

FEDERAL ELECTION COMMISSION

OFFICE OF INSPECTOR GENERAL



FINAL REPORT

**AUDIT OF THE FEDERAL ELECTION COMMISSION'S
OFFICE OF HUMAN RESOURCES**

July 2013

ASSIGNMENT No. OIG-12-05

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
Executive Summary	3
Objectives, Scope, and Methodology	6
Background	9
Customer Service Survey Results	12
Findings and Recommendations	14
I. <i>Performance Management</i>	14
A. Ineffective Leadership	14
B. Inadequate Organizational Structure	17
C. Non-compliance with FEC’s Performance Plan and Appraisal Policy	18
II. <i>Technology & Automation</i>	22
A. Ineffective Use of the Federal Human Resource (FHR) Navigator System	22
B. Office of Human Resources is not Properly Utilizing and Maintaining their FECNet Page	24
C. Electronic Fingerprint Scheduling Process not Fully Implemented	27
III. <i>Office Operations</i>	28
A. HR On Demand Process is Ineffective	28
B. Non-compliance with FEC’s Recruitment/Selection Process	32
C. Outdated Global Personnel Related Policies/Directives	37
Conclusion	39
Summary of Findings and Recommendations Table	41
Appendix A – Management Responses to the OHR Report	

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted the *Audit of the Federal Election Commission's Office of Human Resources* (OHR) based on the numerous findings identified in the 2009 Office of Personnel Management's (OPM) *Human Capital Management Evaluation Report*, concerns about the effectiveness of the OHR raised by FEC senior leaders during the OIG's 2012 annual audit planning process, and the numerous unsatisfactory responses included in the 2011 OHR's annual customer service survey.

The OHR is responsible (either directly or indirectly) for all FEC personnel related activities including hiring, human capital management, pay changes, promotions, benefits, employee performance management, among other activities. The numerous responsibilities of the OHR results in the office being one of the most important functions of the FEC, an office relied upon by every employee of the agency and prospective employees of the FEC. As a result of the significant responsibilities of the OHR, it is imperative that customer service is a main priority for OHR.

The overall objective of this audit was to assess the effectiveness and efficiency of customer service in OHR. Sub-objectives of the audit were to identify if: (a) OHR's processes directly related to customer service are operating effectively; (b) OHR has adequate policies that are up-to-date to govern HR-related functions; (c) the office is effectively utilizing technology and other HR automation tools, and identify areas to enhance efficient and effective use of technology; and (d) additional policies or policy improvements/updates are needed.

Based on this audit, the OIG concludes the OHR has significant leadership and operational weaknesses that are impacting the office's ability to provide effective customer service and fulfill the day-to-day responsibilities of the office. Specifically, the agency hired a new Director of OHR in April 2010, who lacked the necessary leadership experience to address the many challenges facing the OHR at that time and going forward. To compound this issue, the Director of OHR's supervisor at the time, failed to promptly provide the newly appointed Director of OHR the training necessary to address these leadership gaps. The OIG acknowledges the Director of OHR has put forth significant efforts to improve the OHR. However, most of these initiatives have not been effective at improving customer service and the operations of the OHR. The audit also found that HR-related policies are either out-dated or do not exist.

To help determine if initiatives implemented in the past couple of years have been effective in improving OHR customer service, the OIG conducted an independent OHR customer service survey in September 2012. The OIG's survey results identified 58% of the survey respondents believe that OHR's customer service has not improved or has stayed the same over the past 12 months. Specifically, common complaints among employees who responded to the OIG survey related to the lack of timely OHR responses to employee requests and the inaccuracy of data and information provided to employees; more details on the results of OIG's OHR customer service survey is included on page 12.

Prior to this audit, management and the Director of OHR attempted to address some deficiencies in program management, such as implementing the FEC's Human Capital Plan in December 2011, conducting a workforce gap analysis, restructuring the office, and implementing HR On Demand (an electronic employee request and tracking process). However, the majority of these initiatives had been poorly implemented and not effective. For example, the FEC hired a contractor to conduct a comprehensive workforce gap analysis¹ (gap analysis) in fiscal year (FY) 2011 specifically for the FEC's OHR at a cost of \$28,984. Based on OIG's assessment of the status of corrective actions, we determined that as of February 2013, OHR has only fully addressed two (2) of the nine (9) findings from this analysis.

OIG identified another major factor that is hindering OHR's ability to provide acceptable customer service is the poor planning and implementation of available tools and technology to streamline processes and improve operational efficiencies. Specifically, OIG is concerned with how long it has taken to implement the Federal Human Resources Navigator (FHR) System which is designed to assist HR offices with automating HR functions and processes. Six (6) of the seven (7) total FHR modules were purchased in September 2010 and only one (1) has been fully implemented as of February 2013 (17 months after initial purchase). In February 2013, when the OIG inquired with OHR on the status of FHR implementation, OHR stated that they were pilot testing one of the original six modules purchased in September 2010 along with an additional module related to recruiting/hiring which was purchased in October 2012.

In addition to the automated FHR system, the OHR also developed an in-house electronic customer service tracking system called "HR On Demand."

¹ OHR procured contract services in June 2011 from Suntiva, LLC to conduct an analysis of their office to identify any performance (knowledge, skills & abilities) gaps for their entire office staff, to include the supervisors and the Director of Human Resources.

Due to poor implementation, including inconsistent use of the system by OHR staff, and a lack of knowledge on how the system worked by OHR staff, including OHR management, the OHR eventually acknowledged the system was not working as intended.

Subsequent to the completion of the OIG's audit fieldwork, management and OHR have already begun to implement corrective actions they believe will address some of the recommendations included in this report. For example, corrective actions are underway to implement a new automated customer service tracking system called "Remedy," pilot testing of FHR modules has started, and work on improved policies and procedures is in process. In addition, management has brought on a Senior Executive Service (SES) candidate from another agency temporarily to help the Director of OHR improve the office. This person does not have an HR background but does have experience with process re-engineering and managing a large office.

However, the OIG still concludes that the extent of the problems which currently exist in the OHR require significant leadership improvement and operational change. The OIG believes that failure by the agency to promptly implement the recommendations included in this report will result in continued, long-term challenges and weaknesses that will increasingly have an adverse impact on agency employee morale.

The OIG identified 9 findings in three areas of the Office of Human Resources: 1) Performance Management; 2) Technology & Automation; and 3) Office Operations. The detailed findings along with 26 recommendations for improvement were provided to management for discussion prior to the release of this report and are included in the Findings and Recommendations section beginning on page 14. Management generally agreed with 25 of 26 recommendations, and disagreed with one, with the intent to implement an alternative corrective action.

Management disagreed with recommendation three (3), on page 16, which is for FEC to "pursue a detail or other type of agreement with another federal agency to bring on board, on a temporary basis, a seasoned HR professional..." Instead, the FEC has brought on an SES candidate from another agency temporarily who has experience with process re-engineering and a leadership background.

OBJECTIVES, SCOPE & METHODOLOGY

Objectives

The Office of Inspector General's (OIG) overall objective for conducting the *Audit of the Office of Human Resources* was to determine the efficiency and effectiveness of customer service in the Office of Human Resources (OHR). This would include sub-objectives to identify:

- if OHR's processes directly related to customer service are operating effectively;
- whether OHR has adequate policies that are up-to-date to govern HR related functions;
- if the office is effectively utilizing technology and other HR automation tools, and identify areas to improve efficiency and effectiveness; and
- if additional policies or policy improvements/updates are needed.

Scope

To avoid duplication of work due to a planned review of the FEC's OHR by the Office of Personnel Management (OPM) in the summer of 2013, the OIG structured the scope of this audit to focus more on areas related to OHR's day-to-day operations and the structure of the office as a whole. The audit considered relevant information related to OHR beginning in fiscal year (FY) 2009 to present. Detailed audit testing was based on OHR activity during FYs 2011 and 2012.

Methodology

The OIG 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 believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In order to meet our audit objectives, we used interviews, inquiries, observations, and judgmental sampling for items selected for detailed testing. Audit work performed includes the following:

Overall Customer Service

- Reviewed the results of OHR's annual customer service survey from FY 2011.
- Developed an OIG survey related to OHR's customer service and provided the survey to all FEC staff. Evaluated the results of the survey to identify if improvements have been achieved. Survey results were used to determine which HR areas to focus detail audit testing.

Policies and Procedures

- Assessed the status (i.e. draft, outdated etc.) of existing policies and standard operating procedures (SOP) of the HR office.
- Reviewed the policies directly related to the audit areas under review and performed walkthroughs of the related functions.

Performance Management

- Reviewed the results and findings of HR's Workforce Gap Analysis to assess HR's progress in addressing any identified gaps or needed improvements.
- Reviewed HR's FY 2011 performance appraisal process for the HR staff to determine compliance with the FEC's performance management policy which included review of each staff member's annual performance appraisal for 2011 - 2012.
- Conducted interviews with HR staff regarding their specific roles, responsibilities, and their personal perspective of the effectiveness of the HR office. Results of interviews were utilized in our overall assessment of customer service and the effectiveness of HR's corrective actions to address the workforce gap analysis.

Automation and Technology

- Assessed OHR's use of available technology to include the Federal Human Resource (FHR) Navigator ("FHR" is an automated tool to assist federal agencies with HR functions). Also, verified status of FHR modules implemented during audit testing.
- Assessed how OHR is utilizing their FECNet intranet page. Also, reviewed the OHR's FECNet intranet page to determine if timely and current information is included.

OHR Operations

- Reviewed and assessed the HR On Demand process (internal email system and a database created to receive and track employee inquiries) to determine effectiveness. OIG obtained a report of all inquiries received from January 2012 to November 2012 and judgmentally selected 13 inquiries from employees that appeared to have sent multiple requests related to the same subject. OIG obtained the related emails and other supporting documentation to identify if HR is resolving issues and responding to customer requests in a reasonable amount of time.
- To determine compliance with FEC's hiring and recruitment policies and procedures, OIG judgmentally selected 10 vacancy announcements (to ensure a cross section of different division hires) and reviewed recruitment files and other supporting documentation maintained by the OHR and the Office of General Counsel.

