

Office of Inspector General



August 2, 2001
Audit Report No. 01- 018

Audit of Selected Training and Consulting Services Branch
Contracts





DATE: August 2, 2001

TO: Arleas Upton Kea, Director
Division of Administration

FROM: Russell A. Rau [Electronically produced version; original signed by Russell A. Rau]
Assistant Inspector General

SUBJECT: Report Entitled *Audit of Selected Training and Consulting Services Branch Contracts* (Audit Report No. 01-018)

This report presents the results of an audit of the Federal Deposit Insurance Corporation's (FDIC) process for awarding Training and Consulting Services Branch (TCSB) contracts. The FDIC Strategic Plan identifies as an operating principle that "Corporate resources are managed effectively to enable the Corporation to fulfill its mission." To achieve this operating principle, the Division of Administration's (DOA) mission is to "provide quality and timely human resources, organizational, and administrative services to support the Corporation in fulfilling its mission," with a corresponding goal to ensure "FDIC's workforce is professional, efficient and highly skilled."

As part of the DOA, the primary purpose of TCSB is to develop and maintain a highly skilled workforce equipped to meet the present and future challenges facing the FDIC. TCSB develops and delivers training and provides consulting services with the goal of achieving business results by improving individual and organizational performance. TCSB also develops strategies for achieving organizational change and evaluates the quality and impact of training. The Office of Inspector General's (OIG) audit was included in our calendar year 2000 Audit Plan.

The OIG has not previously performed a similar audit of TCSB operations. However, at the request of the FDIC's Chief Financial Officer and Director, DOA, the OIG's Office of Congressional Relations and Evaluations Branch (OCRE) and the FDIC's Office of Internal Control Management (OICM) recently completed a joint study on training and personnel administrative services. The study examined administrative services functions throughout the Corporation to assist FDIC management in its effort to improve operational efficiencies and reduce costs. On March 1, 2001, OCRE and OICM issued a joint report on the results of the study entitled, *Study of Administrative Services – Training and Personnel*. The report identified a number of suggestions related to TCSB operations. In particular, one suggestion was that TCSB study the Division of Resolutions and Receiverships' (DRR) core curriculum project to determine whether computer-based instruction could be utilized to deliver training more efficiently to other divisions. This particular suggestion also relates to work performed during our audit and is discussed in more detail in the report section entitled "Other Opportunities for Improvement."

BACKGROUND

To meet its primary purpose of developing and delivering training and consulting services, TCSB primarily relies on three sources of training vendors. These sources include vendors identified and approved for use by (1) the Office of Personnel Management (OPM), (2) the General Services Administration (GSA), and (3) vendors identified and contracted with directly by the FDIC. By utilizing multiple training sources, the FDIC increases the variety of courses available for employees and the efficiency of awarding and administering contracts.

Specifically, the FDIC awards training and consulting services contracts to OPM using interagency agreements, in which case OPM acts as the FDIC's contracting agent. In the case with GSA, the FDIC awards and administers contracts to vendors identified on the GSA Federal Supply Schedule. In addition, in many instances the FDIC elects to directly contract with training and consulting vendors using competitive procurement procedures outlined in the FDIC Acquisition Policy Manual (APM). In such cases, TCSB prepares a Requirements Package (RP) that specifies the training and consulting services required. DOA's Acquisition and Corporate Services Branch (ACSB) then issues the Request for Proposal (RFP) to solicit proposals from prospective vendors, awards the contracts following a technical and price evaluation of the proposals by TCSB and ACSB, and performs contract administration. ACSB's performance goal is to award 80 percent of all contracting requirements within a specified number of calendar days (depending on the dollar amount of the contract) after receipt of a completed RP. For contracts over \$100,000, ACSB's performance goal is 120 calendar days.

