



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

DEC 21 2001

INSPECTION MEMORANDUM

TO: William D. Hansen
Deputy Secretary

FROM: Mary Mitchelson
Assistant Inspector General
Analysis and Inspection Services

SUBJECT: Review of Contracting Officer's Representative Training and Risk Level Designations (ED-OIG/A&I 2001-03)

This memorandum provides the results of our review of Contracts and Purchasing Operations' (CPO) training program for Contracting Officer's Representatives (COR) and the Department of Education's (the Department or ED) risk level designations for CORs.¹ We are issuing this report to you because we made a recommendation that requires action by each principal office. We conducted our inspection to determine whether:

- CORs are receiving the necessary training, and
- CORs have the proper position risk level designation.

We reviewed the Department's training courses and curriculum for COR certification using the Office of Federal Procurement Policy's *A Guide to Best Practices for Contract Administration*, October 1994 (the Guide). We also reviewed the Department's administration of the COR training program to determine if CORs were being trained in the timeframes specified by Department policy. We found the training courses meet or exceed most best practices contained in the Guide, but the data maintained by CPO is inaccurate and incomplete for purposes of properly administering the training program.

¹ A position risk level designation is used to determine the level of security clearance required for Department employees. There are three levels of risk: low, moderate, and high. These levels are based upon the degree of public trust in a position, the fiduciary responsibility of the employee, the employee's importance to the program, the program authority level, and the level of supervision. Chapter II, Section A, Page 1, of the Office of Personnel Management (OPM) *Suitability Processing Handbook (Draft)*, April 2001.

The risk-level designation review was conducted at our request by the Department's Security Office using the CPO listing of COR information.² The Security Office found COR positions that should have been designated as high-risk public trust positions due to the high-dollar value of the contracts under their supervision.

We recommend that the CPO update its COR records and include the COR appointment date in its training database so CPO can fulfill its responsibility to schedule and conduct the COR training curriculum and properly certify and recertify the Department's CORs in a timely manner. We also recommend that principal offices conduct periodic reviews of the position risk level designations of their CORs to determine if their risk levels are correct in relation to the value and complexity of their contracts.

The CPO is aware of our COR training findings and is taking action to address these issues.

COR TRAINING

Contracts and Purchasing Operations

CPO, within the Office of the Chief Financial Officer, is responsible for: 1) appointing CORs for specific contracts; 2) determining the training requirements for CORs; 3) conducting COR training; 4) certifying CORs upon completion of training; and 5) maintaining accurate COR training records.

Once appointed, the COR acts as a liaison between the Department's contractors and the CPO for a specific contract. The responsibilities of the COR include, but are not limited to: 1) reviewing periodic progress reports; 2) offering possible solutions to problems; 3) maintaining records; and 4) monitoring invoices and schedule deadlines.

COR Certification

The Federal Acquisition Regulations that govern government contracting do not specify standards for COR training. The CPO Director, based on his experience and benchmarking of other agencies, established the Department's training requirements. The Department requires all CORs to complete 80 hours of training to become certified. CORs are also required to take an eight-hour recertification course, also called a refresher course, every two years.

As of 1990, CPO policy states that COR training must be completed before an individual may serve as a COR. The CPO Director said that due to a shortage of certified CORs, however, contracting officers have assigned non-certified CORs to contracts. The

² At the time of our review, the Security Office was a component of the Office of Inspector General (OIG). It now is a part of the Office of Management.

appointment letters for these CORs state that they have one year from the date of their appointments to complete the mandatory COR training program.

The COR appointment date is an essential data element that should be in the CPO database to monitor COR progress in meeting the mandatory training requirements. The CPO, however, does not maintain this data on the 734 CORs in the CPO database. Further, the database does not reflect which CORs are actively administering a contract. Without this information, we could not determine from the CPO database whether CORs completed the necessary training prior to or within one year of their appointment dates. In the judgmental sample of 26 CORs we interviewed, we obtained their appointment dates from them and found that 62%, or 16, were appointed prior to certification. In addition, we found that 35%, or 9, of our sample group did not complete their training within one year of their appointments.