BACKGROUND

During the first two quarters of FY 2010, OHR consisted of nine permanent full-time employees (FTE) that included, an HR Director, a Supervisory HR Specialist, five HR Specialists, and two HR Assistants. In February 2010, the Office of Human Resources (OHR) experienced approximately a 50% turnover rate in staff, including the Director of Human Resources. In April 2010, the FEC selected a new Director of Human Resources. Since fiscal year (FY) 2010, several contractors and new employees have been hired to fill the vacancies in OHR due to the large turnover.

In September 2010, the OHR purchased the Federal Human Resource (FHR) Navigator system² to assist with automating HR functions and processes. To date, the FEC has spent \$33,030 on the FHR system for all modules. However, after procuring the system in 2010, OHR discovered that the FHR system could not be integrated with FEC's current payroll system. Although all of the modules were not impacted by the lack of integration, only one (1) FHR module purchased was implemented and the remaining five (5) modules were not used.

In June 2011, OHR contracted with Suntiva, LLC to perform a workforce competency gap analysis for OHR at a cost of \$28,984. The contract not only provided OHR with an assessment of their office, but also a leadership coaching program specifically for the Director of HR. The analysis included team building sessions, interviews, and competency skill assessments for the OHR staff. Self assessments were completed by the entire HR office for 20 HR technical competency areas. In turn, the Director of HR also provided a management assessment for all HR staff, and a supervisory assessment by the Deputy Staff Director for Management Administration was completed for the HR Director. The self assessment ratings were compared to the management ratings to identify any existing competency gaps. The contractors provided OHR with a detailed report of issues identified from their analysis along with recommendations for improvement. The contractors noted skill gaps from the assessments for the HR staff as well as the HR Director. Particularly, there were large competency gaps for some staff in their designated area(s) of work, and a skills gap in 1/3³ of the competency areas for the Director of HR.

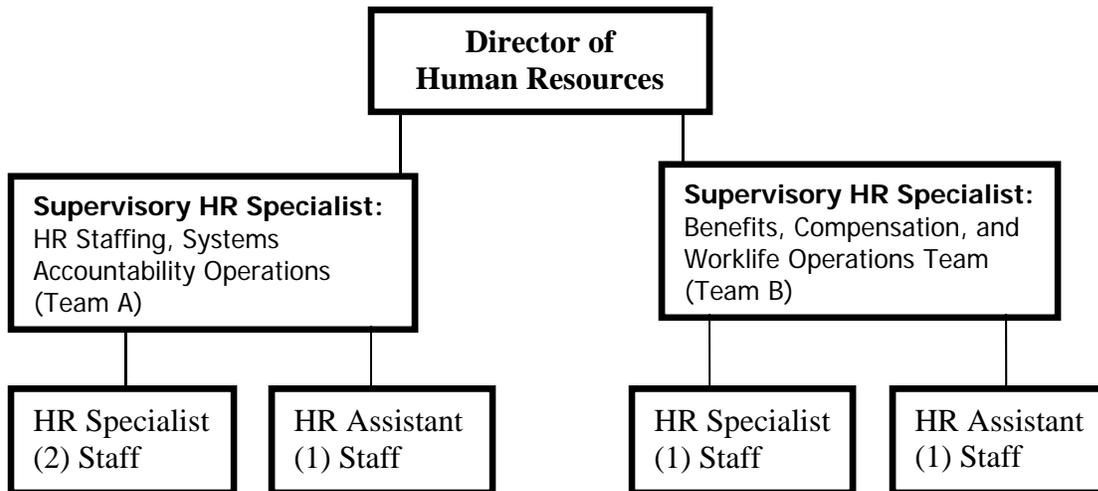
² A software suite that provides an integrated enterprise solution for multiple human resource functions, including retirement benefit calculation and processing, personnel forms and case management, onboarding management, personnel action processing, and financial planning.

³ The 1/3 skills gap calculation was determined and documented by Suntiva, LLC in their final analysis documentation for the workforce gap analysis.

According to the Code of Federal Regulations⁴, heads of agencies or their designees(s) are required to:

- Identify workforce competency gaps;
- Include strategies for closing competency gaps; and
- Conduct periodic reviews of individual employee's training needs as related to program objectives.

To assist with the Suintiva noted deficiencies and competency gaps, OHR implemented several corrective actions. In October 2011, OHR piloted a new organizational structure that divided their office into two teams, and reclassified two HR Specialists to supervisory positions to manage the two teams. The reorganization of the HR office became official in April 2012, see diagram below.



In addition to the change of office structure, two OHR employees resigned: a Supervisory HR Specialist (Team A), and a HR Specialist position (Team A). The HR Specialist separated from the agency in May 2012 and the Supervisory HR Specialist in November 2012. The FEC immediately placed a supervisor from another FEC office on a 120 day detail assignment to OHR to be the Acting Supervisory HR Specialist for Team A (note this person assumed the position on a permanent basis in May 2013, before the issuance of this report).

During the same time of the restructuring (October 2011), OHR launched HR On Demand to improve OHR’s response time to inquiries from their customers.

⁴ 5 C.F.R. § 410.201 (2011); Executive Order 11348, 3 C.F.R. 639 (1966-1970).

The HR On Demand system consists of an HR On Demand internal email address and a Microsoft Access database created to provide a centralized process to receive and track employee inquiries.

After the start of the audit, the OIG learned that in May 2012, OHR evaluated the feasibility of procuring an HR Line of Business (LOB)⁵. The cost benefit analysis⁶ performed by the Deputy Staff Director for Management and Administration determined that the purchase of an HRLOB would not be a feasible option at that time based on the initial cost estimate provided by the vendor. However, after further cost analysis from the vendor based on clarifying information provided by the FEC, the initial estimated cost for the LOB was significantly reduced. According to the Deputy Staff Director for Management and Administration, at the time the revised estimate was provided to FEC, budgetary resources for the fiscal year had already been re-allocated and the LOB was not pursued. Due to the inability to procure the HRLOB in FY 2012, OHR began to implement FHR modules purchased in September 2010 that were not being used. From September 2010 to February 2013, the FEC spent \$13,280 on the FHR modules that were not being used. As of February 2013, one module initially purchased has been placed in pilot mode, two have not been fully implemented, and OHR purchased the Recruitment module in October 2012, which is also in pilot testing.

⁵ HR Line of Business: Transitions an agency's entire HR office or specific HR function(s) to another government agency to help automate and streamline the federal government support functions while freeing agency resources to focus on their core business.

⁶ OIG reviewed the LOB cost benefit analysis for informational purposes only. We did not verify the accuracy of the data provided.

CUSTOMER SERVICE SURVEY RESULTS

OHR conducted a customer service survey in 2011 to receive feedback from FEC staff. The results from OHR’s 2011 survey were provided to the OIG for review for the audit. The OIG noted issues related to OHR’s timeliness in completing tasks, data accuracy, and responsiveness to customers. To assess OHR’s progress in addressing these issues, the OIG conducted an anonymous employee survey related to customer service in September 2012.

Out of 344 FEC employees, the OIG received 116 responses to the survey, a response rate of 34%. Some key results of the survey are listed in the table below:

<i>Office of Inspector General’s 2012 OHR Survey Results</i>					
<i>Survey Questions</i>	<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Neither Satisfied nor Dissatisfied</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>
How satisfied were you with the timeliness of response received from OHR?	21%	16%	10%	23%	30%
How satisfied were you with the accuracy of the info received from OHR?	23%	21%	21%	13%	22%
	<i>Significantly Improved</i>	<i>Slightly Improved</i>	<i>Stayed the Same</i>	<i>Slightly Declined</i>	<i>Significantly Declined</i>
In the past 12 months, OHR customer service has	7%	23%	58%	9%	3%
	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree nor Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
Overall, the OHR staff is knowledgeable and helpful	17%	17%	22%	28%	16%

In addition to the survey questions, the OIG included comment boxes throughout the survey to give employees the opportunity to provide additional information and/or give more explanations for survey responses. The majority of the comments provided by employees focused on OHR’s inability to resolve employee issues and/or respond to

inquiries in a timely manner. The OIG noted that these problems were very similar to the survey responses OHR received for their 2011 customer service survey. Some examples of responses received are listed below:

- *“I have made several attempts to contact Human Resources via email regarding various issues over the past year, and despite my best efforts, sometimes months will go by without HR responding in any way. If they do respond, it is sometimes only to say they have received the request, but then months will pass, and they do not take any action on the request.”*
- *“I felt like it took too many tries to get the info I needed from them, had to keep doing follow up.”*
- *“Very slow to respond and once response was received, e-mails were incomplete and did not fully inform me of the status or next steps. I had to continue to ask question, follow-up and even physically visit the office.”*
- *“They appear to be overworked and slow to respond. When they do respond, they can be very helpful.”*
- *“Some staff members are extremely helpful, knowledgeable and responsive.”*
- *“The HR office may be in need of Leadership. I think the entire staff is very helpful and works hard but its like they are lacking leadership that will help them have one of the best HR shops in government.”*

At the end of the survey, OIG gave employees the option to request a meeting with OIG to further discuss the survey. As a result, OIG met with five (5) employees to discuss OHR customer service, and the common issues communicated to the OIG related to (1) OHR communicating incorrect information to internal candidates during the hiring process; and (2) challenges with the on-boarding process for contractors. As a result of the information gathered from the survey, the hiring process and HR On Demand were selected for detailed testing.

Overall, OIG concludes that despite efforts by OHR management during the past 18 months (e.g. restructuring the office, implementing HR On Demand, completing the workforce gap analysis), customer service has not improved. See the findings and recommendations beginning on page 14 for details.

FINDINGS AND RECOMMENDATIONS

Based on the audit work performed covering OHR activity during fiscal years 2011 and 2012, OIG has determined that there are many factors that are contributing to why customer service in the Office of Human Resources is unsatisfactory and is not improving. We have grouped our findings and recommendations into three main categories: (1) performance management; (2) technology and automation; and (3) office operations.

