




**Federal Election Commission**  
Office of the Inspector General

**MEMORANDUM**

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**TO:** The Commission

**FROM:** Christopher Skinner  
Inspector General 

**SUBJECT:** Transmittal of the Audit Report of the Federal Election Commission's  
Human Capital Management Program for Fiscal Year 2022

**DATE:** April 25, 2023

This memorandum transmits the Independent Public Accountants (IPA) Audit Report of the FEC's Human Capital Management Program. The audit was performed by Brown & Company under a blanket purchase agreement with, and monitored by, the OIG in accordance with generally accepted government auditing standards.

The audit found that the FEC has not developed a plan that describes how the FEC will strategically manage its human capital resources across the agency. Accordingly, the auditors recommended that the FEC develop a strategic human capital management program that is informed by the Office of Personnel Management's (OPM) Human Capital Framework which, according to OPM, is essential to effectively manage human capital. Specifically, the auditors recommended that the FEC develop and implement:

1. A human capital strategy that outlines the overall planning, performance strategy, workforce priorities, and workforce planning activities
2. A process for conducting and documenting skills gap analyses of its workforce
3. A process for succession planning for senior leaders and mission-critical positions
4. Guidance on the development of training programs, including formal training plans for appropriate employees (e.g., employees with skills gaps and for succession planning purposes)
5. Consistency in the performance review process

In its response to the audit report, FEC management largely disagreed with the auditors' findings and recommendations, citing the non-applicability of certain requirements in 5 C.F.R. Part 250, among them, the requirement to "implement and develop a human capital operating plan (HCOP)." Although it may be true that the FEC is not required by law to implement certain requirements in Part 250 (which the audit report acknowledged), this engagement was conducted as a performance audit and, thus, looked beyond compliance with regulatory requirements.

As provided in relevant government auditing standards: “Performance audit objectives vary widely and **include assessments of program effectiveness, economy, and efficiency**; internal control; compliance; **and prospective analyses**” (emphases added).<sup>1</sup> Accordingly, the auditors looked to guidance provided by OPM, which recently opined that:

Public and private sector studies have shown organizations that achieve and sustain excellence in strategic human capital management outperform those that do not. The strategic management of human capital not only impacts organizational performance but can enable the workforce to accelerate progress to achieve strategic objectives.<sup>2</sup>

In addition, OPM previously applied similar standards in its 2019 Evaluation of the FEC’s Performance Culture System (i.e., one of the four systems of OPM’s human capital framework). Among other things, OPM recommended that the FEC establish an agency-wide training program and update personnel policies; the FEC responded that it would conduct a competency gap analysis in developing and implementing its training program.<sup>3</sup>

In light of OPM’s broad endorsement of strategic human capital management and previous application to the FEC of certain elements of its human capital framework, the audit team recommended that the FEC develop a plan to strategically manage human capital that is informed by OPM’s framework. The auditors further acknowledged that the FEC apply those human capital management principles at a scale appropriate to the size and structure of the FEC to drive a proactive and strategic approach to human capital management.

The OIG encourages the Commission to consider the findings and recommendations in Brown & Company’s audit report. Again, this is a matter of agency effectiveness, economy, and efficiency rather than strict regulatory compliance. We also recognize that efforts to improve the strategic management of human capital at the FEC are subject to budget constraints, workforce reductions, and competing priorities; however, those very challenges further amplify the need for the strategic management of human capital.

Management was provided a draft copy of the audit report for review and comment. The official management response is included in Appendix I.

The OIG reviewed Brown & Company’s report and related documentation and provided the appropriate oversight throughout the course of the audit. Our review ensures the accuracy of the

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<sup>1</sup> Government Accountability Office, *Government Auditing Standards*, Section 1.22, Updated April 2021. Available online at [GAO-21-368G, Government Auditing Standards: 2018 Revision Technical Update April 2021](#)

<sup>2</sup> Office of Personnel Management, *Human Capital Operating Plan (HCOP) Guidance Fiscal Years 2022-2026*, Issued December 2021, Available online at [Human Capital Operating Plan \(HCOP\) Guidance Fiscal Year 2022-2026 \(opm.gov\)](#)

<sup>3</sup> Letter from the Office of Personnel Management, Merit System Accountability and Compliance, dated November 25, 2019.

audit conclusions but may not express an opinion of the results. The OIG's review determined that Brown & Company complied with applicable required Government Auditing Standards.

We appreciate the collaboration and support from FEC staff and the professionalism that Brown & Company exercised throughout the course of the audit. If you have any questions concerning the enclosed report, please contact Ms. Shellie Purnell-Brown at (202) 694-1019.

cc: The Commission

Alec Palmer, Staff Director/Chief Information Officer

Lisa Stevenson, Acting General Counsel



**Audit Report of the Federal Election Commission's  
Human Capital Management Program  
for Fiscal Year 2022**



**April 24, 2023**

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**Audit Report of Federal Election Commission’s  
Human Capital Management Program  
for Fiscal Year 2022**

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## EXECUTIVE SUMMARY

The Office of Inspector General (OIG) for the Federal Election Commission (FEC) contracted Brown & Company CPAs and Management Consultants, PLLC, to conduct a performance audit of the FEC's Human Capital Management (HCM) program for fiscal year (FY) 2022 as of September 30, 2022, in accordance with the terms and conditions of Contract Number 47QRAA18D000G/9531BP22A0006, Order Number 9531BP22F0035, *Human Resource Related Audit Engagement*. The overall objective of this audit was to determine whether the FEC's Human Capital Management (HCM) program was adequate to ensure the strategic plan and mission of the agency were achieved and aligned with the Office of Personnel Management (OPM) Human Capital Framework (HCF).

We conducted this performance audit from August 8, 2022, through March 23, 2023, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary to meet the audit objective. 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 acknowledge that the FEC is not subject to certain regulatory requirements concerning human capital management, such as the 5 C.F.R. Part 250 requirement to "implement and develop a human capital operating plan (HCOP)." However, OPM recently opined in guidance to agencies that, "**Public and private sector studies have shown organizations that achieve and sustain excellence in strategic human capital management outperform those that do not.** The strategic management of human capital not only impacts organizational performance but can enable the workforce to accelerate progress to achieve strategic objectives."<sup>1</sup>

As such, we concur with FEC management that the agency should adopt and implement those principles of OPM's human capital framework that are appropriately scaled for an agency of the FEC's size, structure, and mission.<sup>2</sup> This report memorializes our audit findings and recommendations.

One of the objectives of the *FEC's Strategic Plan, FY 2022-2026, Foster a Culture of High Performance*, states "the agency's strategic priorities are improving the efficiency and effectiveness of its workforce and management processes." However, FEC has not developed a strategic human capital management plan that describes how its HCM program will be executed across the agency. In addition, the HCM program does not incorporate all applicable elements of the OPM HCF four (4) systems<sup>3</sup> that according to OPM are essential to effectively manage human capital. Additionally, the FEC has not developed a strategic HCM plan informed

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<sup>1</sup> [Human Capital Operating Plan \(HCOP\) Guidance Fiscal Year 2022-2026 \(opm.gov\)](#)

<sup>2</sup> See management response to NFR 4.

<sup>3</sup> As detailed further in this report, OPM HCF is organized into four systems: (1) Strategic Planning & Alignment, (2) Talent Management, (3) Performance Culture, and (4) Evaluation.

by the HCOP that demonstrates how it plans to execute its HCM program. We recognize that FEC's efforts to enhance its HCM program have been hampered by budget constraints, workforce reductions, and competing priorities.

During this audit, FEC management opined in responses to notices of findings and recommendations that the FEC has integrated human capital management principles that are appropriately "scaled down" to comport with the agency's mission, size and structure. We concur that the FEC should incorporate principles from OPM's human capital framework that are appropriately scaled to the FEC; however, as further detailed in this report, we recommend that the FEC comprehensively memorialize its human capital strategy.

Based on this audit, we conclude that the FEC has not fully developed and implemented a strategic HCM plan sufficient to ensure the continuous achievement of its strategic goals and objectives. A strategic HCM plan will allow the agency to efficiently meet its strategic goals and objectives and address the following human capital challenges:

- **Reduction in the workforce:** Between 2012-2022, the size of the FEC workforce decreased by 17% while its overall workload concurrently increased by about 300% over the same period.
- **Acting/Dual Positions:** We noted that one senior position role has been filled on an acting basis and two senior positions are filled by one person. Specifically, the FEC appointed an Acting General Counsel in 2016 and has not yet filled the permanent position. Also, the position of the Chief Information Officer normally reports directly to the Staff Director who, in turn, reports to the Commission itself. At present, however, the same individual is serving in both the positions of Staff Director and Chief Information Officer.<sup>4</sup>
- **Retirees:** Approximately 40% <sup>5</sup>of the FEC's current workforce will be eligible for retirement by December 31, 2027.

