
Oversight of the Department of Education's Reimbursable Work Authorization Process

FINAL AUDIT REPORT



ED-OIG/A17G0001
September 2006

Our mission is to promote the efficiency,
effectiveness, and integrity of the
Department's programs and operations.



U.S. Department of Education
Office of Inspector General
Financial Statements Internal Audit Team
Washington, DC

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE INSPECTOR GENERAL

SEP 25 2006

Memorandum

TO: Michell C. Clark
Assistant Secretary for Management
Office of Management

FROM: Helen Lew *Helen Lew*
Assistant Inspector General for Audit Services
Office of Inspector General

SUBJECT: Final Audit Report
Oversight of the Department of Education's Reimbursable Work Authorization
Process (Control Number ED-OIG/A17G0001)

Attached is the subject final audit report that covers the results of our review of oversight of the Department of Education's Reimbursable Work Authorization Process at Washington, DC, during the last quarter of fiscal year 2005. An electronic copy has been provided to your Audit Liaison Officers. We received your comments concurring with the findings and recommendations in our draft report.

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System (AARTS). ED policy requires that you develop a final corrective action plan (CAP) for our review in the automated system within 30 days of the issuance of this report. The CAP should set forth the specific action items, and targeted completion dates, necessary to implement final corrective actions on the findings and recommendations contained in this final audit report.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after six months from the date of issuance.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us during this review. If you have any questions, please call Greg Spencer, Director, Financial Statements Internal Audit Team at (202) 245-6015.

Enclosure

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EXECUTIVE SUMMARY

The Federal Property and Administrative Services Act of 1949 gave the General Services Administration (GSA) the responsibility to manage the Government's real property. The Public Buildings Service (PBS) was established by the Public Buildings Act of 1959, which sets forth the functions of PBS, including "providing for repairs and alterations of Government owned or leased space on a reimbursable basis." This function is the basis for the Reimbursable Work Authorization (RWA) program which was established to capture and bill the costs of altering, renovating, repairing, or providing services in space managed by GSA over and above the basic operations financed through rent.

The Office of Management/Facilities Services (OM/FS) manages the Department of Education's (Department) RWA function. OM Project Managers (OM/PMs) communicate the Department's request to GSA and agree on a comprehensive scope of work and completion date with GSA. GSA is responsible for preparing direct cost estimates, its management and indirect cost, and all other related cost for services with the Department.

The objectives of our audit were to determine (1) the adequacy of the Department's oversight of the RWA process, (2) if RWA funds are tracked and accounted for properly, (3) if a systemic issue exists with the tracking and accounting of the RWA funds, and (4) the reasonableness of employee overtime pertaining to the RWA process.

Our audit disclosed that there is (1) a lack of clarity of roles and responsibilities for the various personnel governing the RWA process, (2) inadequate financial accountability and ineffective reporting of RWA activities, and (3) a lack of compliance with the Department's guidance on premium pay. In addition, our audit work revealed that no one individual appeared to have earned excessive overtime when compared to all other individuals in OM/FS.

To correct the identified weaknesses, we recommend that the Assistant Secretary for Management:

- ❑ Develop, disseminate, and keep current written policies and procedures for the RWA process. The policies and procedures should be specific and detailed enough to provide sufficient guidance for a standardized approach to be followed by all Department personnel responsible for RWAs. At a minimum, the policies and procedures should be developed by OM with support from the Principal Offices (PO) and GSA and should include a description of the RWA process, when RWAs are to be used, the roles and responsibilities of GSA, OM and the POs, and the interdependency of OM and POs for financial accountability.
- ❑ Establish a clear understanding with GSA that the Department will refuse payment for work performed outside of the agreed upon scope of the RWA agreements.

- ❑ Track and reconcile RWA funds appropriated, expended and the balance available with GSA and the POs on a regular basis, using available tools from GSA and the Department. The reconciliation should include documentation of the research performed and the resolution of any differences identified. All differences identified should be researched and resolved in a timely manner. In addition, a supervisory review and approval of the reconciliations should be performed and documented.
- ❑ Ensure reconciliations are performed properly by providing OM/FS and PO personnel with access to and training on the available GSA and Departmental tools (e.g., GSA PBS RWA website and the Award Financial History Report in Oracle).
- ❑ Ensure that OM/FS works with GSA in closing out RWAs.
- ❑ Not pay overtime unless requests are approved in advance by completion of the authorizing memorandum, Appendix A, by authorized officials in accordance with the Department's guidance on premium pay.

