPM reviews.⁴

During our audit fieldwork, we asked the Fund and ARC on several occasions for (1) the approval document for the accretion of duties promotion and (2) copies of the related position descriptions. We first asked for the documentation in September 2008. For the accretion of duties documentation, the Fund provided us

² 5 USC § 5107.

³ 5 CFR § 335.103(c)(3)(ii).

⁴ 5 USC § 5113.

with a partially approved accretion of duties promotion certification document that only included the approval of the Fund employee's immediate supervisor. A follow up request with ARC in October 2008 resulted in ARC concluding that ARC did not have a copy of the ARC-approved accretion of duties promotion certification package. However, after several months, in April 2009, ARC staff found the completed, approved certification package, with both Fund and ARC signatures and both position descriptions, in an employee's desk. Initially the ARC human resources specialist we interviewed was not sure why ARC processed the promotion in 2006 without the necessary approvals and justification. She stated that the practice was inconsistent with ARC's normal process.

For the employee's position description, the ARC human resources specialist informed us that ARC also used the accretion of duties promotion certification package provided by the Fund to create a GS-14 position description in HRConnect. However, that position description was incomplete because it did not include a narrative, duties, responsibilities, and text that should normally be included on a position description. As a result of our discussions, ARC input a new GS-14 contract specialist position description in HRConnect in January 2009 that included the narrative, duties, responsibilities, and text that normally accompanies a position description. The Fund also reassigned the contract specialist to the new position description at that time.

Recommendations

We recommend that the Commissioner do the following:

1. Remind ARC staff to obtain adequate support documentation from client agencies for noncompetitive promotions before the promotions are processed.

Management Response ARC is committed ensuring that any noncompetitive promotion actions processed meet all legal requirements. ARC will provide verbal and written guidance to the staff to outline the steps to follow and documentation required when processing accretion of duties promotions to ensure compliance with applicable rules.

OIG Comment Management's planned corrective action is responsive to the intent of our recommendation.

2. Ensure that new position descriptions established in HRConnect are complete.

Management Response ARC will develop a standard operating procedure to outline the steps required to enter a position description into the personnel processing system and provide guidance to staff.

OIG Comment Management's planned corrective action is responsive to the intent of our recommendation.

3. Ensure that client-prepared documents supporting personnel actions are properly maintained and accessible for management purposes and for audit.

Management Response ARC recognizes the importance of maintaining accurate records and will ensure that personnel files are properly maintained and readily available for review. ARC will strengthen practices surrounding the maintenance through implementation of standard operating procedures.

OIG Comment Management's planned corrective action is responsive to the intent of our recommendation.

We appreciate the courtesies and cooperation extended by your staff as we inquired about these matters. If you have any questions, please contact me at (202) 927-5400.

Appendices


Appendix 1
Management Response



DEPARTMENT OF THE TREASURY
BUREAU OF THE PUBLIC DEBT
WASHINGTON, DC 20239-0001

November 30, 2009

MEMORANDUM FOR KIEU T. RUBB, AUDIT DIRECTOR
TREASURY OFFICE OF THE INSPECTOR GENERAL

FROM: Van Zeck, Commissioner 
SUBJECT: Response to Report on Administrative Resource Center
Processing of Personnel Actions for the Community
Development Financial Institutions Fund

This memorandum is in response to audit findings and recommendations resulting from an audit of the Community Development Financial Institutions Fund's procurement process for its information technology development and support contracts in 2008. This audit noted deficiencies related to certain personnel management practices by the Fund and included actions taken by the Bureau of the Public Debt's Administrative Resource Center (ARC) as the Fund's human resources service provider.

The audit states that ARC's noncompetitive promotion processing practices were inadequate and that records management needs improvement. The audit listed three recommended actions to which we are responding below.

1. Remind ARC staff to obtain adequate support documentation from client agencies for noncompetitive promotions before the promotions are processed.

We concur with this recommendation. We are committed to ensuring that any noncompetitive promotion actions processed by ARC meet all legal requirements. We will provide guidance to our staff verbally as well as through a written standard operating procedure outlining the steps to follow and documentation required when processing accretion of duties promotion actions to ensure compliance with the rules concerning noncompetitive promotion actions.

2. Ensure that new position descriptions established in HRConnect are complete.

We concur with this recommendation. We will develop a standard operating procedure outlining the steps to take to completely enter a position description into our personnel processing system and provide this guidance to our staff.

Appendix 1
Management Response

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3. Ensure that client-prepared documents supporting personnel actions are properly maintained and accessible for management purposes and for audit.

We concur with this recommendation. We realize the importance of maintaining accurate documentation and we are committed to ensuring that personnel files maintained by ARC are properly maintained and readily available for review. We will strengthen our practices surrounding the maintenance through the use of the standard operating procedures that will be implemented.

Thank you for the opportunity to respond to these issues. We feel confident that the deficiencies cited were an isolated case and assure you that this is not indicative of ARC's performance as a human resources service provider.

Appendix 2
Distribution

Department of the Treasury

Deputy Secretary
Office of Accounting and Internal Control
Office of Strategic Planning and Evaluations
Director, Community Development Financial Institutions Fund

Bureau of the Public Debt

Commissioner
Chief Financial Officer
Audit Liaison
ARC Office of the Executive Director

Office of Management and Budget

OIG Budget Examiner