We recommend that FEC's senior management in collaboration with the FEC's Director of the Office of Human Resources (OHR) and the FEC's Chief Human Capital Officer (CHCO) develop an HCM plan that strategically manages human capital across the agency that is informed by the OPM HCOP and HCF guidance. The HCM plan should include the salient elements of the OPM human capital guidance that is scaled to the FEC's size and needs. Furthermore, we recommend FEC senior management develop and implement the following:

1. A human capital strategy that outlines the overall strategic planning, performance strategy, workforce priorities, and workforce planning activities.
2. A process for conducting and documenting skills gap analysis of its workforce.
3. A process for succession planning for senior leaders and mission-critical positions.
4. Guidance on the development of training programs, including formal training plans for appropriate employees (e.g., employees with skills gaps and for succession planning purposes).
5. Consistency in the performance review process.

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<sup>4</sup> FEC Fiscal Year 2023 Congressional Budget Justification, FEC Organization Chart.

<sup>5</sup> <https://www.fedscope.opm.gov/> Office of Personnel Management FedScope

The detailed findings along with five (5) recommendations for improvement have been provided to FEC's management for response before the release of this report and such responses are included in the body of this report starting on page 17. Please see Appendix 1 – Management's Response for the full response.

Brown & Company hopes that the FEC finds this report constructive and valuable in working towards an HCM program that aligns with applicable elements of the OPM HCF and its agency strategic plan and mission.

## **OBJECTIVES, SCOPE & METHODOLOGY**

### Objectives

The overall objective of this engagement is to determine if the Federal Election Commission's (FEC's) Human Capital Management (HCM) program is adequate to ensure the strategic plan and mission of the agency are achieved and aligned with the Office of Personnel Management (OPM) Human Capital Framework (HCF).

### Scope

The scope of this audit is to evaluate FEC's HCM program in effect as of September 30, 2022, and detailed testing for fiscal year (FY) 2022.

### Methodology

Brown & Company conducted this performance audit in accordance with generally accepted government auditing standards. 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 assessed internal controls that were significant to meet the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To meet our audit objectives, we used interviews, inquiries, observations, and judgmental sampling of 42 employees for items selected for detailed testing. The audit focused on the status of the HCM program, specifically Strategic Planning & Alignment, Talent Management, Performance Culture, and Evaluation.

Audit work performed includes the following:

#### *Strategic Planning & Alignment*

- Conducted a Strategic Planning Survey with the OHR management and reviewed FEC's activities as it relates to:
  - The role of human capital management in agency strategic and annual performance planning;
  - Human capital best practices and knowledge sharing; and
  - Organizational development and change management.
- Reviewed FEC's strategic planning documents.



- Randomly selected 42 samples from a population of 293 employees to assess FEC’s Human Capital Management policies and procedures.

*Talent Management*

- Conducted a Talent Management Survey with the OHR and reviewed FEC’s activities related to:
  - Workforce planning;
  - Recruitment and outreach;
  - Employee development;
  - Leadership development;
  - Retention; and
  - Knowledge management.
- Reviewed FEC’s Talent Management policies and procedures including its Recruitment policies and procedures, Recruitment and Retention Bonus policy, and its Policy and procedure for promoting qualified individuals for both Bargaining and Non-Bargaining employees.
- Reviewed the FY 2022 Training and Development records for the HCM program sample selection audit period between 10/1/21 to 08/31/22. We tested training records for 42 employees.
- Reviewed documentation for a sample of 5 of 22 employee promotion records for FY 2022.
- Reviewed documentation for a sample of 4 of 19 employees hired during FY 2022.
- Reviewed documentation for a sample of 4 of 29 employees’ separation documents during FY 2022.
- Documented results.

*Performance Management*

- Conducted a Performance Culture Survey with the OHR and reviewed FEC’s activities related to:
  - Engaged employees
  - Continuous Learning
  - Performance Management
  - Diversity, Inclusion and Collaboration
  - Labor-Management Relations
- Reviewed the list of FEC FY 2022 Awards, which consisted of 280 records (22 promotion dates, 247 cash awards including steps increases and time off, 10 step increases only, and one time off only). We randomly selected and tested 5 promotions and 5 cash awards.
- For the sampled employees, we reviewed documentation related to their annual performance (e.g. performance plan, self-assessments, annual performance evaluation).
- Documented results.

### Evaluation

- Conducted an Evaluation Survey with the OHR and reviewed FEC’s activities related to business analytics and data-driven decision-making.
- Reviewed reports that included results of data analysis.
- Inquired about the process for collecting, processing, and utilizing human resource related data.

### Policies and Procedures

- Reviewed the HCM program policies provided by OHR directly related to the audit areas under review.
- Gained an understanding of the related functions for both Bargaining and Non-bargaining employees.
- Identified policies that may need to be reviewed and updated.

## **BACKGROUND**

The FEC is an independent regulatory agency responsible for administering, enforcing, defending, and interpreting the Federal Election Campaign Act of 1971. The Commission is also responsible for administering federal public funding programs for presidential campaigns. The mission of the FEC is to protect the integrity of the federal campaign finance process by providing transparency and fairly enforcing and administering federal campaign finance laws.

As stated in the *FEC FY 2022-2026 Strategic Plan*, “FEC’s greatest resource is its employees. The FEC’s organizational performance is driven by employee performance and the agency cannot successfully achieve its mission without a high-performing workforce that understands expectations and delivers results. FEC’s organizational performance is also significantly improved when internal management processes are efficient and effective.”<sup>6</sup>

One of the objectives in the *FEC (FY) 2022-2026 Strategic Plan* is to “foster a culture of high performance.” The agency’s strategic priority is to “improve the efficiency and effectiveness of its workforce and management processes.” FEC strategies include developing the skills and commitment of its staff; recruiting and retaining human resources to support its mission, improving the performance of staff in support of the agency’s mission objectives; and developing workforce opportunities and training. However, FEC’s major challenges to meeting these objectives are lack of funding, insufficient staff, and lack of resources to develop a strategic HCM plan that supports its HCM program informed by the OPM HCF.

The primary regulatory framework for federal human capital management is promulgated in 5 C.F.R. Part 250, which requires agencies to “implement certain systems and standards, including a Human Capital Operating Plan (HCOP).” They further provide that the HCOP must execute the four systems of the HCF: (1) Strategic Planning and Alignment, (2) Talent Management, (3) Performance Culture, and (4) Evaluation.

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<sup>6</sup> [FEC FY 2022-2026 Strategic Plan](#)

We acknowledge that the FEC is excluded from the agencies to which 5 C.F.R. Part 250 is expressly applicable. However, in other guidance to agencies on human capital management, OPM has noted that “**Public and private sector studies have shown that organizations that achieve and sustain excellence in strategic human capital management to outperform those that do not.**”

Specifically, in December 2021, OPM issued guidance titled *Human Capital Operation Plan (HCOP) Guidance for Fiscal Years 2022-2026* (referred to herein as OPM Human Capital Guidance). OPM oversees agency human capital management and has provided comprehensive guidance through its Human Capital Framework Structure. The OPM HCF guides agencies, such as the FEC, on how to effectively manage talent by promoting the use of sound talent management practices.<sup>7</sup> It incorporates insights from strategic human capital management, organizational development, and complexity science to provide senior leaders, supervisors, human resource practitioners, and employees with practical guidance and insights on how to align with their agency’s mission, goals, and program objectives—even amid constant change.

Accordingly, this audit utilized OPM guidance and regulations on human capital management, including the human capital framework provided in 5 C.F.R. Part 250, with the recognition that the FEC should incorporate such elements from that guidance as may be appropriate for an agency of the FEC’s mission, size, scope, and structure. FEC management broadly concurred with that approach in its response to notices of findings and recommendations issued during this audit.<sup>8</sup>

We recognize that there is substantial discretion involved in determining which human capital framework elements best apply and which do not. As such, we have identified those that, in the professional judgment of the audit team, the FEC should consider incorporating into its strategic management of human capital with the recognition that ultimate implementation will involve discretion and judgment on the part of FEC management.

In the course of this HCM Audit, Brown & Company anticipates utilizing applicable guidance included in the OPM HCF. The OPM HCF provides comprehensive guidance on strategic human capital management in the Federal Government and provides direction on human capital planning, implementation, and evaluation in the federal environment.