During the period January 1, 1999 through December 5, 2000, the FDIC awarded 119 TCSB contracts and modifications totaling \$18,956,714. The FDIC awarded 21 contracts using interagency agreements to OPM totaling \$9,498,781, 28 contracts totaling \$2,851,727 using the GSA Federal Supply Schedule, and 62 contracts totaling \$6,252,331 directly with training and consulting services vendors identified by the FDIC. In addition, the FDIC awarded eight TCSB contracts totaling \$353,875 using interagency agreements with other government agencies including the National Archives and Records Administration, National Finance Center, USDA Graduate School, and the Treasury Executive Institute.

Generally, the FDIC training and consulting services contracts using OPM or the GSA Federal Supply Schedule are awarded more quickly than the contracts that the FDIC awards directly with training and consulting services vendors. The primary reason is that OPM and GSA have established contracts with a variety of training and consulting vendors, thereby saving the FDIC time in identifying and evaluating prospective training and consulting vendors. Therefore, the focus of our audit was on evaluating and identifying opportunities to improve the FDIC's timeliness for awarding non-OPM and non-GSA training and consulting services contracts.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether TCSB contracts were awarded in a timely manner and whether the resultant services met customers' needs. We reviewed only those contracts that the FDIC awarded directly to training and consulting vendors. The scope of the audit included training and consulting services contracts awarded from January 1, 1999 through December 5, 2000.

During this period, the FDIC awarded 62 contracts and modifications totaling \$6,252,331 for training and consulting services.

We judgmentally selected 6 contracts totaling \$3,936,305 of the 13 contracts over \$100,000 for review from the FDIC's Procurement Actions Log (PAL). The 13 contracts over \$100,000 totaled \$5,580,697. PAL is a management system used by ACSB to track RPs through the Acquisition Section. We selected contracts that, generally, took the longest period of time to award to determine whether opportunities existed to improve the timeliness of award. Specifically, ACSB awarded the six contracts between 91 and 133 calendar days (5 of which met ACSB's 120-day performance goal) following receipt of a completed RP.

We performed analyses at each stage of the contract award process, with an emphasis on the period between the initial submission of a RP and the issuance of the RFP. At a minimum, the RP consists of a detailed Statement of Work (SOW), price estimate, and approved expenditure authority. We reviewed ACSB's official contract files, contract milestone schedules, the selection recommendation report, and e-mails to verify the accuracy of the dates shown in the PAL report. We determined whether individuals preparing the SOWs had taken recommended training in SOW preparation and had experience in the type of training and consulting services being procured.

We reviewed TCSB training files and course attendance rosters to determine whether TCSB Oversight Managers (OM) and Technical Monitors (TM) had taken the required OM training and refresher courses. We also reviewed pertinent FDIC policies, procedures, and directives including the FDIC's APM and ACSB's PAL User Manual to ensure applicable policies were followed. Throughout our review, we interviewed TCSB and ACSB staff, as appropriate, to gain a better understanding of the process used to prepare, track, and award TCSB contracts. We also interviewed OMs and reviewed summary feedback ratings from course participants to determine whether the resultant services from the selected contracts met customers' needs.

Finally, we met with officials from OPM and GSA to discuss their respective practices for procuring training and consulting services and identify practices that the FDIC could possibly adopt. We also met with the Department of Transportation (DOT) to discuss products and services available under the Transportation Virtual University to determine whether a similar program could be adopted by the FDIC.

We conducted our audit between July 2000 and March 2001 in accordance with generally accepted government auditing standards. In planning and performing our audit, we obtained an understanding of the management controls and procedures related to awarding and tracking TCSB contracts as a basis for making recommendations to improve the overall process. However, because our detailed tests were limited to six TCSB contracts, we are not expressing an overall opinion on the adequacy of ACSB procurement procedures or the PAL system.

RESULTS OF AUDIT

The six TCSB contracts we reviewed met the needs of customers. Specifically, the respective TCSB OMs and program office officials told us that they were satisfied with the services provided by the vendors. In addition, our review of selected training course participant feedback forms indicated overall satisfaction with the training.

