

**CONCERNS RELATED TO SBA'S ACQUISITION PERSONNEL
EDUCATION AND TRAINING**

REPORT NUMBER 6-33

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**U.S. Small Business Administration
Office of Inspector General
Washington, D.C. 20416**

MANAGEMENT ADVISORY REPORT
Issue Date: September 29, 2006
Report Number: 6-33

TO: Lewis Andrews
Associate Deputy Administrator for Management and Administration

/s/ original signed
FROM: Debra S. Ritt
Assistant Inspector General for Auditing

SUBJECT: Concerns Related to SBA's Acquisition Personnel Education and Training

This memorandum is to notify you that the Office of Inspector General (OIG) has completed its survey of SBA's acquisition personnel education and training and has decided not to proceed with an audit at this time due to SBA's limited progress in implementing the Office of Management and Budget's (OMB) requirements related to acquisition personnel. SBA lacked documentation available for OIG review, such as acquisition personnel rosters and training records. However, we believe it would be helpful to provide for your consideration a summary of the OIG's observations and concerns regarding SBA's implementation of the OMB Letters pertaining to the acquisition workforce. Our decision not to proceed with an audit does not preclude the OIG from performing additional work on SBA's acquisition workforce education and training in the future.

Our objectives in conducting the survey were to determine the extent to which SBA implemented the Office of Federal Procurement Policy Letter 05-01, *Developing and Managing the Acquisition Workforce*. The goal of OMB's acquisition workforce policies is to create a Federal acquisition workforce with the skills necessary to deliver best value supplies and services, find the best business solutions, and provide strategic business advice to accomplish agency missions. Policy Letter 05-01, issued by the Office of Management and Budget on April 15, 2005, incorporated Policy Letters 92-3 and 97-01, which established the government-wide framework for creating a Federal acquisition workforce. Policy Letter 05-01 aims to improve the development of the acquisition workforce by more broadly defining this workforce and by more closely aligning the education, training and experience requirements between defense and

civilian agencies for entry and advancement in the acquisition career fields. It also requires a certification program for acquisition personnel in civilian agencies.

We focused our survey work on determining whether SBA had (1) identified its acquisition workforce, (2) maintained information on the education and experience of acquisition staff, and (3) assessed the skill level of this workforce. We examined OMB Policy Letter 05-01, and other related OMB policy directives. We also reviewed SBA's draft Standard Operating Procedure, *Professional Acquisition Career Development*, SOP 39 15 2, and *Procurement Career Management Program*, SOP 39 15 1. Additionally, we interviewed SBA's former Assistant Administrator (AA) for Administration, SBA's Acquisition Career Manager (ACM), and the OMB Policy Analyst responsible for providing guidance to agencies on OMB procurement policies. We attempted to meet with SBA's Chief Acquisition Officer (CAO), who declined to meet with us and referred us to the former AA for Administration. Fieldwork was performed in Washington, DC during April and May 2006.

OBSERVATIONS

SBA has not completed the basic steps necessary to comply with Policy Letter 05-01 including: (1) identifying its acquisition workforce; (2) collecting experiential and training information on its acquisition workforce; and (3) assessing the skill level of its workforce. SBA solicited staff input on their job duties and skill levels, but will not have this information analyzed and in the Federal acquisition workforce database by October 1, 2006, as required. Consequently, SBA cannot provide assurances that it has a highly qualified and well-trained acquisition workforce that possesses the core competencies specified by OMB. Based on our discussions with a knowledgeable OMB official, SBA's progress in meeting the requirements of Policy Letter 05-01 is behind that of other Federal agencies. Because implementing Policy Letter 05-01 will require an agency-wide effort and a multi-year budget strategy, SBA will need to develop a plan to assist the Agency in ensuring compliance with the policy letter requirements.