The OPM HCF is comprised of the following four systems:

### **1. Strategic Planning and Alignment System**

Strategic alignment is a system that ensures agency human capital programs are aligned with the agency’s mission, goals, and objectives through analysis, planning, investment, and measurement.<sup>9</sup> The benefits of the Strategic Planning and Alignment system include: (a) mission-focused operations; (b) clear opportunities for best practices; (c) informed and engaged stakeholders; and (d) focused measures and

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<sup>7</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/#url=Human-Capital-Framework-Structure>

<sup>8</sup> In response to NFR 4, FEC management responded, in part, that “...Management has successfully scaled down human capital management practices appropriately for the FEC’s size as well as its limited administrative and budgetary resources, and that these practices are integrated into Agency operations.”

<sup>9</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/strategic-planning-alignment/>

evaluation.

## **2. Performance Culture/Management System**

As defined by the OPM, performance culture management is defined as a system that engages, develops, and inspires a diverse, high-performing workforce by creating, implementing, and maintaining effective performance management strategies, practices, and activities that support mission objectives.<sup>10</sup> The benefits of the Performance Culture/Management system include (a) a valued, diverse and inclusive workforce and environment; (b) a sustainable Work-life balance; (c) efficient and effective labor/management relations; and (d) motivated workforce operating at highest potential; (e) increased customer, managerial, and employee satisfaction; (f) an aligned, trusted performance management system based on empowerment and accountability; (g) a valued rewards and recognition system; (h) successful program actions, activities, and outcomes; and (i) an increased external awareness for mission-related outcomes.

## **3. Talent Management System**

The OPM defines Talent Management as “a system that promotes a high-performing workforce, identifies and closes skills gaps, and implements and maintains programs to attract, acquire, develop, promote, and retain quality and diverse talent”<sup>11</sup> The benefits of Talent Management system include: (a) a ready workforce; (b) an efficient operation; (c) increases retention; (d) increased customer satisfaction; and (e) trusted labor/management relationship.

## **4. Evaluation**

“Evaluation is a system that contributes to the agency’s performance by monitoring and evaluating outcomes of its human capital management strategies, policies, programs, and activities. It is a critical element of the HCF as agencies need to measure the success of their strategic plans and human capital management. It is a process and a system that operates at all levels to help the organization reach its goals.”<sup>12</sup> The benefits of the Evaluation system include (a) continuous and innovative improvement; (b) a holistically informed decision-making process (c) integrity; and (d) excellence.

Senior leadership holds the primary responsibility for human capital management, with advice and administrative support from the Director of Human Resources and the Chief Human Capital Officer (CHCO). The OHR manages many personnel-related activities ranging from hiring, employee relations, pay changes, promotions, benefits, and employee performance management. Through these activities, the OHR is strategically positioned to play a pivotal role in the formation and implementation of the HCM program. This audit further identified that FEC OHR has been affected by resource limitations and personnel turnover, which constrain the office’s capacity.

Brown & Company also identified that budgetary constraints have affected the Performance Awards & Training resources of the FEC. Specifically, this has affected the spending on

<sup>10</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/performance-culture/>

<sup>11</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/talent-management/>

<sup>12</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/evaluation/>

performance awards and training. In FY 2021, FEC spending on performance awards was 54 percent less than the average of the previous four fiscal years, and spending on training was 34 percent less than the corresponding average. In FY 2022, the FEC initiated the process of returning its performance awards and training allocation to post-FY 2021 levels.

## SUMMARY OF RESULTS

Based on the audit work performed covering the HCM activities during the fiscal year 2022, Brown & Company has determined that the agency has not fully developed and implemented an agency-wide strategic HCM plan that is informed by OPM guidance, including its human capital framework.

We acknowledge that the FEC's management has worked and continues to work to develop and implement salient elements of an HCOP that are scaled to the FEC's size and needs.<sup>13</sup> Although the FEC may not be required to implement an HCOP, per OPM's Human Capital Guidance, **"Public and private sector studies have shown that organizations that achieve and sustain excellence in strategic human capital management outperform those that do not.** The strategic management of human capital not only impacts organizational performance but can enable the workforce to accelerate progress to achieve strategic objectives."<sup>14</sup>

**Overall Finding:** Based on the audit work performed, we conclude that the FEC's management has not fully developed and implemented an agency-wide strategic HCM plan that is informed by OPM's human capital framework, to include:

- a. A human capital strategy that outlines the overall strategic planning, performance strategy, workforce priorities, and workforce planning activities.
- b. A process for conducting and documenting skills gap analysis of its workforce.
- c. A process for succession planning for senior leaders and mission-critical positions.
- d. Guidance on the development of training programs, including formal training plans for appropriate employees (e.g., employees with skills gaps and for succession planning purposes).
- e. Consistency in the performance review process.

We recognize that the FEC is not among those agencies expressly required by regulation to implement an HCOP.<sup>15</sup> However, the benefits of implementing an agency-wide strategic HCM plan scalable to FEC's size and needs, and which incorporates applicable human capital framework elements, will help FEC's management with the:

- Planning for and management of current and future workforce needs;
- Designing, developing, and implementing proven strategies and techniques, and practices to attract hire, develop, and retain talent;
- Building a steady talent pool for its senior leaders, supervisors, and mission-critical roles; and

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<sup>13</sup> Management response to Notice of Finding and Recommendation 4.

<sup>14</sup> <https://www.opm.gov/policy-data-oversight/human-capital-management/human-capital-operating-plan-guidance.pdf>

<sup>15</sup> See 5 C.F.R. Part 250, subpart B.

- Making progress towards closing any knowledge, skills, and competency gaps throughout the agency.

We have elaborated on each assessment in more detail below.

## FINDINGS AND RECOMMENDATIONS

### ***1. FEC has not fully developed and implemented a strategic HCM plan that articulates overall strategic planning, performance strategy, workforce priorities and workforce planning activities.***

The FEC has not developed and implemented a strategic HCM plan that aligns human capital strategy with overall strategic planning, performance strategy, workforce priorities, and workforce planning activities. While the FEC has several documents that enumerate some of its human capital challenges and how it has worked around some of them as an organization, none of those documents single-handedly fulfills the criteria for an HCM plan.

OPM encourages agencies to use the OPM HCF and HCOPs to document how they will execute their human capital strategic plan. The OPM HCF provides direction on human capital planning, implementation, and evaluation in the agency's environment. Overall, the development of a strategic plan will not only assist the FEC in strategically aligning its human capital goals with its overall agency objective but may also assist the agency to make a stronger case for a budgetary increase for its HCM process.

The HCM plan should also include the FEC's workforce planning activities. Based on the audit work performed, we found that the FEC has not fully implemented a strategic HCM plan to document its Workforce Analysis/Planning as part of its staffing model and performance matrix objectives. The FEC has referenced its need for an increased budget for staffing and other HCM practices over the last few years; however, it is not substantiated by a strategic HCM plan for formal systematic workforce analysis/planning to support budget needs.

Workforce Analysis/Planning serves as a systematic process for identifying and addressing the gaps between the workforce of today and the human capital needs of tomorrow. This often serves as a mechanism that would allow an agency to establish its staffing levels and make provision for a budget that enables it to meet its business objectives.

Currently, based on this audit the FEC is unable to provide adequate support that it has established a foundation for managing its human capital and strategically meeting current and future workforce needs to prevent unnecessary disruptions in maintaining a steady-state and agile workforce.

*Office of Personnel Management (OPM)*<sup>16</sup> *Human Capital Framework – Talent Management* provides that agencies should create a system that promotes a high-performing workforce, identifies and closes skills gaps, and implements and maintains programs to attract, acquire, develop, promote, and retain quality and diverse talent.

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<sup>16</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/talent-management/>



*The Office of Personnel Management (OPM)*<sup>17</sup> *Human Capital Framework – Workforce Planning Guide* specifically references 5 C.F.R. 250.204 (a)(2), which provides that agencies should complete a comprehensive workforce planning and analysis in planning, implementing, evaluating, and improving its human capital policies and programs.<sup>18</sup> Agencies should “use systems and standards established under this regulation<sup>19</sup> and any other metric subsequently provided by the OPM in its guidance to achieve its human capital goals.”