Nonetheless, the FDIC can take initiatives to improve the timeliness and tracking of TCSB contracts awarded over \$100,000 using competitive contracting procedures. Generally, the TCSB Requirements Packages (RP) associated with the six contracts we reviewed required revisions to address ACSB comments that, overall, lengthened the time required to finalize and issue the RFP. These revisions included consistency issues, the adequacy of pricing schedules, editorial changes, and SOW formatting and specificity requirements. TCSB has already taken actions that should correct the SOW formatting weaknesses. To further improve the SOWs, we are recommending that TCSB OMs and TMs responsible for preparing SOWs attend the FDIC's 1-day training course entitled Statement of Work Preparation.

We also determined that ACSB personnel were not consistently following procedures for entering completion dates into PAL related to the tracking of significant contracting phases for the six contracts. As a result, the usefulness of PAL information was reduced, which is important since ACSB uses PAL to track the processing of RPs. Therefore, we are recommending that ACSB personnel be reminded to follow procedures for entering into PAL accurate, complete, and current dates.

Finally, although we concluded that TCSB training contracts satisfied customer needs, we met with officials from other government agencies to identify contracting practices and training services that the FDIC should consider to further improve the timeliness of TCSB contract awards and the delivery of training services to customers. As a result of this work, we identified two suggestions related to TCSB using a basic ordering agreement to award training contracts and utilizing DOT's Transportation Virtual University to expand training options. These suggestions are described in more detail in the report section entitled "Other Opportunities for Improvement."

FDIC CAN IMPROVE THE TIMELINESS OF AWARDING TCSB CONTRACTS OVER \$100,000

FDIC can improve the timeliness of awarding TCSB contracts over \$100,000 that use the FDIC's competitive contracting procedures. Specifically, the six contracts we reviewed were awarded, on average, 155 days following the initial submission of the RP by TCSB to ACSB. The 155 days consisted of 61 days to finalize TCSB's initial RP and issue the RFP, and 94 days to receive and evaluate proposals and award the contracts.

Based on interviews with the respective contract specialists, OMs, and TMs for each contract and reviews of documentation in the contract files, we concluded that, overall, the 94 days taken to receive and evaluate proposals and award the contracts was reasonable. However, the 61 days to finalize TCSB's initial RPs and issue the RFPs could have been reduced and, therefore, improved the overall timeliness of the six contracts awarded. Table 1 summarizes each of the six contracts reviewed and the associated days taken to issue the RFP following TCSB's initial RP submission.

Table 1: Days Between Initial Submission of RP by TCSB to ACSB and RFP Issuance

Contract Number	Contract Description	Days Between RP Received to RFP Issued
99-00879-C-CJ	Technical Writing/Editing for TCSB	66
00-00027-C-CJ	Capital Markets Training for DOS	79
99-00904-C-RJ	Professional Video Services for FDIC	86
99-00506-C-J4	Development of a Master CD-ROM for DCA	44
99-00647-C-K1	Electronic Banking Training for DOS	56
00-00272-C-J4	Effective Writing for Bank Examiners School – DOS	34
Total Days		365
Average Days		61

Source: OIG analysis of contract file documentation.

We determined that TCSB RPs required revisions to address ACSB comments that, overall, lengthened the time required to finalize and issue the RFP. These revisions included consistency issues, the adequacy of pricing schedules, editorial changes, and SOW formatting and specificity requirements.

TCSB has taken action to correct the SOW formatting weaknesses. In June 2000, TCSB formed a Contract Team with the goal of developing consistent SOW language for training analysis, design, development, delivery, and evaluation. The TCSB Contract Team and ACSB prepared four SOW templates that will be downloaded on TCSB’s shared drive and Web page. The OM will be able to select the template that relates to the training that is needed and use it as a guide for preparing the SOW. The templates should eliminate any formatting weaknesses that have contributed to delays in finalizing the SOW. The Contract Team’s recommendations were formally approved by TCSB’s Associate Director on February 14, 2001.