In response to the draft audit report, OM concurred with the findings and recommendations and provided a proposed corrective action plan to address each recommendation. The full text of OM's response is included as Appendix C to this audit report.

BACKGROUND

The Federal Property and Administrative Services Act of 1949 gave GSA the responsibility to manage the Government's real property. PBS was established by the Public Buildings Act of 1959, which sets forth the functions of PBS, including "providing for repairs and alterations of Government owned or leased space on a reimbursable basis." This function is the basis for the RWA program which was established to capture and bill the costs of altering, renovating, repairing, or providing services in space managed by GSA over and above the basic operations financed through rent.

OM/FS manages the Department's RWA function. OM/PMs communicate the Department's request for services to GSA and agree on a comprehensive scope of work and completion date with GSA. GSA is responsible for preparing direct cost estimates, its management and indirect cost, and all other related cost for services with the Department.

The RWA (GSA Form 2957) is a document submitted by federal agencies requesting that GSA perform work for them on a reimbursable basis. It serves as a written agreement between the GSA and the requesting agency, describing the work or services ordered and giving an estimate of the cost of work or services. The RWA provides the requesting agency with a citation that its appropriation or fund will be charged and a statement that funds equal to cost estimates are available for immediate obligation.

As GSA pays its contractors, it then bills the Department through Intra-governmental Payment and Collection (IPAC) statements. IPACs are immediate transfers of funds between federal agencies. The Department may reject payment if the goods or services have not been received within 90 days of receiving the IPAC statement. Once the Department disputes a charge, the Department is reimbursed and GSA must prove that the charge is valid.

Departmental RWAs, projects and services that benefit all POs within the Department, or in some cases, selective POs in the Department, are funded through common support. These funds are allocated to the OM's Executive Office through the Office of Planning, Evaluation and Policy Development/Budget Service (OPEPD/BS). OM's accounting string is assigned to these Departmental RWAs. OM/FS and OM's Executive Office staff account for these funds. RWAs that are specific to a PO are funded through the applicable PO's accounting string. OM/FS and the PO's Executive Office staff both account for these funds.

OM/PMs track RWA expenditures using one of two different GSA tracking systems: PBS and Federal Supply Service (FSS). In addition, GSA representatives periodically provide OM/PMs Funds Status Reports, which give an accounting of RWA expenditures and GSA costs to date. PO staff interviewed stated that they do not contact GSA directly but rely on OM/FS for RWA status information. Currently, POs are attempting to manage RWA expenditures through IPAC statements and Award Financial History Reports in Oracle.

AUDIT RESULTS

Overall, we found that improvements are needed in the oversight of the RWA process. Our audit revealed that there is a lack of clarity of roles and responsibilities for the various personnel governing the RWA process and inadequate financial accountability and ineffective reporting of RWA activities. In addition, although our audit work revealed that no one individual appeared to have earned excessive overtime when compared to all other individuals in OM/FS, there is a lack of compliance with the Department's guidance on premium pay.

In response to the draft audit report, OM concurred with the findings and recommendations and provided a proposed corrective action plan to address each recommendation. The full text of OM's response is included as Appendix C to this audit report.

Finding No. 1 – Lack of Clarity of Roles and Responsibilities for the Various Personnel Governing the RWA Process

POs, as well as OM/PMs, lack meaningful and effective guidance on the oversight of the RWA process. To date, OM has not developed written policies and procedures for the RWA process. Results of interviews conducted with personnel involved in the RWA process reflect that responsibilities have not been clearly defined and that various POs and PMs have created ad hoc systems and procedures for oversight of RWAs. By not having written policies and procedures, a lack of understanding exists about OM and PO functional responsibilities and how to effectively carry out those responsibilities. Accountability is also diminished.