The OPM established a *5-Step Workforce Planning Model*<sup>20</sup> to include:

- ***Setting Strategic Directions:*** This step involves linking the workforce planning process with the agency’s strategic plan, annual performance/business plan, and work activities required to carry out the goals and objectives of the strategic plan (long term) and the performance plan (Short term).
- ***Analyzing Workforce, Identifying Skills Gaps, and Conduct Workforce Analysis:*** This step entails determining what the current workforce resources are and how these could evolve through turnover, developing specifications for the kinds, numbers, and locations of workers and managers needed to accomplish the agency’s strategic requirement and finally to determine what gaps exist between the current and projected workforce needs.
- ***Developing Action Plan:*** This third step involves the identification of strategies to close gaps and implement strategies and measures for accessing strategic progress. For example, recruiting, training/retraining, restructuring organizations, contracting out, succession planning and technological enhancement, etc.
- ***Implementing the Action Plan:*** The fourth step involves putting human and fiscal resources in place, outlining roles, disseminating necessary information, and marketing and coordination is occurring to execute the plan and to achieve the strategic objectives.
- ***Monitoring, Evaluating, and Revising:*** The final step involves monitoring progress against milestones, assessing for continuous improvement purposes, and adjusting the plan to make course corrections and address new workforce issues.

The OPM guidance also lists out the benefits of an effective Workforce Analysis and Planning:<sup>21</sup>

- It aligns workforce requirements directly with the agency’s strategic and annual business plans.
- It develops a comprehensive picture of where gaps exist between the current competencies of the workforce and its future competency requirements.
- It identifies and implements gap reduction strategies.
- It assists agencies to make sound decisions on how best to structure themselves and deploy their workforce using empirical data.
- It assists Agencies to identify and overcome internal and external barriers to

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<sup>17</sup> [Ibid.](#)

<sup>18</sup> <https://www.ecfr.gov/current/title-5/chapter-I/subchapter-B/part-250/subpart-B/section-250.204>

<sup>19</sup> <https://www.ecfr.gov/current/title-5/chapter-I/subchapter-B/part-250/subpart-B/section-250.204>

<sup>20</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/strategic-alignment/workforceplanning.pdf>

<sup>21</sup> [Ibid.](#)

accomplishing strategic workforce goals.

Management's response to the Notice of Findings and Recommendations (NFRs) issued March 22, 2023, suggests that the FEC is doing this on an informal basis and at a scaled-down level appropriate to the FEC's size and needs. However, as provided in OPM's foregoing guidance, HCM processes of this nature are best carried out at a strategic and formal level for maximum impact and consistent applicability across the agency.

**2. *FEC has not fully developed a strategic HCM plan which includes a process for conducting and documenting a skills gap analysis of its workforce.***

Based on audit work performed, we found that the FEC has not developed a strategy to complete and implemented a skills gap analysis for its workforce in recent years. A skills gap analysis is instrumental in helping an organization identify specific skills required to perform tasks and roles in support of its mission and serves as a benchmark of those skills against the actual skills of its employees.

We note that the FEC OIG provided some evidence that a skills gap analysis may have been performed in FY 2012. However, no supporting documentation was submitted by management, and in any case, a decade-old analysis would warrant updating. Moreover, the focus of this finding/recommendation is to develop a process that ensures analyses are strategically managed and periodically conducted. We requested further information from the agency and received the following:

A proposed completion of a skills gaps analysis was referenced in the FEC's FY 2012 *Strategic Human Capital Management Plan*; however, a copy of the analysis was not included in the provided HCM audit samples. It is therefore not clear if a skills analysis was completed nor was it possible to review the outcome of the referenced analysis alongside the other audit documents. FEC also confirmed that a skills gap analysis had not been completed in recent years.

According to OPM *Workforce Planning Guide*<sup>22</sup> - the statutory obligation of Federal agencies as contained in 5 C.F.R. 250.204 (a)(2)<sup>23</sup> was referenced to emphasize the importance of workforce planning in general and skills gap analysis in particular. This regulation tasks Chief Financial Officer (CFO) Act Federal agencies with the responsibility to "monitor and address skills gaps within governmentwide and agency-specific mission critical occupations by using comprehensive data analytic methods and hap closure strategies."<sup>24</sup>

It also establishes the following standards<sup>25</sup> for achieving the Talent Management framework guidance to include:

- Planning for and management of current and future workforce needs;
- Designing, developing, and implementing proven strategies and techniques, and

<sup>22</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/talent-management/workforce-planning-guide.pdf>

<sup>23</sup> <https://www.ecfr.gov/current/title-5/chapter-I/subchapter-B/part-250/subpart-B/section-250.204>

<sup>24</sup> [Ibid.](#)

<sup>25</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/talent-management/>



- practices to attract hire, develop, and retain talent; and
- Making progress towards closing any knowledge, skills, and competency gaps throughout the agency.

The referenced OPM guidance<sup>26</sup> also lists the outcomes of an effective skills gap analysis:

- It positions the workforce to address and accomplish evolving priorities and objectives based on anticipated and unanticipated events.
- It provides an avenue for the agency to invest in its employees through formal and informal learning and development-related activities to close competency gaps and enhance mission-related outcomes.
- It aligns, positions, and trains the workforce to provide efficient and effective services to the agency's internal and external stakeholders.
- It serves as a retention strategy by creating an environment where employees understand and are committed to the mission of the organization and are empowered to make a difference.

The FEC previously acknowledged the need to conduct a skills gap analysis in response to findings and recommendations in OPM's evaluation of the FEC's Human Capital Framework System of Performance Culture.<sup>27</sup> Specifically, the FEC planned to conduct an analysis of skills gaps across the agency in support of the development of "a training program to address those gaps and support a workforce capable of achieving the agency mission and performance goals."

The absence of a skills gap analysis increases the risk of the FEC's human capital being susceptible to unidentified skills gaps in its workforce. The lack of a skills gap analysis to support the FEC's future workforce planning could result in less compelling justification for future increases in budgetary allocations for its HCM program needs.

### ***3. FEC has not fully developed a strategic HCM plan which includes a succession plan for senior leaders and mission-critical positions.***

Brown & Company reviewed various strategic plan documents including the FY 2022 FEC risk profile, strategic plans for FY 2022-2026, and a summary of FY 2022 FEC's management challenge; all documents indicate a strong concern about the FEC staff attrition.

We discovered during the audit that the FEC workforce has systematically faced attrition due to a combination of retirements and resignations over the years. Specifically, between 2012 to 2022, FEC's workforce decreased by seventeen percent (17%) while its overall workload grew by over 300% in the same period. We also noted that approximately 40% of the FEC's current workforce will be eligible for retirement by December 31, 2027.

Due to a combination of factors, including salary freeze and difficulty in recruiting, some roles have been filled on an "acting basis" or dual appointments. For instance, FEC appointed an Acting General Counsel in 2016 but has not filled the permanent position. Also, the position of the Chief Information Officer normally reports directly to the Staff Director who, in turn, reports to the

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<sup>26</sup> [Ibid.](#)

<sup>27</sup> Letter from FEC to OPM dated Oct. 11, 2019.

Commission itself. At present, however, the same individual is serving in both the position of the Staff Director and the position of the Chief Information Office.

For over a decade, the attrition rate especially by retirement has been a heightened concern at the FEC but a formal succession planning process has not been put in place to mitigate the situation. Had the FEC executed effective succession planning for some of the key roles outlined above, it may have been easier to back-fill the roles as an internal opening.

*The Office of Personnel Management's bulletin on succession planning*<sup>28</sup> defined succession planning as “a systematic approach to building a leadership pipeline/talent pool to endure leadership continuity and developing potential successors in ways that best fit their strengths.”

*The Government Accountability Office (GAO) Standards for Internal Control, Section 4.06* states that “Management defines succession and contingency plans for key roles to help the entity continue achieving its objectives” and Section 4.07 states “Management defines succession plans for key roles, chooses succession candidates and trains succession candidates to assume the key roles.”

*5 C.F.R. 250.204 (a)(5) Agency roles and responsibilities* state that “Federal Agencies in tandem with OPM guidance to ensure leadership continuity through the implementation and evaluation of recruitment, development, and succession plans for leadership positions.”

*The Office of Personnel Management (OPM) Human Capital Framework Leadership/Knowledge Management (Succession Planning process) guidance* references succession planning as being critical to mission success and creates an effective avenue for recognizing, developing, and retaining top leadership talent. The OPM Federal Workforce Priorities Report 2021 also established succession planning as one of the foundations for the future which will assist agencies in their long-term strategic planning for future successes.

*5 CFR Part 412 Subpart B* states heads of Federal Agencies in consultation with OPM are to develop a comprehensive management succession program to fill agency supervisory and management positions based on its workforce succession plans.