SBA Has Not Identified Its Acquisition Workforce

Policy Letter 05-01 requires that agencies identify all individuals involved in acquisitions, including those working outside traditional contracting functions who are responsible for determining procurement requirements, measuring contract performance and providing technical and management direction so they can be developed using common standards. OMB requires that at a minimum, agencies include all positions in the General Schedule contracting series (GS-1102); all Contracting Officers with the authority to obligate funds above the micropurchase threshold regardless of general schedule series; program and project managers as identified by the agency's CAO; all contracting officer's representatives and contracting officer's technical representatives; and any significant acquisition-related positions identified by the CAO using the guidance from Policy Letter 05-01.

We found that SBA has not yet identified its acquisition workforce as required by OMB Policy Letter 05-01. SBA issued a procedural notice to all employees requesting them to submit a profile of their regularly performed job functions and training needs. SBA will use these profiles to develop a comprehensive list of its acquisition workforce that includes those

individuals who occasionally perform acquisition-related tasks. However, SBA has not established a timeframe for completing this task. Imposing such a broad definition complies with the letter and spirit of OMB Policy Letter 05-01. However, since SBA is relying on staff and not personnel or training records, it is not clear how SBA's Office of Human Capital will be involved to ensure the accuracy of the information collected.

SBA Has Not Tracked the Education, Training or Experience of Acquisition Staff

SBA has not collected or maintained individual education, training and experience data on members of its acquisition workforce. OMB Policy Letter 05-01 requires that by October 1, 2006, each Federal agency have complete, current records in the Federal Acquisition Institute's Acquisition Career Management System (ACMIS) for, at a minimum: all positions in the general schedule contracting series (GS-1102); all contracting officers regardless of general schedule series with authority to obligate funds above the micropurchase threshold; and all positions in the general schedule purchasing series (GS-1105).

The Clinger-Cohen Act, which amended the Office of Federal Procurement Policy Act pertaining to the Federal acquisition workforce, and Policy Letter 97-01 stipulated that Federal agencies should develop a management information system to track acquisition workforce continuing education requirements. The former AA for Administration told us that such a system had not been developed. Because SBA has not identified or maintained data about its acquisition workforce, meeting the October 1, 2006, deadline will be difficult and require a greater level of effort for SBA than would otherwise be needed.

SBA Has Not Defined Its Plans to Develop a Skills Inventory of Its Acquisition Workforce

Once SBA fully identifies its acquisition workforce, it will need to assess the skills of this workforce to identify short-term and long-term hiring and training needs, and establish plans, including recruitment and retention strategies, in order to obtain the acquisition workforce resources and skills required to meet future Agency mission needs.

Although OMB's Policy Letter 05-01 does not specify the steps required to implement the directive, it assigns responsibility to the CAO for implementing a budget strategy that reflects the workforce's developmental needs. Identifying workforce needs will be a complicated process involving SBA management at almost every level. Working with the Office of Human Capital and SBA program managers, the CAO and ACM will need to review SBA position descriptions to determine the skills required for each position, match job requirements with the skills of personnel in the positions, and develop a strategy to fill discovered gaps. Additionally, a budget strategy based on SBA's priorities and available resources will need to be developed. Such a strategy might include determining whether skill gaps will be addressed through recruitment or training of the existing workforce, assessing the related budget impact, identifying funding sources, and prioritizing funding needs.

CONCLUSION

Without documented plans to fulfill the requirements of Policy Letter 05-01, which SBA has yet to develop, SBA risks not having a highly qualified, well-trained workforce based on the framework of core competencies specified by OMB. Completing the tasks necessary to comply with OMB Policy Letter 05-01 will require a significant level of effort for any agency. For SBA, the level of effort required will be even greater because it did not previously establish a personnel database required by the Clinger-Cohen Act and because SBA had a late start in identifying its acquisition workforce. Beyond the Procedural Notice the Agency issued to solicit staff input on their acquisition-related duties, experience and training, it is not clear how SBA will collect, synthesize and analyze this data to meet the October 1, 2006, deadline for ACMIS or how it will use the data to determine and then fill skill gaps in the workforce. Additionally, it is not clear what role the Office of Human Capital will play in the process. For SBA to achieve the goals of the Policy Letter and for it to ensure that the Agency develops and maintains an acquisition workforce with the necessary skills to accomplish Agency goals and objectives, SBA should develop a detailed transition plan, as recommended in the Policy Letter, to guide its efforts to comply with OMB Policy Letter 05-01.