I. Performance Management

OIG reviewed the results of the OHR's workforce competency gap analysis (gap analysis) completed in September 2011, along with corrective actions taken by OHR management to address the issues and findings identified, and assessed the progress made by OHR. Based on this review, OIG determined that most of the recommendations have not been fully implemented and/or actions taken by OHR have not been effective or sufficient to address the issues identified, which are described in A-C below. According to Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, Section V (Correcting Internal Control Deficiencies), *"...Agency managers are responsible for taking timely and effective action to correct deficiencies... correcting deficiencies is an integral part of management accountability and must be considered a priority by the agency..."*

A. Ineffective Leadership

OHR's gap analysis report cited leadership as an area needing improvement. Specifically, the report stated the Director of HR needed to improve on: responsiveness, finding the right balance of oversight (i.e. not micromanaging); HR skills; strategic thinking; and trusting the team's (HR staff) competence. The gap analysis also determined that OHR management is not effectively communicating expectations, setting priorities, or giving clear direction to the OHR staff, and that OHR employee morale is low.

OIG notes that the Director of HR, who was hired in April 2010, had no previous supervisory/leadership experience. Also, the Director of HR operated in this supervisory role for 14 months before receiving any formal management/supervisory training from the Director's supervisor at the time. To address these issues and rebuild the HR staff, the current Deputy Staff Director for Management and Administration held a team building session in May 2011 and an action plan was developed based on the results. The Director of HR was subsequently provided a management coach and instituted weekly staff meetings to better communicate with OHR staff.

Based on the OIG's audit testing and OIG interviews of OHR staff members (excluding the Director of HR) conducted in February 2013, we acknowledge that the Director of OHR has put forth significant efforts to improve OHR. However, most of the initiatives prior to this audit had not been effective at improving the office and motivating the staff. For example, four (4) of six (6) OHR employees interviewed by the OIG indicated that employee morale in the OHR continues to be low, 20 months after the gap analysis concluded this is an issue.

The interviews also indicated that there is still a breakdown in communication between OHR management and their staff. For example, OHR Management stated that staff roles and responsibilities have been clearly communicated and are reiterated during staff meetings. However, staff roles and responsibilities are not clearly understood by some OHR staff members.

Ineffective leadership and inadequate performance management are the major factors causing OHR customer service problems, and are also having an adverse effect on OHR employee morale. According to 5 C.F.R. § 430.102 (2011)(Performance Management), Agency management and its employees are responsible for ensuring effective processes and procedures are in place to accomplish agency mission and goals. As Human Resources is a critical element of any agency, it is imperative that OHR has strong leadership to improve. The likelihood of successfully implementing processes and controls required to significantly improve customer service levels and to achieve the goals of the office and mission of the agency will not be achieved without effective leadership.

Recommendation #1

OHR Management should reevaluate methods used to communicate expectations, to give feedback on staff performance, and to promote and address feedback from OHR staff in order to identify meaningful solutions to improve the organization. Then, OHR Management should make it a priority to implement corrective actions.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #2

OHR Management should make a clear distinction between the roles of the Director of OHR and the two supervisors who are responsible for supervising their subordinates on a daily basis. In addition, the roles and responsibilities for each OHR member should be clearly communicated.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #3

The FEC should pursue a detail or other type of agreement with another federal agency to bring on board, no less than six months, a seasoned HR professional with significant experience in federal government HR operations, management and customer service, to provide clear direction, training, and focus to improve the HR office.

Management Response:

Office of Human Resource Management (Management) disagrees with this recommendation. However, alternate corrective action has been taken. In this sequestered budgetary environment, it is unlikely that a seasoned federal official trained specifically in HR matters will leave its agency to help the FEC, at no cost to the Commission. However, Management was successful in creating a win-win situation by bringing a SES candidate (at no cost to the Commission) to help with the issues as part of his development assignments. In addition, the Deputy Staff Director for Management and Administration assumed the managerial role of the OHR for the months of May and June and conducted team meetings on a weekly basis in order to strengthen team morale, staff collaboration, and improving customer service. The effectiveness of these recent initiatives will be re-evaluated in September 2013.

OIG Comment:

Based on OIG's review of the SES candidate's background, past experience, and objectives for this assignment, it appears that this person could be helpful in providing valuable guidance and help to OHR. We look forward to reviewing

the results and recommendations from this assignment to determine if desired results have been achieved.

B. Inadequate Organizational Structure

Based on recommendations from the gap analysis, OHR management reorganized the office structure in April 2012 that divided their office into two teams, and promoted two of the HR Specialists to supervisory positions (Supervisory HR Specialist) to lead each team. Shortly after the new structure was implemented, one of the HR Specialists assigned to one of the teams resigned from the FEC. OHR did not receive approval to replace this position; rather, the tasks assigned for this position have been distributed to the remaining OHR staff members and a contractor. OIG notes that no permanent solution has been established for this position. Based on the results from OHR's team building session and employee interviews conducted by OIG, OHR staff members feel "overextended" and some staff members believe that the new organizational structure has created uneven and/or improper distribution of work. In addition, no formal designated back-ups have been established for each task/position to ensure proper office coverage in the event an employee is out of the office, or resigns.

Based on OMB guidance on internal controls (Circular A-123), "...*Within the organizational structure, management must clearly: define areas of authority and responsibility; appropriately delegate the authority and responsibility throughout the agency;... establish a suitable hierarchy for reporting;...*" Not properly managing OHR resources, such as allowing sufficient time to address employee inquiries, increases the risk that personnel related issues are not resolved timely, which will have a direct impact on OHR's customer service. In addition, if management does not reevaluate the new structure in light of these unforeseen circumstances, the intended benefits of the reorganization may not be fully realized.

Recommendation #4

OHR Management should reassess the new OHR office structure to determine if there is a need to adjust the functions/tasks between the two teams, and/or individual team members, in order to better balance the workload amongst the teams/team members.

Management Response:

Office of Human Resource Management agrees with this recommendation. Although Management already started to reassess the existing structure, roles, and responsibilities it is important to note that the OHR restructuring provided a better structure than it had before by engaging staff in the OHR office design.

The OHR engaged in several team building sessions where roles and responsibilities were repeatedly clarified and discussed. The sessions also focused on setting priorities and improving customer service.

OIG Comment:

The OIG agrees that the OHR reorganization was better than the existing structure at the time and that Management could not have foreseen that individuals in critical roles would leave the agency. In light of the current situation in OHR, we are pleased that Management has begun to reevaluate if adjustments are warranted. The OIG looks forward to reviewing corrective actions to ensure that it fully addresses this recommendation.

C. Non-compliance with FEC's Performance Plan and Appraisal Policy

The gap analysis reported that staff roles were not clearly identified. 5 C.F.R. § 430.206(b)(3) states, " *An appraisal program shall require that each employee be covered by an appropriate written or otherwise recorded, performance plan based on work assignments and responsibilities....*" The OIG performed detailed testing of OHR's performance appraisal process for the 2011-2012 performance period. Based on testing, we determined that OHR did not comply with their current policy and procedures for the annual performance appraisal process, as follows:

Performance plans:

A performance plan outlines the employee goals to be accomplished during the plan year and establishes agreed upon expectations that the employee will be evaluated against. According to the instructions for *FEC Performance Plan and Appraisal Record for Non-Bargaining Unit Non-Supervisory Employees (performance process)*, which are distributed by the Director of HR each plan year, the employee and supervisor (reviewer) should jointly develop annual objectives and complete the employees' performance plan. The employee, supervisor, and second level supervisor are required to sign the plan. Three (3) of six (6) HR staff members did not have a detailed performance plan for 2011-2012, and 3 of 6 HR staff members who had performance plans had no required second level supervisory approval signature. Not having documented performance plans increases the risk that OHR staff may not have a clear understanding of their goals and objectives (day-to-day tasks, back-up assistance to other team members, training, special projects, etc.). Documented performance plans are important tools not only for the employee, but management also. They provide shared expectations for the coming performance year and

enable the employee to know what is expected of them and provides management with a guide to assist the employee in reaching their goals and correcting problems with performance at an earlier stage.

Mid-year reviews/annual performance appraisals:

The FEC's performance process states that mid-year reviews are mandatory for all non-bargaining unit employees (this would include all OHR staff) and they are due by January 30 of each year. For the mid-year review the employee should complete "key accomplishments" and for the annual performance appraisal process, the employee must prepare a self-assessment. The reviewer must meet with the employee to provide performance feedback and the discussion must be documented in a mid-year review form and annual performance appraisal form. Then, the form must be signed by both the employee and the reviewer. Based on OIG testing, we found the following exceptions:

- Mid-year reviews were not timely for three OHR staff members. One staff member's mid-year review was not completed until May (four months late), and one was not completed until June which is the last month of the performance year. Also, there was no evidence to support that one staff member received a mid-year review.
- Mid-year reviews were not adequately documented for all HR staff members, including the Director of HR. The mid-year review form only included the initials of the staff and supervisor. There was not a written summary of the review or what was discussed.
- There was no evidence to support that HR members completed mid-year self assessments (evaluations).
- Only one HR employee had evidence of a year-end self assessment.

Failing to comply with the required performance appraisal process increases the risk that:

- All HR staff may not have documented performance plans to provide a clear understanding of their goals and objectives (day-to-day tasks, assistance to other team members, training, special projects, etc.);
- Employees may not receive constructive and timely feedback on performance;
- Supervisors and management may fail to understand the challenges and obstacles that prevent OHR staff from achieving their goals and objectives;
- Low or poor performance is not corrected/addressed in a timely manner; and

- Disparity between the employees' and supervisors'/management's perception of employee performance could impact employee morale.

In response to this testing, OHR management stated that their general practice was to only orally communicate the details of the mid-year reviews, and only sign the mid-year review form to indicate that it was done. OHR management stated they were unaware that the policy required mid-year reviews to be documented in writing. However, the instructions distributed FEC-wide by the Director of HR clearly include this requirement. The OIG's findings in this area are especially troubling because one of the OHR's responsibilities for the agency is to oversee the performance management process for all employees, and OHR was not following this same process for their own office. The OHR's weaknesses in this area and lack of understanding of their own process are noteworthy and concerning.