*The Office of Personnel Management (OPM)*<sup>29</sup> *Human Capital Framework – Leadership/Knowledge Management (Succession Planning process) guidance* established several factors that make for a successful succession planning process as follows:

- Personal involvement and partnership of Senior leaders with human resources.
- A transparent and accountable process for growing leaders by Senior Leaders.
- Employees’ commitment to their self-development.
- Predicating the succession planning process on a business case for long-term needs.
- Linkage of the succession planning process to strategic planning and investment in the future.

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<sup>28</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/leadership-knowledge-management/successionplanning.pdf>

<sup>29</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/leadership-knowledge-management/successionplanning.pdf>

- Basing process on workforce data and analysis.
- Identifying and utilizing leadership competencies in the selection and development process.
- Early identification and development of a pool of talent for long-term needs.
- Development of challenging and varied job-based experiences.
- Addressing challenges such as diversity, recruitment, and retention.

The guidance goes further to list the benefits of an effective succession planning process:<sup>30</sup>

- It builds a leadership pipeline/talent pool to ensure leadership continuity.
- It develops potential successors in ways that best fit their strengths.
- It identifies the best candidate for categories of positions.
- It concentrates resources on the talent development process thereby yielding a greater return on investment.

Clearly from the aforementioned guidance, the FEC’s design and implementation of robust succession planning is not only of strategic importance but also a part of the GAO standards for internal control. It will be difficult for the FEC to effectively achieve its strategic and organizational goals if it does not adequately plan to reduce the heightened risk brought on by the staff attrition, including potential key leadership positions. Accordingly, this is an important piece of the effective development and implementation of the FEC’s HCM program.

Management’s response to the NFRs issued on March 22, 2023, suggests that the FEC is doing this on an informal basis and at a scaled-down level appropriate to the FEC’s size and needs. We concur that the FEC should scale down the OPM HCF elements to fit the needs of the FEC. However, as noted, OPM has further opined that processes of this nature are best carried out at a strategic and formal level for maximum impact and consistent applicability across the agency.

***4. FEC has not fully developed a strategic HCM plan which includes an agency-wide training program, and implement formal training plans for appropriate employees.***

Based on the audit work performed, we discovered that the FEC does not have an agency-wide strategic plan for training its employees. Based on our sample testing of training for 42 employees, as well as additional inquiries with management, we found that:

- Initially, the FEC had not submitted any training plans as requested by the auditor. However, on further request to the OHR, additional documentation was provided which included an onboarding calendar for the OHR, a training plan for the Report Analysis Division (RAD), and other onboarding documents for various departments.
- The RAD training plan document is systematic and somewhat standardized, however, the OHR and Information Specialist documents were too vague for a training plan. As a result, there is no means to benchmark the training completed alongside the training required for the other departments except the RAD.

GAO Internal Control Guidelines Section 10.03 Management of Human Capital states: “Effective management of an entity’s workforce, its human capital, is essential to achieving results and an

<sup>30</sup>[Ibid.](#)

important part of internal controls. Only when the right personnel for the job are on board and are provided the right training, tools, structure, incentives, and responsibilities are operational success possible.”

Furthermore, the OPM guidance on “**Strategically planning training and measuring results**” and “**Employee Development and Training flexibility guidance**” both references **Section 201 of the Federal Workforce Flexibility Act of 2004** and highlights the Agency’s requirement to regularly evaluate and modify training programs and plans to promote a more strategic approach to the integration of training programs into overall mission accomplishment. Furthermore, it places a responsibility on federal agencies to place emphasis on employee development and to train and modify such training plans or programs as needed to ensure they continually meet and support specific agency-established plans and strategic goals.

The *OPM Learning Strategies for Creating a Continuous Learning Environment Guidance*<sup>31</sup> outlines possible learning tools and strategies to create a Training Plan. It includes:

- **Individual Learning Strategies:** Activities under this training strategy include an Individual development plan, special projects, and assignments, coaching, Mentoring, Job aids, Manager as a teacher, learning group (teams), self-directed learning, classroom learning, distance learning, online learning informational interview and discussion forums.
- **Organizational Learning Strategies:** Activities under this training strategy includes Action learning, cross-functional teams, work-outs, parallel learning structures, and Groupware.

The OPM *Employee Development and Training Flexibilities Guidance*<sup>32</sup> has also identified various combinations of strategies that could be utilized to create a training plan for various roles within an agency. These include Targeted Career training, individual learning accounts, and Training/education related to an Employee’s official duties.

The FEC previously recognized the need for an agency-wide training program in response to findings and recommendations in OPM’s evaluation of the FEC’s HCF System of Performance Culture.<sup>33</sup> Specifically, the FEC planned to conduct an analysis of skills gaps across the agency in support of the development of “a training program to address those gaps and support a workforce capable of achieving the agency mission and performance goals.”

The FEC can gain the following benefits from the design and implementation of a strategic training plan for its workforce<sup>34</sup> and ensure:

- It provides mission-critical competencies needed by the agency and closes/prevents skills-gap in the workforce.
- It provides an avenue for the agency to create formal learning and development-related activities that are mission-driven rather than individual-driven; this enhances mission-

<sup>31</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/leadership-knowledge-management/continuouslearning.pdf>

<sup>32</sup> [Ibid.](#)

<sup>33</sup> Letter from FEC to OPM dated Oct. 11, 2019.

<sup>34</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/talent-management/retention.pdf>

related outcomes.

- It aligns, positions, and empowers the workforce to provide efficient and effective services to the agency's internal and external stakeholders.
- It serves as a retention strategy by creating a value-adding environment where employees are empowered and motivated to stay committed to the mission of the organization.

The current lack of an agency-wide strategic training plan increases the risk that certain position and/or individual skills gaps will not be properly identified and/or addressed. In addition, potential disparities in training could result in a lack of uniformity in skill-set and technical know-how.

***5. FEC has not fully developed an HCM plan that includes a uniform agency-wide performance management process.***

During our review of relevant policies and procedures and testing of FEC's performance management, we found that the FEC does not have a strategic plan to ensure consistent performance management processes across Non-Bargaining Unit (NBU) and Bargaining Unit (BU) employees.

Based on a random sample of 42 (23 NBU and 19 BU) employees' 2022 annual performance evaluations and related documentation (e.g., performance plans, critical elements criteria, self-assessments), we identified the following:

- The NBU performance management process was automated via the USA Performance.gov application. This performance management system streamlined and electronically captures the NBU employees' annual performance plan, midyear review, critical element rating criteria, employee self-assessment, and yearly performance evaluation/ratings in one central location. This process appears to include a more methodical and comprehensive rating system for NBU employees.
- The BU employee's performance review process is manual and uses a more simplified performance rating template that does not automatically capture as many performance-related and evaluation criteria equivalent to that of NBU employees. We also noticed that the BU employees' evaluations generally included less quantitative and qualitative information. As a result, this gives the impression that NBU employees are held to a higher standard than BU employees.
- While employee self-assessments are mandatory for NBU employees, they are optional for BU employees.
- All NBU employees are on the same performance cycle and their annual performance evaluations are due at the same time. However, BU employees' performance cycle is based on when they were hired and annual appraisals are due on each BU employee's anniversary date which we found to be inefficient.

*The Office of Personnel Management (OPM) Human Capital Framework – Performance Culture* references the importance of a robust performance process. It notes that a performance culture goes beyond an agency's performance management system but defines it as “a system that engages, develops, and inspires a diverse, high-performing workforce by creating, implementing,

and maintaining effective performance management strategies, practices, and activities that support mission objectives.”

According to the OPM HCF, below are some of the benefits of implementing a robust Performance Management System:

- It serves as a foundational base for viewing an agency performance management system as fair and implemented with integrity.
- It provides efficient and effective labor/management relations.
- It leads to an aligned and trusted performance management system based on empowerment and accountability.
- It ensures a motivated workforce operating at the highest potential.
- It creates increased customer, managerial, and employee satisfaction.
- It leads to successful program actions, activities, and outcomes.
- Fosters an increased external awareness of mission-related outcomes.

During the 2018-2019 performance plan year, Management implemented USA Performance.gov (USAP) to streamline and automate performance management for all NBU employees. At the time, Management stated that BU employees could not be transitioned to the new performance system until these changes were negotiated, agreed to by the bargaining unit, and applicable language incorporated into the labor-management agreement (LMA).