RECOMMENDATION

We recommend that the Associate Deputy Administrator for Management and Administration, in his role as SBA's Chief Acquisition Officer:

1. Develop a plan for meeting the requirements of Policy Letter 05-01 that assigns responsibility and establishes timeframes for identifying the workforce, assessing skill levels and training needs, and provides for the tracking and reporting of workforce data.

SBA MANAGEMENT'S RESPONSE AND OIG'S EVALUATION OF MANAGEMENT'S RESPONSE

The Associate Deputy Administrator for Management and Administration (ADA) stated that SBA is making progress in meeting the letter and spirit of OMB acquisition workforce requirements. He further stated that SBA is making progress in identifying its acquisition workforce and is not far behind other agencies in meeting OMB's requirements for transitioning to the mandated acquisition workforce tracking system. The ADA also indicated that while a high level plan has been developed that considers all aspects necessary for full implementation of Policy Letter 05-01, he agreed with our recommendation and stated that as forthcoming OMB guidance clarifies timelines, the plan will be refined to include the necessary detail to ensure progress and compliance on this important initiative. The ADA's response is included in its entirety as Attachment 1.

The ADA's planned actions are responsive to our recommendation. The refined plan should assign responsibility and establish timeframes for identifying SBA's acquisition

workforce, assessing skill levels and training needs, and tracking workforce data. The plan should list the specific actions necessary to accomplish the aforementioned tasks, the name(s) of the responsible official(s) who will complete the actions, and agreed-upon milestones. Upon receipt of the refined detailed plan, the OIG will consider final action to have occurred.

* * * * *

The findings included in this report are the conclusions of the Office of Inspector General's Auditing Division. The findings and recommendation are subject to review, management decision, and corrective action by your office in accordance with existing Agency procedures for audit follow-up and resolution. Should you or your staff have any questions, please contact Robert Hultberg, Director, Business Development Programs Group at (202) 205-**[EXEMPTION 2]**.

Should you or your staff have any questions, please contact Robert G. Hultberg, Director, Business Development Programs Group at (202) 205-**[EXEMPTION 2]**.



U.S. SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

September 14, 2006

To: Debra S. Ritt
Assistant Inspector General for Auditing

FROM: Lewis Andrews EXMEPTION 6
Associate Deputy Administrator for Management and Administration
(ADA/M&A)

EXEMPTION 6

SUBJECT: Concerns Related to SBA's Acquisition Personnel Education and Training

This memorandum is in response to the draft Management Advisory Report dated August 14, 2006 related to SBA's acquisition personnel education and training. My office has reviewed pertinent Office of Management & Budget (OMB) acquisition workforce policies, internal plans related to acquisition workforce implementation, SBA's Standard Operating Procedure (SOP) regarding the acquisition career management and development of the acquisition workforce, as well as other small and large agencies' progress in meeting the revised requirements. Our review indicates that the SBA is making progress in meeting the letter and spirit of OMB acquisition workforce policies. We concur with your recommendation and note that the following actions have been taken with respect to making progress in the identification of the acquisition workforce, acquisition workforce tracking and the development of an implementation plan.

SBA Has Made Progress in Identifying Its Acquisition Workforce

OMB Policy Letter 05-01 outlines the general guidelines for inclusion of positions in the acquisition workforce. At a minimum, these include positions in the traditional contracting and purchasing series, warrant holders, contracting officer representatives/contracting officer technical representatives (CORs/COTRs), program/project managers and any other significant acquisition-related positions identified by the Chief Acquisition Officer (CAO). M&A has been working with the Office of Human Capital Management (OHCM) to identify these individuals as well as their relevant training using information obtained from the OHCM Payroll & Processing System (PPS). Available information on the contracting and purchasing series was obtained from the PPS was received in April 2006. This complete listing of those in the contracting and purchasing series was used to provide notification of the curriculum changes and new government-wide certification requirements. Other segments of the acquisition workforce could not be readily identified through the PPS. Therefore, M&A consulted with OHCM on a procedural notice to identify individual members of the acquisition workforce as well as to obtain training information on such individuals, since such information is not maintained by OHCM. Consequently, Procedural Notice 0000-1956, was issued on August 10, 2006. The information received in response to the