The CPO database does contain a record of the courses CORs have taken, the dates CORs were certified as having completed training, and the dates CORs were recertified and/or due for recertification. According to the database, 50%, or 368, of the 734 CORs are certified. Of those certified, we found 8%, or 31, had not taken all of the courses required for certification. In addition, 73%, or 267, of the certified CORs are overdue for recertification.

The CPO Director indicated that the current training database is to be replaced by an Oracle database. The Director stated that many deficiencies in the current database are to be addressed in the new database, including adding the appointment dates and the active/inactive status of CORs. In addition, all Department CORs are to receive training on the new database.

COR Training Curriculum

CPO established two training tracks for COR certification. Both tracks contain ten days (80 hours) of training, exceeding the suggested 40 hours presented in the Guide. One track includes a five-day course while the second track provides similar course material in two separate courses. The remaining 40 hours of training are the same for both tracks. In addition to these courses, Student Financial Assistance (SFA) developed its own five-day COR training course with an emphasis on performance-based contracting.

We compared the Department's COR training with the training at 13 Federal agencies. While ED requires 10 days of training, we found that other agencies require approximately 3.6 days of training for certification. ED requires COR recertification every two years, while the average time for COR recertification in other agencies requiring recertification is three years. Some of the agencies surveyed do not have recertification requirements.

We compared the number of classes offered by the other agencies and found that ED requires more classes than most agencies. While ED requires four or five classes (depending on the track selected), most agencies require only one basic class.

A comparison of course curricula found that the Department's curriculum is more comprehensive than those of all but two of the other agencies. Most agencies cover basic contract administration, including the role of a COR, the contract modification process, and contract closeout responsibilities. ED is one of the few agencies to cover such topics as the payment process, writing task orders, and evaluating the technical aspects of contracts.

Training Improvement Initiatives

During our interviews some CORs and program managers suggested that training could be improved by: 1) offering priority enrollment to CORs who need specific courses to complete their certification; and 2) providing in-class examples that relate specifically to ED contracting work, such as examples involving intellectual property and research projects.

Course announcements now state that preference will be given to CORs needing the course for certification. Additionally, the Director of CPO said the contract trainers are provided with examples of ED contracting situations and problems to incorporate into their training. The Director stated that improving the relevancy of training examples remains a challenge, however, due to the diversity of the Department's contracts and the backgrounds of the contractors conducting the training.

Some CORs said they had seen improvements in the relevancy of the courses, which they attributed to the Director's class visits to solicit ideas to improve training. One program manager also stated that her office benefited by inviting CPO staff to give a brown bag presentation on the contracting issues in her principal office.

Best Practices

As a result of our review we found that the CPO's training program generally meets or exceeds the list of best practices set forth in the Office of Federal Procurement Policy's *A Guide to Best Practices for Contract Administration*, October 1994. There are a few best practices the CPO could incorporate to improve the contract process in the future (See Appendix B, Best Practices: A Comparison of ED to Selected Training Procedures Contained in the Office of Federal Procurement Policy's Guide). These best practices include:

- Program managers and direct supervisors of CORs play an important role in the contracting process. It may be helpful to add a basic contracting class for program managers and direct supervisors so they have a better understanding of the contracting process.
- Reviewing invoices and vouchers is an essential part of a COR's responsibility during the contracting process. Creating a checklist or voucher review form, which includes major cost categories, may be a useful tool to determine the

reasonableness of contractor invoices. Also, maintaining an invoice/voucher payment log could help a COR track the contractor's claimed costs against the costs set forth in the contract.

POSITION RISK LEVEL DESIGNATION

Position Description

Proper Position Descriptions (PD) are the foundation of an effective and consistent suitability program. The PD provides a description of the duties used to determine what type of background investigation is required and how closely an individual is screened for a position. Additionally, as the level of authority and responsibility for a position becomes greater, character and conduct become more significant in deciding whether initial or continued employment would protect the integrity and promote the efficiency of the Federal service.

The Office of Personnel Management (OPM) has provided draft guidance to determine the appropriate public trust designation and background investigation for positions held by government employees.³ The designation of position risk level is the responsibility of principal offices and is reviewed by the Department's Security Office.