The FEC previously concurred with this objective in response to findings and recommendations in OPM’s evaluation of the FEC’s Human Capital Framework System of Performance Culture.<sup>35</sup> Specifically, the FEC noted that “Management hopes to begin transferring the agency’s bargaining unit (BU) employees to USAP during the calendar year 2020. Because moving BU employees to the new system will require impact and implementation bargaining with the agency’s union, we are unable to provide a definitive date for completion.”<sup>36</sup> The FEC further concurred in its response to OPM with the placement of all employees on the same performance cycle.<sup>37</sup>

### **Recommendation 1**

We recommend that FEC’s senior management in collaboration with the FEC’s Director of the Office of Human Resources and the FEC’s CHCO should develop a plan to strategically manage human capital across the agency that is informed by the OPM HCOP and HCF guidance. The HCM plan should include the salient elements of the OPM human capital guidance and workforce planning activities that are scaled to the FEC’s size and needs.

### **Management’s Response:**

Management partially agreed with the recommendation. Management stated:

*The requirement to develop and maintain a Human Capital Operating Plan does not apply to Non-CFO Act agencies, such as the FEC. FEC Management will consider the human capital challenges facing the Agency and the staff and*

<sup>35</sup> Letter from FEC to OPM dated Oct. 11, 2019.

<sup>36</sup> We similarly recognize that labor negotiations requirements constrain the agency’s timeline.

<sup>37</sup> [Ibid.](#)



*budgetary resources available to address these challenges to determine, in consultation with the Commission, whether the FEC's limited resources are best directed toward creating a Human Capital Operating Plan, strategic human capital plan or another similar document.*

*In addition, Management does not agree that the Agency can, based solely on the findings of this audit, determine the specific content of a forward-looking strategic human capital plan or operating plan.*

*Management agrees. In the future, should the Commission decide to create a separate strategic human capital management planning document, it will determine through the process of developing the plan in the context of the Agency's strategic objectives, overall long-term mission requirements, budget constraints, workload considerations, emerging technologies, and human capital challenges which human capital strategies and objectives to include.*

Please see "Appendix I – Management's Response" for the full management response to the audit report.

## **Recommendation 2**

We recommend that FEC's management should develop a strategic human capital management plan to include a process for conducting and documenting a skills gap analysis of its workforce.

### **Management's Response:**

Management disagreed with the recommendation. Management stated:

*Management already has plans and programs in place and under development that address relevant elements of OPM's human capital framework. Management performs informal and formal workforce assessments, skill gap analyses, and staffing planning on an ongoing basis.*

Please see "Appendix I – Management's Response" for the full management response to the audit report.

## **Recommendation 3**

We recommend that FEC's management should develop a strategic human capital management plan to include a process for succession planning for senior leaders and mission-critical positions.

### **Management's Response:**

Management disagreed with the recommendation. Management stated:

*Succession planning is conducted at the FEC in a manner designed to meet the Agency's size and recruiting challenges. FEC's ability to routinely fill Senior Leader positions through internal details shows that the Agency already has staff ready to step in to bridge executive gaps.*

Please see “Appendix I – Management’s Response” for the full management response to the audit report.

#### **Recommendation 4**

We recommend that FEC’s management should develop a strategic human capital management plan to include guidance on the development of training programs, including formal training plans for appropriate employees (e.g., employees with skills gaps and for succession planning purposes).

#### **Management’s Response:**

Management disagreed with the recommendation. Management stated:

*Management currently maintains effective, decentralized training programs, with individual offices determining the necessary trainings for their highly specialized subject-matter experts. Management already maintains consistency within a well-documented performance review system.*

Please see “Appendix I – Management’s Response” for the full management response to the audit report.

#### **Recommendation 5**

We recommend that FEC’s management should develop a strategic human capital management plan to include a more consistent and efficient performance management process and negotiate with the BU to:

- Transition BU employees to the electronic performance management system and require the same templates be completed as the NBU employees.
- Move all employees to the same standard performance period instead of evaluating BU employees’ performance on their hired anniversary date.

#### **Management’s Response:**

Management disagreed with the recommendation. Management stated:

*Thus, while Management agrees with the Auditors that the FEC would gain administrative efficiencies by having all employee performance data collected and stored by USA Performance, Management does not agree that the use of USA Performance for NBU employees or the difference in the determination of the performance year for NBU and BU employees disrupts “the consistent performance management processes across Non-Bargaining Unit (NBU) and Bargaining Unit (BU) employees.”*

Please see “Appendix I – Management’s Response” for the full management response to the audit report.



## STATUS OF PRIOR PERIOD RECOMMENDATIONS

The OPM evaluated FEC's HCF systems of performance culture and talent management and issued a report in 2019.<sup>38</sup> Based on our review of FEC's responses<sup>39</sup> to the findings and recommendations in the OPM report, we noted open recommendations included in this report. Specifically, recommendations related to developing a training program, individual development plans, conducting a competency gap analysis, and negotiating with the BU to transition BU employees to the USAP.

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<sup>38</sup> U.S. Office of Personnel Management, Merit System Accountability and Compliance, evaluation of FEC's Human Capital Framework, August 13, 2019

<sup>39</sup> Federal Election Commission Response to OPM Audit Report (10.11.2019); Federal Election Commission Supplemental Response to OPM (2.21.2020)

## AUDITOR'S COMMENT ON MANAGEMENT'S RESPONSE

Brown & Company acknowledges Management's response to the audit report. Management disagreed with most of the recommendations. We continue our recommendations, which will significantly benefit the agency.

Brown & Company recommended that the FEC develop a strategic human capital management plan based on OPM HCOP and HCF guidance that addresses each of the items identified in the overall finding. However, management disagrees with the specific recommendations included in the audit, stating that they already have plans and programs in place and under development that address relevant elements of the OPM's HCF. Brown & Company notes that sufficient audit evidence to support FEC's plans and programs were not received during the course of this audit.

We recognize that there is substantial discretion involved in determining which HCF elements best apply and which do not. As such, we have identified those HCF elements that are considered government-wide best practices according to OPM. The FEC should consider incorporating the recommended HCF elements into its strategic management of human capital with the recognition that ultimate implementation will involve discretion and judgment on the part of FEC management.

The FEC previously acknowledged the need to conduct a skills gap analysis and agency-wide training program in response to findings and recommendations in OPM's evaluation of the FEC's Human Capital Framework System of Performance Culture. In addition, the FEC's design and implementation of succession planning are of strategic importance and part of the GAO standards for internal control.

Our recommendations should be implemented to assist the agency in implementing the FEC's strategic plan and priorities for improving the efficiency and effectiveness of its workforce and management processes.

APPENDIX I – MANAGEMENT’S RESPONSE



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 19, 2023

**MEMORANDUM**

To: Shellie Purnell-Brown  
Senior Auditor  
Office of Inspector General

Gail Jennifer  
Member  
Brown & Company CPAs and Management Consultants, PLLC

Through: Alec Palmer *AP*  
Staff Director  
Office of the Staff Director

From: Kate Higginbotham *KAH*  
Deputy Staff Director for Management & Administration  
Office of the Staff Director

Lauren Lien *LL*  
Director of Human Resources  
Office of Human Resources

Subject: Management’s Response to the Final Draft of the “Audit Report of the Federal Election Commission’s (FEC) Human Capital Management Program for Fiscal Year 2022”

**Management Response**

The Auditors’ overall finding is:

Based on the audit work performed, we conclude that the FEC’s management has not fully developed and implemented an agency-wide strategic HCM plan that is informed by OPM’s human capital framework, to include:

- a. A human capital strategy that outlines the overall strategic planning, performance strategy, workforce priorities, and workforce planning activities.

- b. A process for conducting and documenting skills gap analysis of its workforce.
- c. A process for succession planning for senior leaders and mission-critical positions.
- d. Guidance on the development of training programs, including formal training plans for appropriate employees (e.g., employees with skills gaps and for succession planning purposes).
- e. Consistency in the performance review process.

The Auditors recommend that the Agency develop a strategic human capital management (HCM) plan informed by Office of Personnel Management (OPM) Human Capital Operating Plan and Human Capital Framework (HCF) guidance that addresses each of the items identified in the overall finding.

Although Management shares the Auditors' commitment to ensuring the FEC's Human Capital Management program supports the Agency's success in meeting its mission and strategic objectives, Management does not agree with the specific Recommendations included in this Audit. As discussed in additional detail below, Management already has plans and programs in place and under development that address relevant elements of the OPM's human capital framework. Management performs informal and formal workforce assessments, skill gap analyses, and staffing planning on an ongoing basis. Succession planning is conducted at the FEC in a manner designed to meet the Agency's size and recruiting challenges. Management currently maintains effective, decentralized training programs, with individual offices determining the necessary trainings for their highly specialized subject-matter experts. Management already maintains consistency within a well-documented performance review system.