However, to further improve the quality of SOWs, we believe that OMs and TMs responsible for the preparation of SOWs should attend the FDIC 1-day Statement of Work Preparation course. We determined that only two of the six OMs who prepared the SOWs had attended the SOW Preparation course before initiating work on the SOW. In one additional instance, the OM attended the SOW Preparation course approximately 2 months after initiating work on the SOW. The two OMs who attended the SOW Preparation course had RFPs that were issued 34 and 44 days after submission of the initial RP to ACSB. Conversely, the four OMs who did not attend the SOW Preparation Course (including the OM who attended the course approximately 2 months after initiating work on the SOW)

had RFPs that were issued 56, 66, 79, and 86 days after submission of the initial RP to ACSB.

Further, the OM whose RFP was not issued until 86 days after submission of the initial RP lacked familiarity with the subject area covered by the proposed contract. Specifically, TCSB determined a need to award a contract for video services and assigned the responsibility of preparing the RP to an OM who had no experience in this area. TCSB told us that this situation was an isolated case because TCSB usually assigns SOW preparation to an individual who already possesses some knowledge in the area covered by the requested service. However, in this instance, TCSB assigned the SOW preparation to the OM as a developmental opportunity to learn about video services.

Although TSCB correctly indicated that the SOW Preparation course was not a requirement for the OMs who prepared the SOWs, the FDIC recommends the course for all personnel who will be involved in defining contractor needs, securing contractors, and evaluating contractor performance. The course provides employees with the knowledge, skills, and ability they need to develop an SOW that will help them to select the most qualified contractors and evaluate their performance.

Based on a review of FDIC training course rosters for headquarters and regional offices, we determined that only 32 of 69 TCSB designated OMs and TMs who could be assigned the task of preparing an SOW had attended the SOW Preparation course. We believe that if OMs and TMs take this course, they will be better able to prepare higher quality SOWs requiring fewer revisions and, therefore, less time to finalize.

Finally, although not specifically related to the timeliness of TCSB contract awards, we determined that 21 of 69 TCSB OMs and TMs had not taken the required OM Refresher Training course. The APM, Chapter 7.B.1.f, Training Requirements, states that the 1-day OM Refresher Training course is mandatory every 3 years for all FDIC employees serving as an OM or TM. To better ensure consistent and quality contract oversight, OMs and TMs need to take the course as required.

Recommendations

The Associate Director, TCSB, should:

- (1) Require TCSB Oversight Managers and Technical Monitors who are expected to prepare a statement of work to take the 1-day FDIC Statement of Work Preparation training course.
- (2) Ensure that all Oversight Managers and Technical Monitors who have not taken the Oversight Manager Refresher Training Course within the 3-year period take the course.

ACSB NEEDS TO ENSURE THAT DATES IN THE PAL SYSTEM ARE MORE ACCURATE TO FACILITATE BETTER TRACKING OF CONTRACTING MILESTONES

ACSB personnel did not consistently use the correct dates for entering key contract milestone dates into the PAL system. Specifically, for two of the six contracts we reviewed, contracting personnel did not enter the correct dates for “date completed package received,” which refers to the date a completed RP was received from TCSB. In addition, for four of the six contracts, contracting personnel did not use the correct dates for “date purchase order signed.” Because ACSB uses PAL to track and manage the status of requirements packages, information in PAL needs to be accurate, complete, and current. The effect of the errors increased the number of days to award a contract as reflected in PAL by between 1 and 37 days.

PAL is a multi-user local area network based system used at each FDIC office to track the processing of RPs through the FDIC’s acquisition section. PAL is used to record the procurement requisition number, program office point of contact, dates for receipt of a completed requisition package and contract award, and Acquisition Section Contracting Officer.