Recommendation #5

Ensure all HR staff has detailed performance plans that include their specific tasks and goals for their HR position.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #6

Ensure all performance plans are properly reviewed and approved by the first and second line supervisors in accordance with the annual performance appraisal process.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #7

Ensure that all staff completes the required self assessment for the mid-year and year-end performance review.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #8

Ensure that the mid-year review discussion is documented and signed off by the employee and supervisor in accordance with the annual performance appraisal process.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #9

Ensure all required sections of the annual performance appraisal process are completed, discussed and properly reviewed by the due dates specified in the performance appraisal template.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by Management to ensure that it fully addresses this recommendation.

II. Technology & Automation

The Office of Human Resources has not utilized available technology and automated tools to help streamline OHR processes and improve internal controls.

A. Ineffective Use of the FHR System

OHR purchased the Federal Human Resources (FHR) Navigator System in September 2010 to assist with automating and integrating human resources processes. The FHR is a software package used by several government agency HR offices. OHR initially purchased six modules but has only fully implemented one module (Retirement/Separation) since acquiring the system approximately 2 ½ years ago. According to OHR Management, the main reason why all modules were not implemented upon purchase is because it was determined after the purchase that the FHR system could not be integrated with FEC's current payroll system. OHR Management decided to put the implementation of the other five FHR modules on hold and began to evaluate the feasibility of an HR Line of Business (LOB) as an alternate solution. The objective of an HR LOB is to transition an agency's entire HR office or specific HR function(s) to another government agency to help automate and streamline the support functions while freeing agency resources to focus on their core business. The LOB analysis was completed in May 2012 and was determined not to be a cost effective option based on the initial cost of the LOB received by the agency.

The lack of effective planning by OHR prior to the purchase of the FHR resulted in wasted funds of \$13,280, the cost of the modules not being used for the period from September 2010 to February 2013. According to OMB Circular A-123, Management's Responsibility for Internal Control, "...*The proper stewardship of Federal resources is an essential responsibility of agency managers and staff. Federal employees must ensure that ... Federal resources are used efficiently and effectively to achieve desired objectives. Programs must operate and resources must be used ... with minimal potential for waste....*"

As a result of improper planning, many OHR processes and procedures that could have been automated in 2010 are currently still manual or not available. Therefore, the OHR is not operating as efficiently as possible, which in turn is having an adverse effect on customer service. OIG notes that OHR has initiated pilot testing for one (1) of the unused modules purchased in September 2010, and the recruitment module purchased in 2012, immediately after OIG inquired about the status of implementing FHR. In addition, an interim solution to the lack of integration with

FEC's payroll system was implemented, and data is now uploaded to FHR twice a month. However, the data uploaded to FHR is not "real time" (one month lag). Once the FHR modules are fully implemented, controls and efficiencies over the applicable processes are expected to improve. This in turn should allow HR more time to concentrate on responding to and resolving employee inquiries.

Recommendation #10

Fully implement the FHR modules to the maximum extent feasible to improve the effectiveness and efficiency of the OHR by September 2013.

Management Response:

Office of Human Resource Management (Management) partially agrees with this recommendation. OHR is on the way to implement the FHR modules that are already purchased; however, currently there are some technical issues for the full implementation that require additional funding. The FHR modules' implementation will be delivered based on availability of funds and priorities of staff members' assignments. At this point, and before assessment of the OHR structure, priorities, and available resources; management cannot commit to the September 2013 deadline for full implementation.

OIG Comment:

The OIG believes management's response will address this recommendation. We look forward to reviewing the automated processes once FHR modules have been fully implemented.

Recommendation #11

Establish an agreement with the Information Technology Division (ITD) to have an ITD staff member(s) assigned to the HR office to aid in any technical issues with project implementation.

Management Response:

Office of Human Resource Management (Management) partially agrees with this recommendation. Currently, OCIO staff members are assisting HR Office in technical issues and project implementation; however, OCIO is unable to provide dedicated staff member, due to lack of resources. Also, each project may require different type of OCIO expertise and different OCIO staff member may be assigned to different HR projects.

OIG Comment:

The OIG agrees that corrective actions by management will address the current OHR projects to implement FHR modules. However, OIG believes that Management should consider a formal agreement with ITD to ensure OHR's future technical needs are met; this would not require a dedicated ITD staff member.

Recommendation #12

Develop and implement a template planning document guide prior to a) purchasing a new system; b) implementing/revamping a system (internal or external); or c) acquiring services (service provider, HRLOB, interagency agreements, etc.) that details:

- a. the needs of the office;
- b. services/benefits that will be received (ex: fully meets objectives, cost savings, etc.);
- c. any affects (positive/negative) to other offices that could be impacted or benefit from consultation;
- d. costs to the agency, both start-up and ongoing;
- e. alternative solutions (if any);
- f. implementation dates/milestones; and
- g. HR and other staff responsible for oversight and implementation.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

B. OHR is not Properly Utilizing and Maintaining their FECNet Page

Agency intranet websites, such as the FEC's 'FECNet,' that include individual division/office web pages can be an effective communication tool and use of technology. Specifically for OHR, an office intranet site can be a great tool for customer service in providing timely information to their customers. It can also help with streamlining processes and allowing easy access to important documents (e.g. central repository for policies and procedures, access to forms/requests, etc.).

Based on audit work performed, OIG determined that OHR's intranet pages are outdated and have not been updated since April 2012. Per OMB Circular A-123, Management's Responsibility for Internal Control, Section II, Standards: D. Information and Communications, "...*Information should be communicated to relevant personnel at all levels within an organization. The information should be relevant, reliable, and timely...*"

During audit testing, the OIG noted the following issues with OHR's FECNet pages:

- The office organizational chart has not been updated to reflect the staff reorganization that became effective in April 2012;
- Five former employees, who have been separated from the agency for at least three years, are included on the OHR's organization chart posted on HR's FECNet page;
- HR's "Contact Us" page has not been updated to reflect current employees;
- The "Welcome Message" from the HR Director is signed by the former Director of HR who separated from the agency in February 2010. However, the "Contact Us" page did list the current Director of HR.
- Information regarding FEC Ethics Officials are former employees who separated from the FEC in May 2011 and June 2012; and
- Several toolbar tabs are not properly linked to information or do not work. (Training, What's New, etc.).

According to the Director of HR, the OHR FECNet page(s) were corrupted in April 2012 and the reconstruction of the FECNet page has not been a priority. The OIG believes that the failure to properly utilize and ensure the OHR's FECNet information is relevant and timely increases the risk that:

- FEC staff are unaware of who to contact in HR for specific needs;
- FEC employees are relying on outdated OHR information; and
- Unreliable information for basic forms and policies may increase the number of inquiries received by OHR and decrease staff productivity.

In addition, OIG concludes that the consistent lack of accuracy and timeliness of information provided by OHR is contributing to the FEC staff's negative perception and lack of confidence in the HR office as reflected in OHR's annual customer service surveys.

Recommendation #13

Identify one HR staff member who will be the owner/manager of the content for HR's FECNet page and revise their annual performance plan to reflect their duties and responsibilities for maintaining the content of HR's FECNet page.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation. OHR had an "owner" of FECNet page who left FEC and the position was not backfilled. However, OHR will be assigning a new content manager who will act as a team lead to ensure HR's FECNet pages are updated and revised periodically.

OIG Comment:

The OIG agrees that corrective actions planned by Management should address this recommendation.

Recommendation #14

Update all content on HR's FECNet page by September 2013 to ensure all information is accurate, up-to-date, and relevant.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by Management to ensure that it fully addresses this recommendation.

Recommendation #15

Establish an agreement with ITD to have an ITD staff member(s) assigned to the OHR to aid in any technical issues with developing HR's FECNet page.

Management Response:

Office of Human Resource Management (Management) partially agrees with this recommendation. ITD staff members have always been very responsive in resolving technical issues for the HR's FECNet page. ITD does not have the resources to provide a dedicated assigned ITD staff to HR office. However, as problems rise ITD and OHR will work together to solve them as soon as possible,

knowing that HR FECNet page is important tool for HR communications with its customers.

OIG Comment:

The OIG agrees that corrective actions planned by management should address the current issues with OHR's FECNet page(s). However, OIG believes that Management should consider a formal agreement with ITD to ensure OHR's future technical needs are met; a dedicated ITD staff member would not be required.

C. Electronic Fingerprint Scheduling Process not Fully Implemented

Currently, OHR staff is manually scheduling and tracking fingerprints for contractors and new hires when an automated process is available to streamline the process and provide a central place for storing fingerprint appointments. Fingerprints are required as part of the background check process. OIG notes that a former OHR employee set up an electronic fingerprint scheduling process via Lotus Notes, the FEC's email program, but the available tool and process has not been documented, fully implemented or communicated to contracting officer representatives (COR) who are responsible for coordinating with OHR to bring contractors onboard that need fingerprints recorded. According to OMB Circular A-123, *Management's Responsibility for Internal Controls*, management should ensure adequate control activities are implemented to include "policies, procedures and mechanisms in place to help ensure that agency objectives are met..." In addition, "...information should be communicated to relevant personnel at all levels within an organization..."

Neglecting to use the Lotus Notes process for scheduling fingerprints decreases the productivity of HR staff. Not using a centralized place for documenting fingerprint appointments that is visible to multiple OHR staff reduces the likelihood that an OHR staff member is always available for scheduled appointments. This in turn increases the risk that fingerprint appointments must be cancelled and rescheduled when there is a lack of coverage in OHR.

Recommendation #16

Fully implement the electronic fingerprint scheduling process and notify CORs that it is available.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by Management to ensure that it fully addresses this recommendation.

Recommendation #17

Develop a policy and procedures that documents and instructs how to use the electronic fingerprint scheduling tool.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by Management to ensure that it fully addresses this recommendation.

III. Office Operations

Office operations relates to the day-to-day functions of the OHR to include hiring, personnel actions, retirement, etc. Overall, OIG determined that OHR processes are not operating effectively because (1) adequate internal controls are not in place; and (2) policies and procedures are outdated, not formally documented, or not enforced. Details of findings are described below:

A. HR On Demand Process is Ineffective

Based on the OIG's OHR customer service survey conducted in September 2012, 53% of the employees who responded to the survey stated that they were somewhat dissatisfied or very dissatisfied with the timeliness of responses received from OHR. In addition, there were 40 comments received from 116 employees who completed the survey that specifically talked about the lack of timely responses from the Office of Human Resources.