The Recommendations included here focus primarily on how these activities should be documented. For example, the Auditors conclude that, "While the FEC has several documents that enumerate some of its human capital challenges and how it has worked around some of them as an organization, none of those documents single-handedly fulfills the criteria for a HCM plan." As explained in greater detail below, the requirement to develop and maintain a Human Capital Operating Plan does not apply to Non-CFO Act agencies, such as the FEC. Instead, small agencies are granted greater flexibility in how to utilize their limited staff resources in creating and maintaining such documentation. FEC Management will consider the human capital challenges facing the Agency and the staff and budgetary resources available to address these challenges to determine, in consultation with the Commission, whether the FEC's limited resources are best directed toward creating a Human Capital Operating Plan, strategic human capital plan or another similar document.

In addition, Management does not agree that the Agency can, based solely on the findings of this audit, determine the specific content of a forward-looking strategic human capital plan or operating plan. The scope of this audit was to evaluate FEC's HCM program in effect as of September 30, 2022. Since that time, the FEC has already seen developments in its staffing and funding outlook. By accepting these Recommendations, the FEC would effectively cede its authority to determine which items or elements to include in its strategic plan, to a level of granularity that appears in the case of Recommendation 5 to include the use of a specific online performance management tool. Indeed, the itemization of the elements of a strategic human capital plan included in Recommendations 2 through 5 appears inconsistent with the Auditors' statements in the

discussion. The Auditors state that:

We recognize that there is substantial discretion involved in determining which human capital framework elements best apply [to the FEC] and which do not. As such, we have identified those that, in the professional judgment of the audit team, the FEC should consider incorporating into its strategic management of human capital with the recognition that ultimate implementation will involve discretion and judgment on the part of FEC management.

Management agrees. In the future, should the Commission decide to create a separate strategic human capital management planning document, it will determine through the process of developing the plan in the context of the Agency's strategic objectives, overall long-term mission requirements, budget constraints, workload considerations, emerging technologies, and human capital challenges which human capital strategies and objectives to include.

### **Background**

In December 2016, the Office of Personnel Management (OPM) issued new final regulations at 5 CFR part 250, subpart B, *Strategic Human Capital Management*. These regulations require, among other things, that federal agencies as defined at 31 U.S.C. § 901(b) must develop a Human Capital Operating Plan (HCOP). Notably, the Explanation and Justification for the final rules explains that in response to comments from small agencies expressing concern regarding to whom the regulation applied, "OPM revised § 250.201, Coverage and Purpose, to explicitly state that Subpart B applies to agencies covered by sec. 901(b) of the Chief Financial Officers (CFO) Act of 1990 (Pub. L. 101-576), as well as 5 U.S.C. 1401." See 81 Fed. Reg. 89,358 (December 12, 2016). Thus, the FEC, like all other Non-CFO Act agencies, is excluded from the Strategic Human Capital Management regulatory requirements in part 250, subpart B, including the Human Capital Framework (HCF) requirements in section 250.204 and Human Capital Operating Plan requirements in section 250.205. As such, the FEC has not implemented OPM's HCF, as described in 5 CFR § 250.204, nor has it developed an HCOP, as described in 5 CFR § 250.205.

In recommending the FEC develop a "plan to strategically manage human capital across the agency that is informed by the OPM HCOP and HCF guidance,"<sup>1</sup> the Auditors rely repeatedly on a quotation from OPM's *Human Capital Operating Plan (HCOP) Guidance Fiscal Years 2022-2026*<sup>2</sup> (*HCOP Guidance*). In doing so, the Auditors appear to suggest that OPM has provided guidance that the FEC should develop an HCOP, or another substantially similar document.

In the interest of better identifying the FEC's actual requirements, and applicable OPM guidance, with regard to the documentation of the Agency's human capital management, Management clarifies here that it disagrees with the Auditors' assessment that the *HCOP Guidance* is intended to provide guidance to "agencies" in general or agencies "such as the FEC." While the *HCOP Guidance* refers generally to "agencies" and the "Federal sector," it also clearly notes that the requirements of 5 CFR part 250, subpart B apply to CFO Act agencies. Moreover, the information provided by the *HCOP Guidance* instructs agencies on activities that are deemed central to the HCOP lifecycle but are generally only made available to CFO Act agencies. Such activities include

<sup>1</sup> In Recommendations 2 through 5, the Auditors refer to this plan as a "strategic human capital management plan."

<sup>2</sup> <https://www.opm.gov/policy-data-oversight/human-capital-management/human-capital-operating-plan-guidance.pdf>.

regularly scheduled Human Capital Reviews with OPM and annual Strategic Reviews with OMB.<sup>3</sup> The *HCOP Guidance* provides no information to suggest that certain requirements apply to Non-CFO Act agencies, as is the common practice when OPM or OMB provides documentation for processes that apply to both CFO-Act and Non-CFO Act agencies. As a result, Management interprets *HCOP Guidance* to be guidance for CFO Act agencies.

Management further notes that in the Purpose section of the *HCOP Guidance*, OPM describes an HCOP as a “tool,” the purpose of which is to “ensure an agency’s human capital strategies and actions are aligned and integrated with agency strategic plans and Governmentwide workforce priorities.” Thus, neither the HCOP nor its elements are, in and of themselves, a replacement for effective human capital strategies and actions.

### **Human Capital Management at the FEC**

Setting aside the fact the FEC is not covered by the HCOP requirement, Management has determined that the specific requirements of a HCOP are ill-fitted to support the work of an agency of the FEC’s size. However, the Agency has plans and programs in place and under development that address relevant elements of the HCF identified in OPM’s HCOP Guidance but are appropriately scaled to the FEC’s workforce.

For example, due to the Agency’s small size, Management is able to perform informal and formal workforce assessments, skill gap analyses, and staffing planning on an ongoing basis. Hiring managers, division directors, and Senior Level (SL) managers evaluate the ability of their workforce to complete outstanding work, project future workload, and monitor attrition trends, and then use that information to make recommendations to Agency leadership regarding staffing levels for their respective offices/divisions. Due to the Agency’s relatively small size, this evaluation includes reviewing each position as well as the division’s needs to decide whether to backfill a position, request a different or updated position that better assists the office/division in meeting emerging needs, or decide the position is no longer needed. The Staff Director, Acting General Counsel, and Chief Financial Officer, in conjunction with other senior management, evaluate the priority of these staffing requests in light of the number of FTE that the Agency’s budget is able to support, as determined by the Office of the Chief Financial Officer. Through this coordination, Agency leadership assesses how best to allocate limited FTE positions, as supported by the budget, across the Agency to achieve the FEC’s mission.<sup>4</sup> The position prioritization is

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<sup>3</sup> OMB Circular A-11, Part 6, Section 260.1, requires CFO-Act agencies to “conduct internal strategic reviews and meet the specific standards outlined in this section.” These standards include “submitting to OMB a Summary of Findings by Strategic Objective that is then followed by more formal consultative discussions and deliberations between the agency and OMB to discuss the results of their strategic review in the Spring/Summer.” Circular A-11, Part 6, Section 260.2, states that for Non-CFO Act agencies, “findings generated from the agency’s strategic review assessment would be discussed informally with the agency’s applicable OMB Resource Management Office. Non-CFO Act agencies are not required to formally meet with OMB during an OMB/agency Strategic Review meeting in Spring/Summer.” <https://www.whitehouse.gov/wp-content/uploads/2018/06/s260.pdf>

<sup>4</sup> The Auditors state that the FEC’s “overall workload concurrently increased by about 300%” between 2012 and 2022. Management notes that the FEC does not have a statistical measure of “overall workload.” However, the Agency has experienced decreased staffing during a period when various measures of workload increased. For example, between the 2010 and 2020 election cycles the FEC saw a 300% increase in inquiries received by Reports Analysis Division (RAD) staff. Also, the dollar amount of total receipts and disbursements reported by filers tripled between the 2012 and 2020 election cycles. But, while both the number of inquiries received by RAD staff and total

presented to the Commission's Personnel Committee on an ongoing basis. The Personnel Committee assesses the prioritization and has the ultimate decision-making authority to approve, modify, or disapprove positions for hiring.