The PD has been the primary source of information needed for a principal office to make the appropriate risk designation. One factor in the designation is the fiduciary responsibility associated with the position. In recent years, the Department has created more generic PDs. In our review of the PDs for the CORs we interviewed, we found some that did not include COR responsibilities even though the COR participated in large-dollar-value contracts. Principal offices must consider this factor in setting the risk designation level of the position, even if it is not in the PD, to make accurate determinations of risk.

Security Issues

The Security Office reviewed the dollar value of all the contracts the Department's CORs monitor and identified 23 CORs in positions with risk-level designations that are too low. All of these CORs were in positions at a moderate risk level, even though the dollar values of their contracts ranged from \$12 million to \$162 million.⁴ The Security Office asked all of the affected principal offices to review the risk-level designations of these positions.

As a result of the COR risk-level findings, we asked the Security Office to review the risk level designations for the program managers associated with the 26 contracts we reviewed. The Security Office identified three program managers whose positions did not have the

³ OPM *Suitability Processing Handbook (Draft)*, April 2001.

⁴ Job assignments involving disbursement of \$10 million or more per year are designated high risk. Chapter II, Appendix B, Page 10, of the OPM *Suitability Processing Handbook (Draft)*, April 2001.

appropriate risk-level designations. The Security Office has contacted the appropriate principal offices and asked them to review these risk-level designations.

RECOMMENDATIONS

1. The CPO should update its COR records and include the COR appointment date in its training database so CPO can fulfill its responsibility to schedule and conduct the COR training curriculum and properly certify and recertify the Department's CORs in a timely manner.
2. The principal offices should conduct periodic reviews of the position risk level designations of COR positions and program manager positions to determine if the risk level is correct in relation to the dollar value and complexity of applicable contracts.

Department Comments

The Office of the Deputy Secretary responded to our draft memorandum and provided no comments. The Management Improvement Team (MIT) also responded to our draft. The MIT's concerns were that:

1. Our first recommendation did not sufficiently address the findings associated with training deficiencies.
2. The sample methodology for selecting the CORs we interviewed was not identified.
3. Some of the identified best practices should be offered as recommendations.

The MIT's full response is included in Exhibit 1.

OIG's Response

In response to the MIT's first concern, we have modified our first recommendation. We have made no changes in response to the second; our sample methodology is set forth in the Objectives, Scope and Methodology section of the memorandum, Appendix A. We disagree with the third suggestion. Our recommendations focus on the critical steps needed to improve the COR training process, while leaving the best practices as possible enhancements for management to consider.

We appreciate the cooperation we received from the CPO staff, the CORs, and the program managers interviewed for this review. If you have any questions, please call me at 260-3556.

Attachments

Appendix A

Objectives, Scope and Methodology

The objectives of our inspection were to determine whether: 1) CORs are receiving the necessary training; and 2) CORs have the proper position risk level designation.

The CPO provided a copy of its COR data files containing the names and training data for 734 CORs. The data files were used to analyze the accuracy and completeness of CPO's monitoring of COR training.

The CPO also provided us with a list of over 400 current contracts that included the names of the delegated CORs. We selected a judgmental sample of the contracts with the greatest dollar value. The sample consisted of the sixteen largest dollar contracts in the Department and the ten largest in SFA. We interviewed the CORs and the program managers for those contracts with questionnaires developed using the General Accounting Office's *Standards for Internal Control in the Federal Government*, November 1999.

We compared ED's training program to the best practices contained in the Office of Federal Procurement Policy's *A Guide to Best Practices for Contract Administration*, October 1994. The Guide provides useful examples of what constitutes an effective training program and has designated them as best practices.

We also compared the Department's COR training with the training at 13 Federal agencies. We specifically looked at the number and availability of COR training classes, the certification requirements, and the refresher classes offered at each agency. The agencies and departments surveyed were:

Department of Agriculture	Department of the Interior
Department of Commerce	Department of Justice
Department of Defense	Department of Labor
Department of Energy	National Aeronautics and Space Administration
Environmental Protection Agency	Department of Transportation
General Services Administration	Department of Treasury
Department of Health and Human Services	

We provided the Security Office with the CPO list of all Department CORs and their contracts, including the dollar value of the contracts. We asked that the Security Office make a determination, using OPM's *Suitability Processing Handbook (Draft)*, April 2001, if all of the risk levels were appropriate. We also asked the Security Office to evaluate the risk levels of the program managers for the contracts we reviewed.