Procedural Notice will be analyzed along with the data obtained from the PPS in order to identify any skills gaps in the acquisition workforce. The results of this analysis will shape the development and implementation of the acquisition workforce education and training program. Milestones will be developed to ensure compliance with relevant OMB Guidance. OHCM has been involved in the process of identifying SBA's acquisition workforce. M&A and OHCM have worked together to identify all available information regarding the demographics, education and training of individual members of the acquisition workforce. Although OHCM maintains some information regarding the acquisition workforce, pursuant to Policy Letter 05-01, the responsibility for identifying the members of the agency's acquisition workforce as well as developing and maintaining an acquisition career management program to ensure the development of a competent, professional workforce to support the accomplishment of SBA's mission is the responsibility of the CAO, ADA M&A.

Acquisition Workforce Tracking System

SBA did maintain a Procurement Career Management Program Data System (PCMPDS) that contained workforce data required by OMB Policy Letter 97-01. The PCMPDS was an automated management information system that the SBA chose not to continue funding. Without adequate funding the system was not supported and became obsolete. However, the experience of other agencies suggests that the existence of an automated management information system would not expedite transition to the new mandated government-wide Acquisition Career Management Information System (ACMIS). An existing management information system creates a number of issues around system interoperability. Agencies with current systems have not been able to meet the October 1, 2006 deadline outlined in Policy Letter 05-01. Recognizing the complexity of the system issues involved, changes are scheduled to be made to ACMIS. In addition, the October 1, 2006 compliance date will be changed to allow agencies the time necessary to develop interfaces as well as the time needed to make the necessary system changes to ACMIS. Simply the existence of a management information system would not have allowed SBA to meet the initial October 1, 2006 compliance date. Furthermore, critical processes necessary to analyze acquisition workforce legacy training are not in place, making it impossible for agencies to assess the training and competencies of the majority of their acquisition workforce. Consequently, the SBA is not far behind other agencies in meeting OMB's requirements for transitioning to the mandated acquisition workforce tracking system, ACMIS.

SBA has Defined Preliminary Plans to Develop a Skills Inventory of Its Acquisition Workforce

A high level plan has been developed that considers all aspects necessary for full implementation of Policy Letter 05-01. The plan addresses the following areas. Also included below is the progress made in each area:

- Updating SBA acquisition workforce career development policy
 - Significant progress has been made in establishing a core curriculum for the contracting and purchasing series

- SBA's Standard Operating Procedure (SOP) regarding acquisition career development is in the process of being updated to reflect Policy Letter 05-01
- Identifying (by individual) acquisition positions
 - Procedural Notice was issued August 10, 2006, requesting profiles from individual members of the acquisition workforce
 - Reports have been received from the PPS which have been used to identify a significant portion of the SBA acquisition workforce
- Skills Assessment
 - Reviewed a commercial electronic skills assessment
 - Considering government-wide skills assessments to be offered through the Federal Acquisition Institute (FAI) and Department of Transportation (DOT)
- Budget
 - An acquisition career management budget increase was submitted for FY '08
- Database Options & ACMIS
 - The ACM participates in the ACMIS workgroup under the Interagency Acquisition Career Management Council (IACMC). The group is active in assessing ACMIS and recommending changes to improve the suitability of the system in meeting agencies needs.
 - FAI and OMB have recognized that ACMIS will not be ready to accept all segments of the acquisition workforce by the October 1, 2006 deadline. Therefore, OMB has informally notified Acquisition Career Managers (ACMs) that the October 1, 2006 deadline will be extended.
- Training
 - The basic curriculum for the contracting series has been established and communicated to the contracting community. Training has been offered to these individuals. To date, 25 SBA employees have been registered for the mandatory core curriculum contracting courses.
 - A total of 12 mandatory core curriculum contracting courses have been offered to the SBA contracting community. These courses were offered several times throughout the year in different locations throughout the country. These courses will also be offered in FY '07.
 - Training at SBA Headquarters for CORs/COTRs and program/project managers was also offered in May and June 2006.
 - Three additional courses for the acquisition workforce are scheduled for the 1st quarter of FY 2007.
- Communication