The PAL User Manual defines a completed RP as a completed procurement request that includes appropriate expenditure authority (procurement requisition and expenditure case, if applicable), SOW, price estimate, suggested vendor sources, technical proposal requirements, and technical evaluation criteria, if applicable. In addition, the PAL User Manual defines a completed contract award as the date the contract or purchase order is awarded. ACSB personnel stated that this is the date that the Contracting Officer executes the contract.

For two of six contracts reviewed, the completed RP received date was not accurate. In one instance, PAL indicated February 14, 2000 as the date a completed package was received by ACSB. However, based on our review of the contract file, the OM sent a revised SOW to the contract specialist on January 18, 2000. The contract specialist subsequently issued the RFP on January 21, 2000. In order to have issued the RFP on January 21, 2000 the contract specialist would have had a completed RP prior to that date, which we believe was the January 18, 2000 date indicated in the OM’s e-mail.

In the other instance, the contract specialist received a completed RP on January 19, 2000 rather than the February 18, 2000 date indicated in PAL. Based on our review of the contract file, we determined that the OM sent an e-mail to the contract specialist on January 19, 2000 with all the attachments for the completed RP. In addition, a subsequent e-mail from the contract specialist to the OM stated that the contract would be awarded within 120 days from January 19, 2000, thereby indicating that a completed RP was accepted as of that date.

In addition to the incorrect completed package received dates, we also determined that four of the six contracts had incorrect PAL dates for the date the purchase order was signed. For these four contracts, the contract specialists input to PAL dates that were 1 day, 11 days, 13 days, and 37 days earlier than the actual contract execution dates. As a result of using incorrect dates for both the

“date completed package received” and “date purchase order signed,” the actual number of days to award the affected contracts increased between 1 day and 37 days.

In most instances, we attributed the incorrect dates for both the completed package received date and purchase order signed date to human errors by the contract specialists. However, in one instance, the contract specialist incorrectly used the effective date of the purchase order, which was 37 days earlier than the execution date due to an exigency requiring the contractor to begin work before final execution of the contract.

The Assistant Director, Acquisition Section, stated that ACSB is developing an electronic commerce strategy for the acquisition function that will eventually lead to the replacement of the PAL system. The approved strategy will be implemented over the next 2 years, contingent upon funding approval. The information retained in the PAL system and other information on procurement milestones for all phases of the procurement process will be incorporated into the electronic commerce design. Therefore, the Assistant Director did not believe PAL should have extensive input controls and verification procedures.

We agree that it may not be appropriate at this time to implement PAL input controls and verification procedures because PAL is expected to be replaced and our audit was limited to the six TCSB contracts and, therefore, the errors we identified may not be indicative of a pervasive problem. Nonetheless, we believe that for PAL to be an effective tracking and management system, the dates input to the system need to be correct. For example, three of the six contracts that met ACSB’s 120-day performance goal based on information in PAL did not meet the goal when actual dates were used. Therefore, we believe that contracting officers should be reminded of their responsibility as outlined in the APM, Chapter 5.C.2, Procurement Action Log System, to ensure that all information contained in PAL stays current, complete, and accurate.

Finally, although not related to PAL, we determined that the Contract Milestone Schedule was not fully completed or included in the contract file for five of the six contracts. In one instance, the schedule was not included in the contract file. In four instances, the schedules did not have the actual or projected dates or proper signatures. The APM, Chapters 4.H.4 and 6.B.5, Contracting Milestone Schedule, requires that ACSB and the program office jointly prepare the Contract Milestone Schedule for contracts over \$100,000. The schedule identifies significant pre-award contract events and includes projected completion dates to monitor the progress of the contracting process. By not preparing these schedules, proper notice is not provided to parties of the anticipated completion dates of all significant pre-award contract events.

Recommendations

The Assistant Director, Acquisition Section, should:

- (3) Reiterate to all Contracting Officers that dates input to PAL need to be accurate, complete, and current in accordance with the APM. In addition, Contracting Officers should be reminded of the definition of a completed contract award as stated in the PAL User Manual.

