

# **Survey of Department Compliance**

## **With the Federal Activities Inventory Reform Act of 1998**

**Report Number AUD/PR-03-10, December 2002**

The Office of Inspector General (OIG) has completed its survey of the Department of State's (Department) progress in complying with the Federal Activities Inventory Reform Act of 1998 (FAIR Act).<sup>1</sup> The FAIR Act directs federal agencies to issue an inventory each year of all commercial activities performed by federal employees; that is, those activities that are not inherently governmental. The Department listed 3,046 full-time-equivalent (FTE) positions as available for competition on its FY 2001 commercial activities inventory. The objective of OIG's review was to analyze the Department's process for developing its inventories of commercial activities performed by federal employees. As part of the survey, OIG interviewed members of the Department's Competitive Sourcing Working Group and other bureau officials and analyzed the Department's FY 2001 inventory of commercial activities.

### **Results**

OIG found that the Department's FY 2001 inventory of 3,046 FTE positions available for competition was developed in an inconsistent manner and, consequently, was inaccurate. The guidance for preparing the FY 2001 inventory was issued by the then Bureau of Financial Management and Policy (now the Bureau of Resource Management—RM), and it included a definition of "inherently governmental" activities and generic examples of commercial activities. However, in compiling their individual inventories, the bureaus did not consistently categorize their activities as either inherently governmental or commercial.

OIG determined the extent of the inconsistencies when it reviewed the FY 2001 inventories and compared the Department's 165 commercial activities against the 157 inherently governmental activities.

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<sup>1</sup> Pub. L. No. 105-270 (1998); 31 U.S.C. 501 Note (2002).

There were 85 activities that were listed as both commercial and inherently governmental. For example, four bureaus listed 935 law enforcement, physical security, and security guard FTEs as commercial activities, but four other bureaus listed 605 FTEs in the same categories as inherently governmental, without explaining why particular categories or FTEs were inherently governmental or commercial.

On May 1, 2002, OIG's Office of Audits briefed Bureau of Administration (A) officials on the need for a clear and consistent methodology for preparing future inventories. As a result, the Department has taken a more comprehensive, systematic approach to compiling the FY 2002 inventory than it had taken with the FY 2001 submission. The Bureau of Human Resources (HR) is now responsible for the inventory.

HR generated the FY 2002 inventory using the Department's new Domestic Staffing Model.<sup>2</sup> Also, HR decided which activities are inherently governmental or commercial. OIG did not analyze the FY 2002 inventory, or HR's methodology for developing the inventory. However, as described to OIG, the new methodology should eliminate the inconsistencies found in the FY 2001 inventory. OIG will continue to monitor the Department's efforts to implement the FAIR Act and plans to review the new methodology during 2003.

OIG provided a draft of this report to HR, RM, and A. Each bureau responded that it had no comments.

The Office of Audits, Program Reviews Division, performed this survey in accordance with generally accepted government auditing standards. Major contributors included Robert Wurster, division director; Forrest A. Peters, audit manager; Janice McCain, management analyst; and Maria Hart, management analyst.

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<sup>2</sup> The Domestic Staffing Model is designed to define current resource needs accurately as well as link the Department's request for domestic human resources through workload measurement indicators.