In some cases, POs rely on one person to establish their RWA process, making them vulnerable to changes in personnel. In other cases, when POs were in close proximity to GSA, its staff contacted GSA directly, bypassing OM, which resulted in OM not being aware of the RWA. Departmental policies and procedures would provide standard guidance to ensure consistent performance at a required level of quality resulting in more efficient and effective operations and accountability.

U.S. Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, dated November 1999 (GAO's *Standards for Internal Control*), state in the standard on Control Environment that "the agency's organizational structure clearly define key areas of authority and responsibility and establish appropriate lines of reporting. The environment is also affected by the manner in which the agency delegates authority and responsibility throughout the organization. This delegation covers authority and responsibility for operating activities, reporting relationships, and authorization protocols...."

In the standard on Information and Communications, GAO's *Standards for Internal Control* also state "pertinent information should be identified, captured, and distributed in a form and time frame that permits people to perform their duties efficiently. Effective communications should occur in a broad sense with information flowing down, across, and up the organization. In addition to internal communications, management should ensure there are adequate means of communicating with, and obtaining information from, external stakeholders that may have a significant impact on the agency achieving its goals."

Recommendation

To improve the Department's oversight of the RWA process, we recommend that the Assistant Secretary for Management:

- 1.1 Develop, disseminate, and keep current written policies and procedures for the RWA process. The policies and procedures should be specific and detailed enough to provide sufficient guidance for a standardized approach to be followed by all Department personnel responsible for RWAs. At a minimum, the policies and procedures should be developed by OM with support from the POs and GSA and should include a description of the RWA process, when RWAs are to be used, the roles and responsibilities of GSA, OM and the POs, and the interdependency of OM and POs for financial accountability.

Finding No. 2 – Inadequate Financial Accountability and Ineffective Reporting of RWA Activities

Proper reconciliations of Department RWA funds are not being performed consistently. Available GSA data and internal system reports are not being used; accountability for the various aspects of the RWA process is not defined; and prior OM/FS management did not require regular reconciliations between OM/FS, GSA, and the POs.

OM/FS has stated that it is in the process of implementing monthly meetings with POs that have separate appropriations on the status of their RWA funds. At these meetings, POs will be provided with OM tracking documentation and GSA Funds Status Reports. In addition, OM/FS is also implementing quarterly meetings with GSA to discuss GSA Funds Status Report balances.

By not performing reconciliations on a consistent basis the Department lacks assurance that RWA data is accurate and complete; material errors or irregularities are detected; differences are resolved quickly; and year-end reporting of RWA expenditures and unexpended obligations are accurate. In addition, OM cannot be certain that it is maintaining an accurate accounting of the population of Departmental RWAs for which GSA is procuring services.

For example, the table below reflects some of the differences we noted in available balances between GSA, OM and Oracle financial data.

Available Balance Comparison

Sample Number	RWA Number/ED Number	GSA	OM	Oracle
2	RWA 3043941/ED-02-NP-0969	\$32,898.00	\$32,898.00	(\$39,165.58)
3	RWA 3321472/ED-04-NP-0172	\$97,099.00	\$97,099.00	\$113,874.08
4	RWA 3535006/ED-05-NP-0256	\$124.52	\$124.52	\$8,338.50
5	RWA 3475263/ED-05-NP-0121	\$4,982.00	\$4,982.00	\$16,616.93
7	RWA 2857536/ED-03-AR-0053	\$2,376.78	\$2,376.78	\$0.00
9	RWA 3571125/ED-05-AR-0108	\$776.52	\$227.43	\$1,875.52
10	RWA 3539646/ED-05-NP-0419	\$9,733.51	\$9,443.65	\$90,600.00
11	RWA 2758169/ED-01-NP-0769	(\$0.72)	(\$0.72)	\$59,830.27

In addition to the available balance differences, we noted other problems with accountability over RWA activity:

- ❑ Item number seven is an Office for Civil Rights (OCR) RWA created in June 2003 for architectural services. However, due to a data entry error on the original RWA paperwork, GSA work under this RWA was charged multiple times to an interagency agreement between the Office of the Chief Financial Officer (OCFO) and Health and Human Services. The lack of effective reconciliation procedures prevented OM/FS from identifying and resolving this problem in a timely manner.
- ❑ During the course of the audit, we were also provided an email from OM/FS that stated GSA applied some OM/FS funds to another PO's project by mistake over the past couple of years. While OM/FS attempted to reconcile this discrepancy, GSA was unable to provide any specific information. The difference remains unresolved.
- ❑ OM/FS management stated that there have been instances where personnel outside of OM/FS made requests, and GSA performed and billed for work outside of the agreed upon scope of the RWA. This creates problems for OM/FS when it attempts to determine the legitimacy of expenditures, as well as the available balance amounts. In some instances, this resulted in OM/FS having to allocate additional funding to complete the work anticipated under the original RWA agreement.
- ❑ OM/FS management also stated that there have been instances where GSA has closed Department RWAs without prior authorization. This creates problems in completing planned work in the RWA.

GAO's *Standards for Internal Control* state in the standard on Control Activities that "control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives, such as the process of adhering to requirements for budget development and execution. They help ensure that actions are taken to address risks. Control activities are an integral part of an entity's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results. Control activities occur at all levels and functions of the entity. They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide evidence of execution of these activities as well as appropriate documentation."

Office of Management and Budget's revised Circular No. A-123, *Management's Responsibility for Internal Control*, dated December 21, 2004, states "management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations... Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations."

Recommendations

We recommend that the Assistant Secretary for Management:

- 2.1 Establish a clear understanding with GSA that the Department will refuse payment for work performed outside of the agreed upon scope of the RWA agreements.
- 2.2 Track and reconcile RWA funds appropriated, expended, and the balance available with GSA and the POs on a regular basis, using available tools from GSA and the Department. The reconciliation should include documentation of the research performed and the resolution of any differences identified. All differences identified should be researched and resolved in a timely manner. In addition, a supervisory review and approval of the reconciliations should be performed and documented.
- 2.3 Ensure reconciliations are performed properly by providing OM/FS and PO personnel with access to and training on the available GSA and Departmental tools (e.g., GSA PBS RWA website and the Award Financial History Report in Oracle).
- 2.4 Ensure that OM/FS works with GSA in closing out RWAs.

Finding No. 3 – Payment of Premium Pay Without Proper Documentation of Overtime Requests and Authorization Forms

Our review revealed that OM/FS personnel did not complete the required standard authorization forms for all premium pay earned during the review period, and OM officials did not follow Departmental instructions regarding employees that received overtime pay in lieu of compensatory time off. For pay period 25, 2004 through pay period 24, 2005, OM paid premium pay on a total of 617.5 hours. Based on a comparison of SF-5003 Overtime Request and Authorizations provided and payroll records reviewed for OM/FS employees for this period, four employees were compensated for a total of 201.5 overtime hours without proper authorization forms being completed, and two employees were compensated for a total of 9.5 hours over the hours authorized on the SF-5003 Overtime Request and Authorizations provided for review, for a total of 211.0 hours compensated without proper authorization. For the same pay periods, proper overtime request and authorization forms supported a total of 406.5 hours of overtime. In addition, the required Senior Officer approval was not obtained for the SF-5003 Overtime Request and Authorizations for employees that received overtime pay in lieu of compensatory time off.

By not having proper Overtime Request and Authorization forms for premium pay and following Departmental instructions, employees working without proper overtime request authorizations risk that funds to compensate them for overtime work may not be available within their PO.

U.S. Department of Education Personnel Manual Instruction (PMI) 550-3, Premium Pay, dated October 25, 1984 states, “overtime be approved in advance by completion of SF-5003 (Overtime Request and Authorization) by officials who have been delegated authority to approve overtime. The only exception is in instances of bona fide emergencies where the Recommending or Approving Officials find it impracticable to obtain advance authorization, and where there is no doubt that the overtime would be approved. In such instances, the supervisor will submit SF-5003 (Overtime Request and Authorization) for authorization at the earliest possible time.”