- **Program Metrics**
 - SBA will use the performance metrics suggested by the Chief Acquisition Officer Council (CAOC)

- **Human Capital Planning**
 - Funding has been requested to acquire contractor support to help develop a strategic human capital plan for the entire SBA acquisition workforce

With respect to your recommendation we agree that a plan is needed for meeting the requirements of Policy Letter 05-01 that assigns responsibility and establishes timeframes for identifying the workforce, assessing skill levels and training needs, and provides for the tracking and reporting of workforce data. A high level plan has already been developed that addresses full implementation of Policy Letter 05-01. Execution of the existing plan has allowed SBA to keep in pace with the other agencies that are also implementing Policy Letter 05-01. M&A fully recognizes that as forthcoming OMB guidance clarifies timelines it will have to refine the implementation plan to include the necessary detail to ensure progress and compliance on this important initiative.

cc: Stephen Galvan, Chief Operating Officer
Richard, Chief Human Capital Officer

SBA Acquisition Career Management (ACM) Plan

Purpose: To promote the development and certification of Agency acquisition employees
Applicability: All SBA employees performing acquisition duties, e.g. including General Series 1102, 1105, 1106, & COTRs, 1150s

Planned Activities

Phase I	Phase II
<p><i>Objective: Develop formal ACM Policy by: (a) issuing SBA Acquisition Career Management Program (ACMP); (b) identifying acquisition positions; (c) conducting a skills assessment; (d) preparing budget; and (e) assessing database options</i></p>	<p><i>Objective: Implement formal ACMP by: (a) communicating the program; (b) scheduling training courses; (c) populating the database; and (d) evaluating progress using performance measures</i></p>
<p><u>Finalize & Issue ACMP Policy (06-30-06)</u></p> <ul style="list-style-type: none"> ◆ Align policy with: <ul style="list-style-type: none"> ◆ OFPP Policy Letter 05-01 ◆ OFPP Policy Letter 06-01 ◆ Incorporate Internal Controls ◆ Issue a i. and a z. Draft for comment 	<p><u>Training</u></p> <ul style="list-style-type: none"> ◆ Develop training schedule ◆ Schedule courses ◆ Fill seats ◆ Evaluate
<p><u>Identify Acquisition Positions</u></p> <ul style="list-style-type: none"> ◆ Obtain updated OHRM Report ◆ Identify acquisition functions ◆ Work offices to obtain listings ◆ Compile final list/spreadsheet of positions 	<p><u>Database</u></p> <ul style="list-style-type: none"> ◆ Choose database ◆ Populate & Test ◆ Rollout
<p><u>Skills Assessment</u></p> <ul style="list-style-type: none"> ◆ Obtain training profiles ◆ Analysis of profiles ◆ Identify skill gaps ◆ Evaluate use of electronic skills assessment 	<p><u>Communication</u></p> <ul style="list-style-type: none"> ◆ Develop recommendations to foster regular communication among the acquisition workforce <ul style="list-style-type: none"> ◆ Website ◆ Listserv ◆ Communicate new requirements to contracting community (4/2006)
<p><u>Budget</u></p> <ul style="list-style-type: none"> ◆ Work w/HC Office to offer courses ◆ Develop training budget ◆ Plan for skills assessment, database & implementation (communication) 	<p><u>Performance Metrics</u></p> <ul style="list-style-type: none"> ◆ Develop metrics (BSC?) <ul style="list-style-type: none"> ◆ Meets training requirements for career path ◆ Meets education standard ◆ Past Performance Database – use & final contractor evaluation ◆ Performance Plans ◆ Update PDs
<p><u>Database Options</u></p> <ul style="list-style-type: none"> ◆ Review ACMIS ◆ Assess link to BSC ◆ Benchmark agency databases 	<p><u>Human Capital Planning</u></p> <ul style="list-style-type: none"> ◆ Obtain Data ◆ Work w/HC Office

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