This review was performed in accordance with the President's Council on Integrity and Efficiency (PCIE) *Quality Standards for Inspections*, dated March 1993.

Appendix B

Best Practices: A Comparison of ED to Selected Training Procedures Contained in the Office of Federal Procurement Policy's Guide

OFPP's Guide suggests:	Current ED practices:
<ul style="list-style-type: none"> • Mandatory COR training program (40 hours) 	<ul style="list-style-type: none"> • Mandatory COR training program (80 hours)
<ul style="list-style-type: none"> • Refresher training - 8 hours every 3 years 	<ul style="list-style-type: none"> • Refresher training - 8 hours every 2 years
<ul style="list-style-type: none"> • Providing procurement ethics training to CORs 	<ul style="list-style-type: none"> • Ethics training is a part of the COR basic training curriculum, but procurement ethics is not specifically addressed
<ul style="list-style-type: none"> • Providing training on how CORs should conduct voucher/invoice reviews 	<ul style="list-style-type: none"> • Voucher/invoice reviews are part of the COR basic training curriculum - comments from CORs indicated that putting more emphasis on this topic during basic training or creating a specific invoice training class would be helpful
<ul style="list-style-type: none"> • Designating alternate certified CORs who can take over a contract if the designated COR is not available 	<ul style="list-style-type: none"> • Not a current practice at ED
<ul style="list-style-type: none"> • Providing executive seminars to train COR supervisors/program managers 	<ul style="list-style-type: none"> • Not a current practice at ED
<ul style="list-style-type: none"> • Connecting length of training to the dollar value and complexity of contract(s) 	<ul style="list-style-type: none"> • Not a current practice at ED
<ul style="list-style-type: none"> • Establishing a technical direction clause that outlines the COR's responsibility in relation to the contractor in their contract relationship 	<ul style="list-style-type: none"> • Contained in CPO letter of delegation to each COR and in each contract
<ul style="list-style-type: none"> • Creating a "joint partnership agreement" that defines how the COR and CO work together 	<ul style="list-style-type: none"> • Not a current practice at ED - an informal relationship is established between COR and CO during contract process that defines how they work together
<ul style="list-style-type: none"> • Creating an agency newsletter for CORs 	<ul style="list-style-type: none"> • Not a current practice at ED




UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202- _____

October 23, 2001

MEMORANDUM

TO : Mary Mitchelson
Assistant Inspector General
Analysis and Inspection Services

FROM : John P. Higgins, Jr., Team Leader
Management Improvement Team 

SUBJECT : Draft Inspection Memorandum
Review of Contracting Officer's Representative (COR) Training and
Risk Level Designations (A&I 2001-03)

I am writing to provide comments to the above mentioned draft report. I offer these comments for your consideration prior to your release of the final report.

I would like to express one primary concern, in addition to two other important points that I believe deserve your attention, as detailed below.

- ❖ The recommendation intended to improve CPO's COR training deficiencies – requiring CPO to update its COR records to more accurately track training records to ensure that proper certification and recertification occurs – does not appear to sufficiently address this finding. While capturing more relevant data would allow CPO to more effectively monitor COR certification, it does not address the basic question of how CPO intends to ensure that all CORs actually complete the mandatory training necessary to become certified and recertified. Has CPO, for instance, worked with TDC to develop a training plan to address their needs in this area?
- ❖ On page 2 reference is made to “. . . sample of 26 CORs we interviewed, . . .” but the authors do not identify sample type. You may find guidance in the audit manual useful.
- ❖ On page 4 two “Best Practices” are identified – adding a basic contracting class for managers and supervisors and creating a checklist for contractor invoices – and the authors suggest that the Department implement them because “it may be helpful” and “may be a useful tool.” Your other analytical narrative supporting the two is stronger and appears well-reasoned. If your opinion is that the Department will benefit from implementing these practices, why not offer them as recommendations?

I hope that you find these comments helpful. If you have any questions please do not hesitate to contact me at 205-1738.

cc: Brent Weston

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Action Official

William D. Hansen
Deputy Secretary of Education
Federal Building No. 6, Room 7W310
400 Maryland Avenue, S.W.
Washington, D.C. 20202

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