In addition, PMI 550-3, Premium Pay, states “when irregular occasional overtime is properly authorized for employees who are exempt from the provisions of the Fair Labor Standards Act (FLSA) and whose basic compensation is above the maximum for GS-10 (GS-10, step 10), compensatory time off in lieu of overtime pay will be authorized...However, in instances of emergencies, exceptions may be permitted for employees up through grade GS-14 to receive overtime pay for overtime work with prior approval of their Senior Officer (any official who is the head of an office or major organizational component of the Department and reports directly to the Secretary and Under Secretary).”

Recently the Department issued a revised PMI 550-3, Premium Pay, effective June 25, 2006. Under the new guidance, Department officials requesting employee overtime are required to complete an authorizing memorandum, Appendix A, which has replaced SF-5003 (Overtime Request and Authorization).

Recommendation

To improve the Department's oversight of premium pay we recommend that the Assistant Secretary for Management:

- 3.1 Not pay overtime unless requests are approved in advance by completion of the authorizing memorandum, Appendix A, by authorized officials in accordance with the Department's guidance on premium pay.

OTHER MATTERS

During the course of our fieldwork we noted one OM/FS employee that was classified in the Department's payroll system as non-exempt from the FLSA when the individual's duties, responsibilities and grade level were commensurate with employees that are exempt from the FLSA. OM confirmed that this employee was classified incorrectly. According to payroll records, this individual earned 11.0 hours of overtime during the review period, and under the non-exempt status received a total of \$563.54 in overtime pay. According to our calculations, as a FLSA exempt employee, this individual should have received a total of \$377.52 for the 11.0 hours of overtime earned. The incorrect classification resulted in the individual being overpaid by \$186.02.

While we reviewed payroll data to determine the reasonableness of RWA related overtime, it was not within the scope of this audit to determine the adequacy of the Department's internal controls over the payroll system, or determine the policies and procedures that OM/Human Resources uses to classify an employee as exempt or non-exempt from the FLSA. However, we have relayed the information to OM/Human Resources, and it is in the process of changing the employee's status in the Department's payroll system from non-exempt to exempt from the FLSA.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine (1) the adequacy of the Department's oversight of the RWA process, (2) if RWA funds are tracked and accounted for properly, (3) if a systemic issue exists with the tracking and accounting of the RWA funds, and (4) the reasonableness of employee overtime pertaining to the RWA process.

To accomplish our objectives, we focused on identifying the Department's internal control policies and procedures pertaining to RWAs, obtaining a walkthrough of the RWA process, and obtaining and analyzing RWA tracking and reconciliation records. We conducted interviews with staff from OM and the OCFO regarding the RWA process. Additional interviews were held with staff from Federal Student Aid (FSA) and the OCR regarding the RWA funding and payment process. In addition, we contacted GSA to discuss its role in the RWA process.

We received spreadsheets from OM/FS that listed all of the Department RWAs that OM/FS tracked during the last quarter of fiscal year 2005. We then pulled GSA figures from the PBS RWA website for these RWAs. We also ran Award Financial History Reports in Oracle. Each of the sources included RWA balances including total obligated amounts, expenditures, and remaining available balance. We noted the RWAs that had discrepancies in the remaining available balances. From the RWAs that had balance discrepancies, we selected 12 for further review.

Department RWAs are funded through either OM appropriations or directly from appropriations of FSA, OCR, and Office of Inspector General (OIG). Due to the increased complexity inherent in having the POs directly funding its RWAs, we selected FSA and OCR RWAs for our audit sample. Because our test results reflected a consistent level of problems with the accounting of funds, we decided not to do any further sampling and report out on the current findings.

To satisfy the fourth objective, we secured payroll records for all employees in OM/FS from pay period 25, 2004 through pay period 24, 2005. We reviewed the payroll records provided by the National Business Center, Denver Payroll Office, to determine the reasonableness of RWA related overtime. Reasonableness was defined as any one individual having excessive overtime when compared to all other individuals. We also requested and reviewed employee biweekly timesheets and SF-5003s (Overtime Request and Authorization) to determine if the approval of employee overtime pertaining to the RWA process was adequately documented. In addition, we researched overtime guidance to determine employee payment rates based on FLSA exemption status and grade level. We then calculated overtime pay rates based on the employee's FLSA exemption status and grade level to ensure employees were paid the correct premium pay.