The HR On Demand system and process, which is a centralized employee inquiry receipt and tracking system, was implemented to improve OHR's response time to

employee requests/inquiries, was not properly designed and implemented. Based on OIG inquiries and observations, we noted the following inefficient use of the database is negatively impacting customer service.

- All HR On Demand inquiries received via email must also be manually entered into the customer service access database to track and monitor employee inquiries/requests. This is not an efficient use of OHR resources.
- HR On Demand is also used to track other OHR tasks/assignments, which reduces the effectiveness of monitoring the status of outstanding inquiries. OIG notes that the original purpose of HR On Demand was to improve OHR response time to employee requests.
- HR On Demand inquiries related to personnel actions are entered into the HR on Demand customer service access database as well as logged into a Microsoft Excel spreadsheet specifically used to track personnel actions. This is a duplication of effort and inefficient.

OIG also sampled 13 inquiries received via the HR On Demand email system between January and November 2012 and reviewed the OHR's response to the inquiries for timeliness. Test results determined that seven (7) of 13 (54%) inquiries sampled were not resolved timely. Of the 7 inquiries that were not resolved timely:

- 3 inquiries required follow-up with OHR by the FEC employee because a response was never provided to the initial request.
- 4 inquiries required follow-up with OHR on multiple occasions because the initial request was not adequately resolved by OHR, or OHR failed to work with other offices/divisions to sufficiently resolve customer issues.

During testing, OIG determined that many HR On Demand inquiries are related to personnel actions. Based on the OIG's review of three (3) of the seven (7) inquiries related to personnel actions, we identified that the Director of HR is not consistently approving Request for Personnel Actions Forms (SF-52s) in a timely manner. In addition, one of these SF-52s was approved after it was processed in the National Finance Center (NFC) payroll system, which is not in compliance with policy and procedures related to personnel actions. Personnel actions should be approved by the HR Director prior to being processed and effective in the NFC system.

According to OMB Circular A-123, *Management's Responsibility for Internal Control* "... As agencies develop and execute strategies for implementing or reengineering agency programs and operations, they should design management structures that help ensure accountability for results."

An OHR email announcement, dated October 31, 2011, to introduce the HR On Demand process to FEC staff stated that requestors should “...*receive an acknowledgement the same day and generally a response within 24 hours...*”

There are several factors that contributed to the ineffective implementation of HR on Demand:

1. The system used to receive employee inquiries (HR On Demand mailbox account via Lotus Notes) was not integrated with the Microsoft Access database created to track and monitor employee inquiries. As a result, there is a lag time between when inquiries are received in the HR On Demand email system and when they are logged and updated in the database.
2. Lack of proper planning and research to determine if there was available off-the-shelf software (e.g. the Remedy help desk system used by the FEC IT department) that could be utilized.
3. No formal policy and standard operating procedures were documented by the OHR. OIG notes that OHR only has a flowchart of the HR On Demand process, but no formal policy or standard operating procedure that clearly explains how the process works, what each staff person's responsibility is, timing of when inquiries are supposed to be entered into the database, when an inquiry can be considered “closed” in the database, and what other types of assignments beyond FEC staff inquiries should be entered into the database, if any.
4. Miscommunication or misunderstanding between the Director of HR and the OHR staff related to non-HR On Demand inquiries and assignments were also required to be entered into the HR On Demand Access database. As a result, there were inconsistencies among OHR staff members as to what was included in the database. Some employees were including what appeared to be every single task completed throughout their work day, such as HR staff meetings, rather than tasks directly related to customer service issues.

Currently, OHR Management is not using the HR On Demand system as a tool to improve timeliness and other customer service issues. This was evident by the time it took to receive requested reports during the course of the audit and the lack of timeliness in responding to FEC employees' requests for assistance. The time and effort required to properly manage the database could be better used to actually address employee inquiries and/or resolving employee issues. Improving the controls and streamlining the HR On Demand process will increase the likelihood that employee inquiries will be resolved timely and thus help improve customer service. OIG notes that subsequent to our inquiries about the HR On Demand process,

OHR began working with ITD to fully automate the HR On Demand process by implementing the same customer request tracking system ("Remedy") used by the IT helpdesk.

Recommendation #18

Management should ensure OHR and ITD continue to work together to ensure that "Remedy" is properly implemented, tested, and customized to fit the needs of the HR on Demand process. The Remedy solution should be fully implemented by September 2013.

Management Response:

Office of Human Resource Management (Management) partially agrees with this recommendation. Management agrees that OHR staff should work with OCIO to implement technological solutions at OHR. Even before receiving results of the OIG's customer survey of OHR, Management was aware that a system is required for tracking and providing visibility for improving OHR customer service. In 2012 the HR Director met with the IT Helpdesk Manager and requested to create a customer request tracking system similar to the Remedy system used by the IT Helpdesk. The Remedy system provides visibility and audit trail for handling customers' requests by the IT Helpdesk. At that time the system was not available for OHR, therefore the HR on Demand was resurrected as a temporary band-aid while the HR Director explored other means. When the Remedy system became available, Management took immediate remedial action and developed the system for tracking customers' requests. OHR staff is being trained and the system will be fully functional by the end of July. The effectiveness of the Remedy system and the provided customer service training to the HR staff will be re-evaluated in September 2013.

OIG Comment:

The OIG agrees with management that the Remedy system will automate the tracking and monitoring of employee inquiries and should improve OHR response time to employee inquiries. Once the Remedy system is fully implemented, we look forward to reviewing the results to ensure that the system is operating effectively and has improved OHR responsiveness to employee requests.

Recommendation #19

Once the Remedy customer request tracking system is implemented, OHR Management should determine the most effective way to use the automated system to improve the HR On Demand process and leverage the new system to streamline

other related processes and procedures. In addition, this new process along with other related processes should be formally documented in a policy and/or standard operating procedures(SOP). The policies/SOPs should clearly document each OHR members' role and responsibilities, as well as details about the technical and operational components of the processes.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG agrees that corrective actions in progress and planned by management should address this recommendation. OIG looks forward to reviewing once fully implemented to ensure this recommendation has in fact been fully addressed.

Recommendation #20

Management should ensure the entire OHR staff is adequately trained on how to use the new Remedy customer request tracking system.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

B. Non-compliance with FEC's Recruitment/Selection Process

The FEC is not consistently complying with the current employee recruitment and selection procedures. According to OMB Circular A-123, *Management's Responsibility for Internal Control*, Section I (Introduction) "... *Management has a fundamental responsibility to develop and maintain effective internal control. ... Federal employees must ensure that Federal programs operate ... efficiently and effectively to achieve desired objectives. Programs must operate ... in compliance with laws and regulations, and with minimal potential for ... mismanagement...*"

A vacancy announcement (VA) is the formal document used to communicate and to advertise open positions at the FEC.

The VA includes the position title, salary range, job responsibilities, among other criteria for applicants to apply for FEC jobs. The OIG judgmentally sampled 10 VA's during FY 2011 and FY 2012 and reviewed related files for compliance with current procedures and noted the following:

- 1 of 10 included the wrong salary range (salary maximum range listed was for GS-10 instead of a GS-9).
- 8 of 10 had an SF-52 (Request for Personnel Action) that was signed-off by the hiring official, Budget Office, and the Director of HR after the VA was advertised. Positions are required to be approved by these offices before they can be advertised.
- 4 of 10 VAs included an SF-52 that did not include proper review and approval (3 did not include sign-off by a HR Staffing and Classification Specialist and one (1) did not include any of the required sign-offs).
- 2 of 10 hiring files did not include evidence to support why all candidates that met minimum qualifications were not rated and ranked. According to FEC hiring practices, all candidates that meet minimum qualifications should be rated based on predetermined criteria. Both hiring actions were for Office of General Counsel (OGC) positions. According to OGC, documentation is not maintained to evidence the additional criteria used to determine which candidates to rate and rank when a large number of applicants meet the minimum qualifications. OIG notes that this additional criteria and how it was applied should have been documented.
- 3 of 10 hiring files were missing evidence to support that structured interviews were conducted. Structured interviews include pre-established standard questions that are asked of all interviewees. The purpose is to ensure all interviewees are fairly evaluated. Based on follow-up with HR, evidence was subsequently obtained for two (2) selections. OIG notes that evidence to support structured interviews should be maintained in the hiring file.
- 9 of 10 did not include adequate evidence that the position was approved by the Personnel Committee (PC). The Personnel Committee is composed of two Commissioners, and all new and vacant positions must be approved by the PC. Prior to June 2012, the only evidence required for PC approval was an email from the hiring official stating PC approval received. As of June 2012, OHR implemented the personnel request (PR) form which requires the hiring official to check-off that the position was approved by the PC. The PR form was missing for 2 of 3 positions posted after the effective date of the PR form.

Based on additional OIG follow-up, which included the above testing and inquiries, to employee issues communicated during survey interviews, OIG noted the following:

- OHR notifications sent to internal candidates (current FEC employees) related to their application status do not consistently include accurate information or the wrong notifications are sent. For example, one employee received a notification from OHR stating they were not selected for a position they applied for, when in fact they were selected and did not accept the position. Another employee received a notification thanking them for interviewing and stated that although they were among the best qualified they were not selected. However, the person was never granted an interview, and when the employee followed-up with OHR, the employee was told that the email was sent to them in error, as they in fact did not make the best qualified list (which OIG confirmed).
- Internal candidates that are interviewed and make the best qualified (BQ) list do not always receive follow-up notification to inform the FEC employee that they were not selected. For example, in one particular case, an FEC employee applied for another FEC position seeking advancement; however, the employee was not selected for the position. This person did not learn about the outcome of her interview and a decision on the hiring until the successful applicant started work at FEC.