The Auditors suggest that addressing succession planning for senior leaders and mission critical positions at a more strategic level will help alleviate specific staffing shortages that Auditors identify at the Agency. For example, the Auditors cite dual appointments in leadership roles and suggest that, "Had the FEC executed effective succession planning for some of the key roles outlined above, it may have been easier to back-fill the roles as an internal opening."<sup>5</sup> Management notes that these roles are currently filled by internal details. Indeed, the FEC's ability to routinely fill SL positions through internal details shows that the Agency already has staff ready to step in to bridge executive gaps. Due to the Agency's small size, there are in fact not enough executive promotional opportunities for the qualified employees at the Agency. Thus, instead of expending the Agency's limited training and development resources on formalized succession planning for senior leadership roles, Management has focused its succession planning efforts on strategies that apply across all employees, including:

- **Creating a talent pipeline** – To ensure employees are prepared and able to step into critical roles, employees receive training and cross train, OHR works with managers to bridge grade level gaps within offices when creating new or updated position descriptions, and detail/acting positions are selected through competitive processes. The FEC is able to regularly fill detail/acting positions from internal candidate pools, demonstrating that internal talent is prepared to bridge staffing gaps realized through attrition. Supervisors are also required to engage in talent management activities under the supervisory performance standard "Leading People."
- **Preparing to fill a position** – The Agency's budget does not allow for backfilling 100% of vacated positions, and as a result, positions are prioritized by leadership and approved by the Personnel Committee on an ongoing basis. Hiring managers are advised to keep hiring documents as up-to-date as possible, evaluate what their office/division needs regarding staffing, establish relationships with recruitment outlets, and move quickly if/when approval is received.
- **Knowledge management** – Managers engage in knowledge management, including the creation of how-to manuals, policies, procedures, references, guides, wikis, etc., that are stored in centralized locations and accessible to the pertinent parties, as a part of their regular management practice as well as a part of succession planning. This is covered under the supervisory performance standard "Business Acumen." This strategy is particularly useful for foreseeable retirements and unique positions that lack organizational or personnel redundancy.

The Auditors recommend the FEC include in a strategic human capital management plan a training

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receipts and disbursements reported provide insight into the FEC's workload, neither these, nor any other single measure, captures "overall workload."

<sup>5</sup> Management notes the Auditors' assessment that, "Due to a combination of factors, including salary freeze and difficulty in recruiting, some roles have been filled on an "acting basis" or dual appointments." Management does not believe this characterizes the FEC's challenges accurately or completely. A more comprehensive discussion of the challenges in filling statutory positions at the FEC can be found in the FEC's 2022 Legislative Recommendations. <https://www.fec.gov/resources/cms-content/documents/legrec2022.pdf>

program that includes formal training plans for appropriate employees, such as those with skills gaps and to aid in succession planning.<sup>6</sup> The FEC currently maintains effective, decentralized training programs, with individual offices determining the necessary trainings for their highly specialized subject-matter experts. Management has already prioritized the development of an Agency-wide training plan, as funding allows. A focus of this plan will be to provide for centralized recordkeeping that identifies which mission objective(s) the training supports. Management does not believe that creating a centralized program to develop, document and implement a formal training plan for particular employees, whether independent from or concurrent with the training plans already in place for employees within each division, would be the best use of the Agency's limited administrative resources and training funds. Rather, Management believes that skills gaps are best identified at the division level and training plans are best developed at the division level.

Thus, while the FEC is not covered by the HCOP and HCF regulatory requirements and does not follow the documentation and reporting requirements included in those regulations, Management has demonstrated that fundamental workforce planning principles are actively in use by the Agency. While the HCOP and HCF may be important tools for large agencies to help maintain human capital alignment among different bureaus and thousands of employees, the requirements are far too burdensome for small agencies like the FEC. The examples above demonstrate that Management has successfully scaled down human capital management practices appropriately for the FEC's size as well as its limited administrative and budgetary resources, and that these practices are integrated into Agency operations.

#### **Performance Management Process**

In addition to the overall concerns addressed above, Management has specific concerns regarding Recommendation 5. The Auditors recommend that, "FEC's management should develop a strategic human capital management plan to include a more consistent and efficient performance management process and negotiate with the BU<sup>7</sup> to:

- Transition BU employees to the electronic performance management system and require the same templates be completed as the NBU employees.<sup>8</sup>
- Move all employees to the same standard performance period instead of evaluating BU employees' performance on their hired anniversary date."

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<sup>6</sup> Management notes that the Auditors mischaracterize the status of the 2019 OPM Merit System Accountability Compliance (MSAC) audit in suggesting that these recommendations coincide with open recommendations in that matter. According to MSAC, no open recommendations remain. In a letter dated April 22, 2022, OPM MSAC Associate Director Mark W. Lambert stated that "Your responses to our findings are satisfactory and we now consider our evaluation closed."

<sup>7</sup> In the interest of clarity, Management again notes that the National Treasury Employees Union (NTEU) is the exclusive representative of the FEC's Bargaining Unit employees. Thus, any negotiations regarding changes to FEC Bargaining Unit employees' performance management processes would be negotiated between Management and the NTEU. Management would not, as the recommendation suggests, negotiate directly with the BU.

<sup>8</sup> Management notes that the Auditors mischaracterize the status of the 2019 OPM Merit System Accountability Compliance (MSAC) audit in suggesting that this recommendation is an open recommendation in that matter. According to MSAC, no open recommendations remain. In a letter dated April 22, 2022, OPM MSAC Associate Director Mark W. Lambert stated that "Your responses to our findings are satisfactory and we now consider our evaluation closed."



During the 2018-2019 performance year, the FEC transitioned NBU employees to USA Performance, an online platform that collects and stores employee performance data. BU employees have not been transitioned to USA Performance because BU employees cannot be transitioned to the online system until these changes are negotiated, agreed to by the Union, and applicable language incorporated into the labor-management agreement (LMA).

The Auditors' concerns about the FEC's performance management process appear to arise from the use of USA Performance for NBU employees, and center on whether tools used to collect and store employee performance data "automatically capture" evaluation criteria at the same level or rate and whether the same performance schedule is used across all employees. Auditors appear to believe that use of USA Performance for a subset of employees results in a failure "to ensure the consistent performance management processes across Non-Bargaining Unit (NBU) and Bargaining Unit (BU) employees."

As support for the need to collect all employee performance data on the same schedule and with the same online tool, the Auditors cite the benefits of a "robust performance system" listed in the OPM HCF. The Auditors also reference the *The Office of Personnel Management (OPM) Human Capital Framework – Performance Culture*, saying: "It notes that a performance culture goes beyond an agency's performance management system but defines it as 'a system that engages, develops, and inspires a diverse, high-performing workforce by creating, implementing, and maintaining effective performance management strategies, practices, and activities that support mission objectives.'"

Management notes that the OPM HCF identifies as one standard for a performance management culture, "A performance management system that differentiates levels of performance of staff, provides regular feedback, and links individual performance to organizational goals."<sup>9</sup> The FEC's performance management system, as a "performance management system" is defined in the OPM HCF, is governed by policies and agreements. The NBU's performance management system is governed by Personnel Instruction 430.1, "Performance Management," and the policies are consistently applied to NBU employees. The BU's performance management system is governed by Article 12 of the 2013 Labor Management Agreement between the FEC and NTEU, as amended in 2015 (LMA), and the policies in the LMA are consistently applied to BU employees. Further, the performance management systems for both NBU employees and BU employees contain the same elements that are consistently applied across all Agency employees, regardless of whether the position is classified as NBU or BU. Position description-based performance standards are issued to employees at the beginning of the performance cycle, supervisors engage in informal feedback throughout the performance year, employees and supervisors meet at the mid-year milestone to discuss performance, and supervisors conduct annual performance appraisals which include rating employees using their performance standards and conducting performance discussions with employees. Performance ratings are issued to employees and documented using the appropriate form, and those records are retained by the Agency.

The USA Performance platform, BU performance appraisal forms, and any electronic systems used to store and retrieve information are not "performance systems" as defined by the OPM HCF. They are tools. Thus, while Management agrees with the Auditors that the FEC would gain administrative efficiencies by having all employee performance data collected and stored by USA

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<sup>9</sup> <https://www.opm.gov/policy-data-oversight/human-capital-framework/performance-culture/>

Performance, Management does not agree that the use of USA Performance for NBU employees or the difference in the determination of the performance year for NBU and BU employees disrupts “the consistent performance management processes across Non-Bargaining Unit (NBU) and Bargaining Unit (BU) employees.”

Moreover, Management does not agree that the use of any specific data collection or storage tool necessarily rises to the level of inclusion in a strategic human capital management plan. In the future, should the Commission decide to create a human capital management plan, it will determine through the process of developing the plan in the context of the Agency’s strategic objectives, overall long-term mission requirements, and human capital challenges, whether inclusion of strategies related to specific data collection and storage tools rises to the level of a strategic planning document.