We relied, in part, on computer data generated from PBS' website, OM tracking records, and Oracle. We assessed the reliability of this data by tracing details to IPAC statements establishing expenditure data. We also compared the obligation data amongst the three sources. We were able to derive some missing data from other records and determined that our findings and recommendations would not be affected if the data provided differed slightly. Therefore, we concluded that the data was sufficiently reliable for use in meeting the audit objectives.

Our audit focused on RWAs tracked by OM during the last quarter of fiscal year 2005. In addition, we reviewed personnel payroll records from pay period 25, 2004 through pay period 24, 2005. We performed our fieldwork at OM, OCFO, and at applicable Department POs located in Washington, DC, from November 14, 2005, through February 27, 2006. We held an exit conference with Department officials on February 27, 2006. We performed our audit in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

PURPOSE: ACTION

MEMORANDUM

TO: [Approving Official]
FROM: [Recommending Official]
SUBJECT: Request for Overtime for [employee name]

ISSUE

In accordance with Personnel Manual Instruction (PMI) 550-3 (Premium Pay) Section VII (Procedures), I hereby request overtime for [employee(s)] in the amount of [number of hours].

DISCUSSION

[PROVIDE DETAILED JUSTIFICATION DESCRIBING SPECIFICALLY THE REASON FOR THE OVERTIME].

RECOMMENDATION

Approve request for overtime.

DECISION

I. Approving Official (Required)

Approve Disapprove Signature Date

II. Budgeting Official/Statement of Availability of Funds (Required)

Approve Disapprove Signature Date

III. Senior Officer Approval for Overtime Pay In Lieu of Compensatory Time

Approve Disapprove Signature Date

NUMBER OF HOURS WORKED BY EACH EMPLOYEE: _____

CONTACT: PO: NAME: TELEPHONE NUMBER

List of Acronyms

Department	Department of Education
FLSA	Fair Labor Standards Act
FS	Facilities Services
FSA	Federal Student Aid
FSS	Federal Supply Service
GAO	Government Accountability Office
GSA	General Services Administration
IPAC	Intra-governmental Payment and Collection
OCFO	Office of the Chief Financial Officer
OCR	Office for Civil Rights
OIG	Office of Inspector General
OM	Office of Management
OM/FS	Office of Management/Facilities Services
OM/PM	Office of Management/Project Managers
OPEPD/BS	Office of Planning, Evaluation and Policy Development/Budget Service
PBS	Public Buildings Service
PM	Project Managers
PO	Principal Office
RWA	Reimbursable Work Authorization
SF	Standard Form



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF MANAGEMENT

ASSISTANT SECRETARY

August 29, 2006

TO: Helen Lew
Assistant Inspector General for Audit Services
Office of Inspector General

FROM: Michell C. Clark *Sen D. Allen Fox*
Assistant Secretary for Management

SUBJECT: DRAFT AUDIT REPORT: Oversight of the Department of Education's Reimbursable Work Authorization Process, Control Number ED-OIG/A17G0001

Thank you for your draft audit report, *Oversight of the Department of Education's Reimbursable Work Authorization Process*, ED-OIG/A17G0001 dated July 2006. The Office of Management (OM) concurs with your three findings and related recommendations. The following are the proposed corrective actions.

Finding 1: Lack of Clarity of Roles and Responsibilities for the Various Personnel Governing the RWA Process

Recommendation 1.1: Develop, disseminate, and keep current written policies and procedures for the RWA process. The policies and procedures should be specific and detailed enough to provide sufficient guidance for a standardized approach to be followed by all Department personnel responsible for RWAs. At a minimum, the policies and procedures should be developed by OM with support from the POs and GSA and should include a description of the RWA process, when RWAs are to be used, the roles and responsibilities of GSA, OM and the POs, and the interdependency of OM and POs for financial accountability.

Proposed Corrective Action: OM Facilities Services will develop policies and procedures for the RWA process in an ACS document. The document will include the following:

- Description of RWA process;
- When the Department of Education uses RWAs;
- Roles and responsibilities of OM;
- Roles and responsibilities of Principal Offices;
- Roles and responsibilities of GSA.

A copy of the final, signed RWA ACS document will be placed in the audit file as evidence that this action has been completed.