- (4) Reiterate to all Contracting Officers and Contract Specialists that the Contract Milestone Schedules need to be fully completed and included in the contract files for all contracts over \$100,000.

OTHER OPPORTUNITIES FOR IMPROVEMENT

We concluded that the six TCSB training contracts we reviewed met customers' needs. Nonetheless, we met with officials from other government agencies to identify contracting practices and training services that the FDIC should consider to further improve the timeliness of TCSB contract awards and the delivery of training services to customers. Specifically, we met with officials from DOT, OPM, and GSA.

With regard to DOT, we determined that DOT utilizes a Transportation Virtual University (TVU) to provide professional, academic, technical, and organizational development training to DOT and other government agencies and industry partners in both online and instructor-led formats. The goal of TVU is to train employees from their desktops and not take employees out of the field and put them in a centralized traditional classroom. TVU makes effective use of technology to improve training opportunities for federal government employees. TVU currently has over 800 released courses available in the following areas: (1) professional effectiveness, (2) business expertise, and (3) computer end users and administrative and IT professionals. According to DOT, Web-based training reduces costs and provides performance improvement.

TCSB officials told us that they have been actively pursuing many means of alternative training delivery. For example, the largest effort to date has been the development of 17 interactive computer-based courses for the DRR curriculum. In addition, the Division of Compliance and Consumer Affairs (DCA) requested that TCSB assist the division in developing a curriculum that would no longer rely on classroom-based instruction provided by an outside vendor. With assistance from DCA, TCSB has proposed replacing most classroom-based DCA courses with a variety of alternative training delivery methods including Web-based and self-study courses. Under the Financial Analysis Program, TCSB also offers seven courses that are either paper-based self-study or CD-ROM based computer instruction.

The March 1, 2001 report on the joint OCRE and OICM study of training and personnel administrative services suggested that TCSB consider using DRR as a case study to determine whether computer-based training could be utilized to deliver training more efficiently to other divisions, particularly to DOS and DCA. In responding to the study, a TCSB management official acknowledged that computer-based training could result in significant cost savings, particularly when travel expenses are considered.

To further build on the work of both TCSB and the joint OCRE and OICM study, we suggest that TCSB consider pursuing use of the Web-based DOT TVU program. TCSB personnel told us that they have already had some discussions with DOT about the possibility of DOT providing training courses to the FDIC.

In addition, OPM provides government agencies with another contracting vehicle for satisfying training needs. Currently, OPM has 15 training vendors that have been pre-qualified for use by other agencies using a basic ordering agreement (BOA). OPM is currently soliciting additional vendors for its BOA

and expects to have 20 to 30 vendors available in 2002. Similarly, GSA pre-qualifies training vendors for use by both GSA and other government agencies. Both OPM and GSA personnel indicated that pre-qualifying training vendors reduces the amount of time required to award training contracts because the vendors' capabilities, performance, and costs have been pre-approved. Accordingly, to further enhance the efficiency of procuring training and consulting services, we suggest the FDIC consider establishing a BOA for training vendors.

CORPORATION COMMENTS AND OIG EVALUATION

On June 20, 2001, the Director, DOA, provided a written response to the recommendations in the draft report. DOA's response is presented in Appendix I of this report. DOA partially agreed with recommendation 1 and fully agreed with recommendations 2 through 4. With respect to recommendation 2, the Director, DOA, stated that TCSB identified the OMs and TMs who have not taken the Oversight Manager Refresher Training Course within the past 3-year period and instructed them to enroll in the course. In a June 25, 2001 e-mail, DOA stated that TCSB will monitor the training to ensure that the OMs and TMs attend the course. For recommendation 3, DOA agreed that the information in PAL should be accurate, complete, and current and that Contracting Officers would be reminded of the definition of a completed contract award. For recommendation 4, DOA agreed to send an e-mail to appropriate staff re-emphasizing that all Contract Milestone Schedules need to be fully complete and included in the contract files for all contracts over \$100,000. In a June 29, 2001 e-mail, DOA indicated that the Assistant Director, Acquisition Section, sent an e-mail addressing the corrective actions outlined in recommendations 3 and 4.