The recruitment and selection process at the FEC is still a very manual process. Based on our audit testing, there was a lack of HR supervisory oversight to ensure all steps of the recruitment process were being complied with. OIG also notes that OHR is not directly involved in the recruitment and selection process for OGC positions and does not provide proper oversight for the monitoring and documentation of these positions. Although there have been changes to the recruitment/selection process, the current policies on FEC recruitment and hiring are outdated. A revised final draft of the Directive for *Appointment and Promotion Procedures for Non-Bargaining Unit Positions* was forwarded to the Commission on July 17, 2012, but has yet to be approved by the Commission. In addition, OHR has developed revised standard operating procedures (SOPs) that include a detailed checklist for each step of the recruitment and hiring process. However, OIG testing determined that this checklist has not been fully implemented.

Lack of proper controls, including OHR management oversight over the recruitment and selection process, increases the risk that:

- FEC may not be following standard government labor regulations and fair hiring practices, which in turn increases the risk that potential discriminatory, bias, or other prohibitive hiring practices could occur and go undetected.
- An adequate audit trail is not maintained to provide evidence of a hiring action, documentation that may be needed if a job applicant is not selected for a position and files a complaint, among other reasons.
- The best qualified candidate may not be selected and/or the candidate selected did not meet the appropriate criteria.
- Positions could be filled without the proper funds available or an employee is hired at a higher salary level than the position warrants.

OIG notes that OHR is currently in the process of implementing the FHR module to automate the recruitment/selection process. Once this module is fully implemented, controls and efficiencies over the hiring process are expected to improve.

Recommendation #21

The recruitment and selection checklist should be completed by the HR Specialist as each step in the process is completed for each position filled. The completed recruitment and selection checklist should be maintained in the related VA file.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by Management to ensure that it fully addresses this recommendation.

Recommendation #22

The Supervisory HR Specialist (HR Supervisor) responsible for the recruitment and selection process should be required to review each VA file to ensure the proper documentation is included in the file and that every step on the recruitment and selection checklist has been completed. Once reviewed, the HR Senior Specialist should sign-off on the checklist indicating that the VA file is complete and that the recruitment and selection policy and procedures was adhered to.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #23

OHR should conduct adequate oversight for all OGC positions and ensure all documentation is completed and included in applicable files.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation. OHR should and will conduct adequate oversight for all FEC positions to ensure completed documentation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #24

Management should implement Office of Personnel Management (OPM) guidance which states "...develop and use a 'Hiring Contract' between the hiring manager and the Human Resources Office that spells out each party's responsibility for filling the job..." The recruitment and selection checklist included in the OHR SOP for recruitment could be utilized as the hiring contract and this checklist should be reviewed with the hiring official at the beginning and throughout the recruitment and hiring process to discuss timelines and expectations.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

C. Outdated Global Personnel Related Policies/Directives

All of OHR's current policies in place have not been updated to reflect current practices, and policies that have been updated to reflect current practice have not been finalized and approved by the Commission (i.e. *Policy for Appointments & Promotions for Non Bargaining Positions, Senior Level Pay, Dual Compensation Waiver, Congressional Job References Appointments above the Minimum, Restoration of Duty, and Position Classification*). OMB Circular A-123, Management's Responsibility for Internal Control, Section C (Control Activity) "...Control activities include policies, procedures and mechanisms in place to help ensure that agency objectives are met."

OIG notes that OHR does not have a control in place to ensure that agency-wide policies are periodically reviewed and updated for changes in business practices and/or changes in government-wide guidelines. The revised policy for *Appointments & Promotions for Non Bargaining Positions* sent by OHR to the Commission in July 2012 has not been finalized and approved by the Commission as of this date. A lack of up-to-date agency-wide policies and procedures that reflect current business practices and requirements increases the risk that the FEC has internal controls that are not properly implemented and thus not effective. For example, changes in federal personnel laws and regulations will not be reflected in FEC policy and can create non-compliance with laws and regulations intended to promote fair hiring practices; employees could be promoted before they are eligible for promotion; or cash awards, benefits and pay could be paid to employees who are not eligible or for incorrect amounts. In addition, for managers/employees who are performing or involved in an HR-related task for the first time (e.g. processing a new hire/separation, scheduling contractor fingerprints), the manager/employee may not be aware of their responsibilities or lack proper guidance to ensure that they are in compliance.

Recommendation #25

OHR should periodically (at least annually) review all HR-related policies and procedures for the agency and for the OHR to ensure policies and procedures are accurate and relevant, and update as needed.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation. The OIG statement is partially correct. Two thirds of the FEC employees are bargaining unit employees who follow the Labor

Management Agreement. The policies for bargaining unit employees are all updated, negotiated, and approved under the LMA as of May 12, 2013. All the managers were trained by OHR on the contents of the LMA and the approved agreement has been provided to all staff and is posted on the FECNet. OHR is addressing final stakeholder comments in several policies.

OIG Comment:

The OIG notes that one third of the FEC employees are not part of the bargaining unit and thus policies that impact any and all agency employees should be up to date.

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Recommendation #26

All policies and procedures should be posted in a central location accessible to all FEC staff (ex: FECNet, the FEC computer server). In addition, when policies and procedures are updated they should be reposted and an email sent to all FEC staff on the changes/updates.

Management Response:

Office of Human Resource Management (Management) agrees with this recommendation.

OIG Comment:

The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

CONCLUSION

The areas that were reviewed by the OIG during this audit of the Office of Human Resources (OHR) all link back to a review of the effectiveness of OHR's customer service. In order for the OHR staff to provide effective customer service, the information and communication provided to their customers (FEC employees, job applicants, etc.) must be relevant, timely, and reliable. In addition, the OHR staff as a whole must be equipped with the knowledge and skills to carry out the mission and objectives of the office. Based on this audit, and the responses to the OIG's HR customer service survey from 2012, OHR has not managed to find a consistent way to provide effective and efficient customer service to FEC staff. Based on the audit results, there are several factors that contributed to OHR's inadequate customer service. These factors include:

- Inadequate leadership/program management;
- Inadequate performance management, and
- Lack of automation.

Management did not adhere to the Title 5, Code of Federal Regulations, (Administration Personnel)⁷ by failing to provide managerial training to the Director of OHR within one year of initial appointment. As the Director of OHR's position was a critical career transition from a non-supervisory position to a manager, training should have been provided to the HR Director in a timely manner, rather than 14 months after appointment. In addition, OIG notes that many leadership shortcomings were highlighted via the workforce gap analysis, interviews by the OIG with OHR staff, and the existing challenges in OHR to accomplish their mission. Adequate leadership is a critical factor in the success of achieving the mission and goals of the HR office. Therefore, OIG recommended that the agency enter into a detail agreement or another similar mechanism to bring on-board, for a temporary period, a seasoned federal government HR leader. This temporary detail is necessary to provide the Director of OHR and staff the guidance and direction to bring about change to the OHR. OIG acknowledges that Management has brought in a seasoned federal employee that is an SES candidate from another agency. This person is on a four month detail, with the possibility of an extension, and has specific goals including (1) improve OHR staff performance and moral; (2) improve OHR customer service; and (3) develop performance measurements. Although the SES candidate does not have an HR background, he has experience with process re-engineering and managing a large office which should benefit the OHR.

⁷ 5 C.F.R. § 412.202 (2011).

The OIG notes that the majority of OHR's processes are handled manually which increases the susceptibility to human error which has a direct impact on customer service. The OIG recognizes that OHR management is committed to improve customer service and has agreed to implement many of the OIG's recommendations. For example, OHR management is currently pilot testing several FHR modules and is in the process of implementing the new automated customer service tracking system ("Remedy"). The OIG encourages OHR management to invest the necessary time and resources to adequately develop a realistic plan of action for resolving the audit findings in this report, ensure the plan is properly communicated to all OHR staff, and ensure continuous dialogue with the OHR's primary customers, the FEC staff. OIG believes that once OHR takes full advantage of existing technology, they will be able to streamline processes which in turn should increase productivity and help to improve customer service.

Summary of Audit Findings and Recommendations and Management’s Response			
Finding	Recommendation	Management Response	OIG Comment
1A. Ineffective Leadership	1. OHR Management should reevaluate methods used to communicate expectations, to give feedback on staff performance, and to promote and address feedback from OHR staff in order to identify meaningful solutions to improve the organization. Then, OHR Management should make it a priority to implement corrective actions.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by Management to ensure that it fully addresses this recommendation.
	2. OHR Management should make a clear distinction between the roles of the Director of OHR and the two supervisors who are responsible for supervising their subordinates on a daily basis. In addition, the roles and responsibilities for each OHR member should be clearly communicated.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	3. The FEC should pursue a detail or other type of agreement with another federal agency to bring on board, no less than six months, a seasoned HR professional with significant experience in federal government HR operations, management and customer service, to provide clear direction, training, and focus to improve the HR office.	<i>Disagree with recommendation: “In this sequestered budgetary environment, it is unlikely that a seasoned federal official trained specifically in HR matters will leave its agency to help the FEC, at no cost to the Commission. However, Management was successful in creating a win-win situation by bringing a SES candidate (at no cost to the Commission) to help with the issues as part of his development assignments. In addition, the Deputy Staff Director for Management and Administration assumed the managerial role of the OHR for the months of May and June and conducted team meetings on a weekly basis in order to strengthen team morale, staff collaboration, and improving customer service. The effectiveness of these recent initiatives will be re-evaluated in September 2013.”</i>	Based on OIG’s review of the SES candidate’s background, past experience, and objectives for this assignment, it appears that the SES candidate could be helpful in providing valuable guidance and help improve the OHR. We look forward to reviewing the results and recommendations from this assignment to determine if desired results have been achieved.