Proposed Completion Date: 9/28/2007

Finding 2: Inadequate Financial Accountability and Ineffective Reporting Of RWA Activities

Recommendation 2.1: Establish a clear understanding between GSA that the Department will refuse payment for work performed outside of the agreed upon scope of the RWA agreements.

Proposed Corrective Action: The Assistant Secretary for OM will send a memorandum to the GSA Commissioner for Public Building Services informing that the Department of Education will not pay for work performed outside the scope of the RWA. A signed copy of the memorandum will be placed in the audit file as evidence that this action has been completed.

Proposed Completion Date: 11/30/2006

Recommendation 2.2: Track and reconcile RWA funds appropriated, expended, and the balance available with GSA and the POs on a regular basis, using available tools from GSA and the Department. The reconciliation should include documentation of the research performed and the resolution of any differences identified. All differences identified should be researched and resolved in a timely manner. In addition, a supervisory review and approval of the reconciliations should be performed and documented.

Proposed Corrective Action: As of February 2006, OM initiated a more comprehensive reconciliation system that is performed on a monthly basis. The Department uses the following tools (Attachment 1):

- RWA Form;
- IAS (OM System) that tracks charge back funds (see screen shot of obligated funds and assigned ED document number);
- GSA Finance Website: Reimbursable Work Authorization Form Detail Form;
- GSA Non-Recurring RWA's administrative and overhead spreadsheet;
- GSA RWA Tracking Sheet: with detailed transaction descriptions;
- FMSS (Oracle System): Award Financial History Report;
- FS Tracking/Reconciliation Sheet.

Facilities Services meets monthly with OCR, OIG and FSA, and provides RWA reports, which include RWA funds appropriated, expended and the balance available. Attachment 2 includes sample monthly minutes and related reports. A monthly reconciliation is performed on all differences identified with GSA through meetings, e-mails, and conference calls. In addition, a monthly supervisory review and approval by Director and/or Deputy will be established. Attachments 1 and 2, along with a signed copy of a monthly supervisory review will be placed in the audit file as evidence that this action has been completed.

Proposed Completion Date: 03/01/2007

Recommendation 2.3: Ensure reconciliations are performed properly by providing OM/FS and PO personnel with access to and training on the available GSA and Departmental tools (e.g., GSA PBS RWA website and the Award Financial History Report in Oracle).

Proposed Corrective Action: Facilities Services will develop and provide training to Facilities Services, OCR, OIG, FSA, and OM on the RWA process that covers the tools in Attachment 1. A copy of the training materials and the sign-in roster for the class will be included in the audit file as evidence that this action has been completed.

Proposed Completion Date: 05/31/2007

Recommendation 2.4: Ensure that OM/FS works with GSA in closing out RWAs.

Proposed Corrective Action: OM Facilities Services will establish monthly communication with GSA regarding RWA status via meetings, emails, and/or conference calls. OM Facilities Services will identify RWAs for closure during the monthly RWA reconciliation process. Any open RWAs identified by ED as candidates for closing will be discussed in the monthly RWA communication with GSA. Evidence of monthly communications with GSA requesting closure of specific RWAs will be placed in the audit file as evidence that this action has been completed.

Proposed Completion Date: 03/01/2007

Finding 3: Payment of Premium Pay Without Proper Documentation of Overtime Requests and Authorization Forms

Recommendation 3.1: Not pay overtime unless requests are approved in advance by completion of the authorizing memorandum, Appendix A, by authorized officials in accordance with the Department's guidance on premium pay.

Proposed Corrective Action: The Director of Facilities Services will send an email to all Facilities Services staff communicating the mandatory requirement for documented approval of overtime in accordance with Department policy as outlined in the Premium Pay Personnel Manual Instruction (PMI) 530-3 dated May 31, 2006. The email will include a link to the PMI (http://wdcrobiis09/doc_img/pmi_550-3p1.doc), as well as a copy of the memo in Appendix A of the Premium Pay PMI that Facilities Services will use to document approval of all future overtime pay. A copy of this email and attachment will be placed in the audit file as evidence that this action has been completed.

Proposed Completion Date: 9/30/2006

Attachments