With regard to our suggestions, the Director, DOA, stated that DOA is continually exploring the use of technology to improve the efficiency and effectiveness of FDIC's training programs. However, DOA believes more defined research or studies of alternative sources or providers of Web-based training need to be considered before exploring the OIG's suggestion. Further, DOA is currently researching the most effective contracting method (including the possible use of a BOA) for supplying contracting needs for training design and development.

A summary of the Director's response to recommendation 1 and our analysis follows. In addition, Appendix II presents management's proposed actions on our recommendations and shows that there is a management decision for each recommendation in this report.

Require TCSB Oversight Managers and Technical Monitors who are expected to prepare a statement of work to take the 1-day FDIC Statement of Work Preparation training course (recommendation 1): The Director, DOA partially agreed with this recommendation. DOA does not agree that all TCSB OMs and TMs be required to take the 1-day FDIC SOW Preparation training course. The Director stated that implementing such a recommendation would not be cost effective or essential given the fact that many of the TCSB OMs and TMs are responsible for preparing SOWs for non-complex procurements. These SOWs need only contain a short concise

description of the requirements that are attached to the requisition. In general, these requisitions are service contracts awarded through the OPM and the GSA.

Further, the Director, DOA, stated that in June 2000, TCSB formed a Contract Team with the goal of

developing uniform SOW language for the various TCSB-contracted training needs. As a result, TCSB, with the support of the DOA Acquisition Section, developed SOW templates for training analysis, design, development, delivery, and evaluation. DOA believes the templates will help eliminate or minimize potential delays that may occur in the SOW development process.

The Director, DOA, further stated that there are times when TCSB OMs and TMs are required to follow complex procurement procedures. For these types of procurements, TCSB staff develop detailed and complete SOWs that convey all aspects of the requirements and clearly delineate what is to be procured. DOA believes that all TCSB OMs and TMs that prepare these types of SOWs should be required to take the 1-day training course. TCSB has identified these OMs and TMs and instructed them to enroll in the training course. In a June 25, 2001 e-mail, DOA stated that TCSB will monitor the training to ensure that the OMs and TMs attend the course.

We agree with DOA that OMs and TMs that prepare non-complex procurements should not be required to take the 1-day FDIC SOW Preparation training course. Our review included only contracts that were complex procurements that took the longest period of time to award. The intent of our recommendation was to require the 1-day training course only for those OMs and TMs that prepared a SOW for complex procurements. The action taken by DOA is responsive to our recommendation and meets the requirements of a management decision.



June 15, 2001

MEMORANDUM TO: David H. Loewenstein
Assistant Inspector General

FROM: Arleas Upton Kea [Electronically produced version; original signed by
Arlease Upton Kea]
Director, Division of Administration

SUBJECT: Management Response to Draft Report: *TCSB Contracts for Training and Consulting Services Met Customer Needs, but FDIC Can Improve the Timeliness and Tracking of Selected TCSB Contract Awards and Consider Alternative Contracting Methodologies*

The Division of Administration (DOA) has completed its review of the subject Office of Inspector General (OIG) draft report. We appreciate the review performed by the OIG, and its conclusion that the DOA, Training and Consulting Services Branch (TCSB) met the clients needs for the contracts reviewed. In the report the OIG made four recommendations to DOA related to two audit findings and identified other potential opportunities for improvement in the corporate training area.

This response summarizes our planned corrective actions with respect to the audit recommendations made by the OIG, and provides expected completion dates and the documentation that will confirm completion. We have also provided comments on the suggested improvements identified by the OIG.

Management Decision:

Recommendation # 1: The Associate Director, TCSB, should require TCSB Oversight Managers (OMs) and Technical Monitors (TMS) who are expected to prepare a statement of work to take the one-day FDIC Statement of Work Preparation training course.