Summary of Audit Findings and Recommendations and Management’s Response			
Finding	Recommendation	Management Response	OIG Comment
1B. Inadequate Organizational Structure	4. OHR Management should reassess the new OHR office structure to determine if there is a need to adjust the functions/tasks between the two teams, and/or individual team members, in order to better balance the workload amongst the teams/team members.	<i>Agree with recommendation: “Although Management already started to reassess the existing structure, roles, and responsibilities it is important to note that the OHR restructuring provided a better structure than it had before by engaging staff in the OHR office design. The OHR engaged in several team building sessions where roles and responsibilities were repeatedly clarified and discussed. The sessions also focused on setting priorities and improving customer service.”</i>	The OIG agrees that the OHR reorganization was better than the existing structure at the time and that management could not have foreseen that individuals in critical roles would leave the agency. In light of the current situation in OHR, we are pleased that management has begun to reevaluate if adjustments are warranted. The OIG looks forward to reviewing corrective actions to ensure that it fully addresses this recommendation.
1C. Non-compliance with FEC’s Performance Plan and Appraisal Policy	5. Ensure all HR staff have detailed performance plans that include their specific tasks and goals for their HR position.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	6. Ensure all performance plans are properly reviewed and approved by the first and second line supervisors in accordance with the annual performance appraisal process.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	7. Ensure that all staff completes the required self assessment for the mid-year and year-end performance review.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	8. Ensure that the mid-year review discussion is documented and signed off by the employee and supervisor in accordance with the annual performance appraisal process.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	9. Ensure that all required sections of the annual performance appraisal process are completed, discussed and properly reviewed by the due dates specified in the performance appraisal template.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

<p align="center">Summary of Audit Findings and Recommendations and Management's Response</p>			
<p align="center">Finding</p>	<p align="center">Recommendation</p>	<p align="center">Management Response</p>	<p align="center">OIG Comment</p>
<p>IIA. Ineffective Use of the FHR System</p>	<p>10. Fully implement the FHR modules to the maximum extent feasible to improve the effectiveness and efficiency of the OHR by September 2013.</p>	<p><i>Partially agree with recommendation: "OHR is on the way to implement the FHR modules that are already purchased; however, currently there are some technical issues for the full implementation that require additional funding. The FHR modules' implementation will be delivered based on availability of funds and priorities of staff members' assignments. At this point, and before assessment of the OHR structure, priorities, and available resources; management cannot commit to the September 2013 deadline for full implementation."</i></p>	<p>The OIG believes that management's response will address this recommendation. We look forward to reviewing the automated processes over FHR modules have been fully implemented.</p>
	<p>11. Establish an agreement with the Information Technology Division (ITD) to have an ITD staff member(s) assigned to the HR office to aid in any technical issues with project implementation.</p>	<p><i>Partially agree with recommendation: "Currently, OCIO staff members are assisting HR Office in technical issues and project implementation; however, OCIO is unable to provide dedicated staff member, due to lack of resources. Also, each project may require different type of OCIO expertise and different OCIO staff member may be assigned to different HR projects."</i></p>	<p>The OIG agrees that corrective actions by management will address the current OHR projects to implement FHR modules. However, OIG believes that management should consider a formal agreement with ITD to ensure OHR's future technical needs are met.</p>

Summary of Audit Findings and Recommendations and Management's Response			
Finding	Recommendation	Management Response	OIG Comment
	<p>12. Develop and implement a template planning document guide prior to a) purchasing a new system; b) implementing/revamping a system (internal or external); or c) acquiring services (service provider, HR LOB, interagency agreements, etc.) that details:</p> <ul style="list-style-type: none"> a. the needs of the office; b. services/benefits that will be received (ex: fully meets objectives, cost savings, etc.); c. any affects (positive/negative) to other offices that could be impacted or benefit from consultation; d. costs to the agency, both start-up and ongoing; e. alternative solutions (if any); f. implementation dates/milestones; and g. HR and other staff responsible for oversight and implementation. 	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
II.B. OHR is Not Properly Utilizing and Maintaining their FECNet Page	<p>13. Identify one HR staff member who will be the owner/manager of the content for HR's FECNet page and revise their annual performance plan to reflect their duties and responsibilities for maintaining the content of HR's FECNet page.</p>	<i>Agree with recommendation: "OHR had an "owner" of FECNet page who left FEC and the position was not backfilled. However, OHR will be assigning a new content manager who will act as a team lead to ensure HR's FECNet pages are updated and revised periodically."</i>	The OIG agrees that corrective actions planned by management should address this recommendation.
	<p>14. Update all content on HR's FECNet page by September 2013 to ensure all information is accurate, up-to-date, and relevant.</p>	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Summary of Audit Findings and Recommendations and Management’s Response			
Finding	Recommendation	Management Response	OIG Comment
	15. Establish an agreement with ITD to have an ITD staff member(s) assigned to the OHR office to aid in any technical issues with developing HR’s FECNet page.	<i>Partially agree with recommendation: “ITD staff members have always been very responsive in resolving technical issues for the HR’s FECNet page. ITD does not have the resources to provide a dedicated assigned ITD staff to HR office. However, as problems rise ITD and OHR will work together to solve them as soon as possible, knowing that HR FECNet page is important tool for HR communications with its customers.”</i>	The OIG agrees that corrective actions planned by management should address the current issues with OHR’s FECNet page(s). However, OIG believes that management should consider a formal agreement with ITD to ensure OHR’s future technical needs are met.
II.C. Electronic Fingerprint Scheduling Process not Fully Implemented	16. Fully implement the electronic fingerprint scheduling process and notify CORs that it is available.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	17. Develop a policy and procedures that documents and instructs how to use the electronic fingerprint scheduling tool.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Summary of Audit Findings and Recommendations and Management’s Response			
Finding	Recommendation	Management Response	OIG Comment
III.A. HR On Demand Process is Ineffective	18. Management should ensure OHR and ITD continue to work together to ensure that “Remedy” is properly implemented, tested, and customized to fit the needs of the HR on Demand process. The Remedy solution should be implemented by September 2013.	<i>Partially agree with recommendation: “Management agrees that OHR staff should work with OCIO to implement technological solutions at OHR. Even before receiving results of the OIG’s customer survey of OHR, Management was aware that a system is required for tracking and providing visibility for improving OHR customer service. In 2012 the HR Director met with the IT Helpdesk Manager and requested to create a customer request tracking system similar to the Remedy system used by the IT Helpdesk. The Remedy system provides visibility and audit trail for handling customers’ requests by the IT Helpdesk. At that time the system was not available for OHR, therefore the HR on Demand was resurrected as a temporary band-aid while the HR Director explored other means. When the Remedy system became available, Management took immediate remedial action and developed the system for tracking customers’ requests. OHR staff is being trained and the system will be fully functional by the end of July. The effectiveness of the Remedy system and the provided customer service training to the HR staff will be re-evaluated in September 2013.”</i>	The OIG agrees with management that the Remedy system will automate the tracking and monitoring of employee inquiries and should improve OHR response time to employee inquiries. Once the Remedy system is fully implemented, we look forward to reviewing to ensure that the system is operating effectively and has improved OHR responsiveness to employee requests.

Summary of Audit Findings and Recommendations and Management’s Response			
Finding	Recommendation	Management Response	OIG Comment
	<p>19. Once the Remedy customer request tracking system is implemented, OHR Management should determine the most effective way to use the automated system to improve the HR On Demand process and leverage the new system to streamline other related processes and procedures. In addition, this new process along with other related processes should be formally documented in a policy and/or standard operating procedures (SOP). The policies/SOPs should clearly document each OHR members’ role and responsibilities, as well as details about the technical and operational components of the processes.</p>	<p><i>Agree with recommendation: “The HR Director has not been consistently approving personnel actions late. The OHR staff, in an attempt to be customer service oriented, was processing personnel action prior to the action being circulated for review and approval, based on customers’ desired and proposed dates. When the HR Director became aware of this situation she immediately instituted the following corrective actions; 1) mandated the use of the government-wide “Guide to Processing Personnel Actions” instead of HR staff relying on memory; 2) updated the OHR Standard Operating Procedures for “Setting Effective Dates;” 3) required staff to circulate the SF-52 by “walking it around” to ensure that it is reviewed and signed within a day by the appropriate officials; and 4) will use the FHR system once implemented to process personnel actions so that the requesting offices, not OHR, are initiating their own SF-52s instead of OHR preparing them based on the requesting office’s email requests.”</i></p>	<p>The OIG agrees that corrective actions in progress and planned by management should address this recommendation. OIG looks forward to reviewing once fully implemented to ensure this recommendation has in fact been fully addressed.</p>
	<p>20. Management should ensure the entire OHR staff is adequately trained on how to use the new Remedy customer request tracking system.</p>	<p><i>Agree with recommendation</i></p>	<p>The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.</p>
<p>III.B. Non-compliance with FEC’s Recruitment/Selection Process</p>	<p>21. The recruitment and selection checklist should be completed by the HR Specialist as each step in the process is completed, for each position filled. The completed recruitment and selection checklist should be maintained in the related VA file.</p>	<p><i>Agree with recommendation</i></p>	<p>The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation</p>

Summary of Audit Findings and Recommendations and Management's Response			
Finding	Recommendation	Management Response	OIG Comment
	22. The Supervisory HR Specialist (HR Supervisor) responsible for the recruitment and selection process should be required to review each VA file to ensure the proper documentation is included in the file and that every step on the recruitment and selection checklist has been completed. Once reviewed, the HR Senior Specialist should sign-off on the checklist indicating that the VA file is complete and that the recruitment and selection policy and procedures was adhered to.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	23. OHR should conduct adequate oversight for all OGC positions and ensure all documentation is completed and included in applicable files.	<i>Agree with recommendation: "OHR should and will conduct adequate oversight for all FEC positions to ensure completed documentation"</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	24. Management should implement Office of Personnel Management (OPM) guidance which states "...develop and use a 'Hiring Contract' between the hiring manager and the Human Resources Office that spells out each party's responsibility for filling the job..." The recruitment and selection checklist included in the OHR SOP for recruitment could be utilized as the hiring contract and this checklist should be reviewed with the hiring official at the beginning and throughout the recruitment and hiring process to discuss timelines and expectations.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.

Summary of Audit Findings and Recommendations and Management's Response			
Finding	Recommendation	Management Response	OIG Comment
III.C. Outdated Global Personnel Related Policies/Directives	25. OHR should periodically (at least annually) review all HR- related policies and procedures for the agency and for the OHR to ensure policies and procedures are accurate and relevant, and update as needed.	<i>Agree with recommendation: "The OIG statement is partially correct. Two thirds of the FEC employees are bargaining unit employees who follow the Labor Management Agreement. The policies for bargaining unit employees are all updated, negotiated, and approved under the LMA as of May 12, 2013. All the managers were trained by OHR on the contents of the LMA and the approved agreement has been provided to all staff and is posted on the FECNet. OHR is addressing final stakeholder comments in several policies."</i>	The OIG notes that one third of the FEC employees are not part of the bargaining unit and thus policies that impact any and all agency employees should be up to date. The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.
	26. All policies and procedures should be posted in a central location accessible to all FEC staff (ex: FECNet, the FEC computer server). In addition, when policies and procedures are updated they should be reposted and an email sent to all FEC staff on the changes/updates.	<i>Agree with recommendation</i>	The OIG looks forward to reviewing corrective actions planned by management to ensure that it fully addresses this recommendation.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

July 9, 2013

TO: Lynne McFarland
Inspector General

THROUGH: Alec Palmer *apalmer*
Staff Director

FROM: Mitra K. Nejad-Guerin *MK Nejad-Guerin*
Deputy Staff Director for Management and Administration

Judy McLaughlin *Judy McLaughlin*
Director of the Office of Human Resources

SUBJECT: Management Response to the Office of the Inspector General's Draft Report on the
Audit of the Office of the Human Resources (OIG-12-05)

Management hereby responds to the Office of the Inspector General's (OIG) Draft Report on the Audit of the Office of Human Resources (OIG-12-05) received on June 25, 2013.

Management agrees with most of the OIG recommendations; however, Management requests that certain paragraphs in the report be modified to fairly identify the issues, as follows:

1. **Executive Summary of the draft report , page 3, , fourth paragraph** the OIG stated that "Based on this audit, the OIG concludes the OHR has significant leadership and operational weaknesses that are impacting the office's ability to provide effective customer service and fulfill the day-to-day responsibilities of the office. Specifically, the agency hired a new OHR Director in April 2010, who lacked the necessary HR operations and leadership background that was necessary to address the many challenges facing the OHR at that time, and going forward. To compound this issue, the OHR Director's supervisor at the time, failed to promptly provide the OHR Director the training necessary to address these gaps."

Management Response: We disagree with this statement and would like it removed or revised. Previous to her current appointment as the FEC's HR Director, the incumbent was acting EEO Director for the Commission for over a year. In this capacity the incumbent received a performance assessment from the former Staff Director, for whom she was a direct report, as "Exceed Expectations". Specifically, her supervisor at that time wrote that she "has done an admirable job as the Acting Director of the OEEO." In fact, she was doing such a good job that her three months detail got extended many times.

When the incumbent moved to the HR Director position, there were no gaps identified in her leadership capability of that time. In addition, since the HR Office was in a state of array (half of the OHR staff

resigned at once), most of the OHR remaining FY 2010 budget went to contract support to support the office.. Moreover in this severely strained situation, it was wise for the leadership to remain at the office at all times. It is also important to note that with the first opportunity, after stability was established, the HR Director received one-on-one coaching and intense management training.

In terms of having experience with HR operations, the incumbent was selected for the position as the best qualified because of her extensive experience (over 20 years) in HR operational functions.

Due to these facts, management requests that the OIG remove the above paragraph from the Executive Summary and revise the language of section I.A. "Ineffective Leadership" on page 14 and 15.

2. **Page 4 of the Executive Summary, paragraph 2, the OIG stated** "Subsequent to the completion of the gap analysis, the OHR failed to develop these training plans.

Management Response: Training plans were developed and executed in FY 2011 and FY 2012 for the staff in OHR. Copies of the plans and implementation were provided to the OIG during the audit.

3. **Page 5 of the Executive Summary, Paragraph 2, the OIG stated** "The OIG further concludes that the extent of the problems which currently exist in the OHR require significant leadership and operational changes. Related to this issue is the OIG's recommendation #3.

Management Response: The FEC's Office of Human Resources has a significantly long history of instability, which has created substantial staff turn-over and morale issues. These deep rooted cultural problems cannot and will not be healed overnight. Any drastic changes to the current leadership will rekindle even stronger the old fractures and will ultimately damage the Commission. The Management would like to avoid the FY 2010 history repeating itself. In this sequestered budgetary environment, it is unlikely that a seasoned Federal official trained specifically in HR matters will leave its agency to help the FEC, at no cost to the Commission. However, the management was successful in creating a win-win situation by bringing a SES Candidate (at no cost to the Commission) to help with the issues as a part of his developmental assignments. In addition, the Deputy Staff Director for Management and Administration assumed the managerial role of the OHR for the months of May and June and conducted team meetings on a weekly basis in order to strengthen team morale, staff collaboration, and improving customer service. The effectiveness of these recent initiatives will be re-evaluated in September 2013.

4. **Page 13, last paragraph,** "OIG concludes that despite efforts by OHR management during the past 18 months, customer service has not improved.

Management Response: Even before receiving results of the OIG's customer survey of the OHR, management was aware that a system is required for tracking and providing visibility for improving OHR customer service. In 2012, the HR Director met with the Information Technology (IT) Help Desk Manager and requested to create a customer requests tracking system similar to the Remedy system used by the IT Help Desk. The Remedy system provides visibility and an audit trail for handling customers' requests by HR Specialists. At that time, the Remedy system was not available for OHR, therefore the HR on Demand was resurrected as a temporary band-aid while the HR Director explored other means. When the Remedy system became available, management took immediate remedial action and developed the system for tracking customers' requests. OHR staff is being trained and the

Remedy system will be fully functional by the end of July. The effectiveness of the Remedy system and the provided customer service training to the HR staff will be re-evaluated in September 2013.

5. **OIG Recommendation #4, page 17** "OHR Management should reassess the new OHR office structure to determine if there is a need to adjust the functions/tasks between the two teams, and/or individual team members, in order to better balance the workload amongst the teams/team members."

Management Response: Although management already started to reassess the existing structure, roles, and responsibilities; it is important to note that the OHR restructuring provided a better structure than it had before by engaging staff in the OHR office design.

The OHR engaged in several teambuilding sessions where roles and responsibilities were repeatedly clarified and discussed. The sessions also focused on setting priorities and improving customer service.

In addition, the two existing non-supervisory GS-14 Human Resources Specialists were ultimately appointed permanently as supervisors, in order to provide hands-on coaching and to increase staff accountability. These changes may not have fully remedied the old persistent problems; but it definitely improved the situation. The successful implementation of the eOPF project, which provided every FEC staff access to their electronic official personnel files; successful completion of the Labor Management Agreement negotiations; development and implementation of the FEC's telework policies; the OPM approval of a new and improved performance management system are some examples of OHR successes in these last couple of years. We request that the OIG recognize these successes for improved customer service, use of technology (eOPF), and updated policies (new approved LMA), while the management agrees that OHR customer service needs additional improvements.

6. **Section III. Office Operations, Page 28, first paragraph, the OIG stated:** "The Director of HR is not consistently approving Request for Personnel Actions (SF-52s) in a timely manner."

Management Response: The HR Director has not been consistently approving personnel actions late. The OHR staff, in an attempt to be customer service oriented, was processing personnel actions prior to the action being circulated for review and approval, based on customers' desired and proposed dates. When the HR Director became aware of this situation, she immediately instituted the following corrective actions: 1) mandated the use of the government-wide "Guide to Processing Personnel Actions," instead of HR staff relying on memory; 2) updated the OHR Standard Operating Procedures for "Setting Effective Dates;" 3), required staff to circulate the SF-52 by "walking it around" to ensure that it is reviewed and signed within a day by the appropriate officials; and 4) mandated the use of the FHR system once implemented to process personnel actions so that the requesting offices, not OHR, are initiating their own SF-52s, instead of OHR preparing them based on the requesting office's email requests.

7. **Section III. C Outdated Global Personnel Related Policies/Directives, the OIG stated that:** "All of OHR's current policies in place have not been updated to reflect current practices."

Management Response: The OIG statement is partially correct. Two thirds of the FEC employees are bargaining unit employees who follow the Labor Management Agreement. The policies for bargaining

unit employees are all updated, negotiated, and approved under the LMA, as of May 12, 2013. All the managers were trained by OHR on the contents of the LMA and the approved agreement has been provided to all staff and is posted on the FECNet.

OHR is addressing final comments received from the stakeholders on the remaining policies before receiving final approval.

8. We would like to bring to the attention of the OIG additional Improvements completed since the start of the OIG Audit in July/August 2012.

In addition to those improvements listed above, the following are additional recent improvements:

- Staff members at OHR are identified to keep the FECNet updated on a regular basis;
- IT and OHR staff are working closely together to employ FHR modules, in FY 2014. Some IT security issues need to be resolved for the system's full employment;
- Weekly Friday team meetings with the HR Director and all staff are established. In these meetings team issues and customer requests issues are discussed and resolved;
- Daily status meetings between the HR Director and the two supervisors are established. In these short standing meetings, daily priorities are made;
- Additional hands-on training was provided to HR Assistants to process SF-52s;
- New process was put in place (revised SOP; walking forms for signature until FHR system is up and running); and
- We are continuing to work on automating the process with FHR.

Federal Election Commission Office of Inspector General



Fraud Hotline 202-694-1015

or toll free at 1-800-424-9530 (press 0; then dial 1015)

Fax us at 202-501-8134 or e-mail us at oig@fec.gov

Visit or write to us at 999 E Street, N.W., Suite 940, Washington DC 20463

Individuals including FEC and FEC contractor employees are encouraged to alert the OIG to fraud, waste, abuse, and mismanagement of agency programs and operations. Individuals who contact the OIG can remain anonymous. However, persons who report allegations are encouraged to provide their contact information in the event additional questions arise as the OIG evaluates the allegations. Allegations with limited details or merit may be held in abeyance until further specific details are reported or obtained. Pursuant to the Inspector General Act of 1978, as amended, the Inspector General will not disclose the identity of an individual who provides information without the consent of that individual, unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation. To learn more about the OIG, visit our Website at: <http://www.fec.gov/fecig/fecig.shtml>

Together we can make a difference.