Management Response # 1: DOA management agrees with this recommendation in part. We do not agree that all TCSB OMs and TMs be required to take the one-day FDIC Statement of Work (SOW) Preparation Training Course. Implementing such a recommendation would not be cost effective or essential given the fact that many of the TCSB OMs and TMs are responsible for preparing SOWs for non-complex procurements. These non-complex SOWs are typically Procurement Requisitions using the simplified procurement procedures as outlined in Chapter 4 of the APM. These SOWs need only contain a short concise description of the requirements that are attached to the requisition. In general, these requisitions are service contracts awarded through the U.S. Office of Personnel Management and the General Services Administration.

Further, in June 2000, TCSB formed a Contract Team with the goal of developing uniform SOW language for the various TCSB contracted training needs. As a result, TCSB, with the support of the DOA Acquisition Section, have developed SOW templates for training analysis, design, development, delivery, and evaluation. We believe the templates help eliminate or minimize potential delays that may occur in the SOW development process.

There are times when TCSB OMs and TMs are required to follow complex procurement procedures. For these types of procurements, TCSB staffs develop detailed and complete SOWs that convey all aspects of the requirements and clearly delineate what is to be procured. We do believe that all TCSB OMs and TMs that prepare these types of SOWs be required to take the one-day training course. TCSB has identified these OMs and TMs, and has instructed them to enroll in the training course.

Recommendation # 2: The Associate Director, TCSB should ensure that all Oversight Managers and Technical Monitors who have not taken the Oversight Manager Refresher Training Course within the 3-year period take the course.

Management Response # 2: DOA management agrees with this recommendation. TCSB identified those OMs and TMs who have not taken the Oversight Manager Refresher Training Course within the past three-year period and has instructed them to enroll in the course.

Recommendation # 3: The Assistant Director, Acquisition Section, should reiterate to all Contracting Officers that dates input to PAL need to be accurate, complete, and current in accordance with the APM. In addition, Contracting Officers should be reminded of the definition of a completed contract award as stated in the PAL User Manual.

Management Response # 3: DOA management concurs with this recommendation. We agree that the information input to PAL should be accurate, complete, and current in accordance with the APM. As a point of clarification, the definition of a completed contract award is in the APM not the PAL User Manual. The Assistant Director, Acquisition Section, will send an email to all contracting officers reminding them that dates input to PAL be in accordance with the APM. The email will also reemphasize the definition of a completed contract award. Email correspondence from the Assistant Director, Acquisition Section, will be issued to all Contracting Officers by June 29, 2001.

Recommendation # 4: The Assistant Director, Acquisition Section, should reiterate to all Contracting Officers and Contract Specialists that the Contract Milestone Schedules need to be fully completed and included in the contract files for all contracts over \$100,000.

Management Response # 4: DOA management concurs with the recommendation. The Assistant Director, Acquisition Section, will send an email to all Contracting Officers and Contract Specialists reemphasizing that the Contract Milestone Schedules need to be fully complete and in the contract file for all contracts over \$100,000 as required in APM Section 4.h.4. Email correspondence from the Assistant Director, Acquisition Section, will be issued by June 29, 2001.

Management Comments - "Other Opportunities for Improvement"

We appreciate the suggestions offered by the OIG. The OIG indicated that they met with other

government agencies (DOT, OPM, and GSA) and identified contracting practices and training services that the FDIC should consider to further improve the timeliness of TCSB contract awards and the delivery of training services to customers. We have reviewed the opportunities for improvement identified by the OIG and offer the following comments.

With respect to the OIG suggestion that the TCSB pursue the use of the Web-based DOT Transportation Virtual University (TVU), we believe that the OIG's idea is premature since the suggestion is not supported by defined research or studies of alternative sources or providers of web-based training. Furthermore, this proposed option is contrary to the way TCSB conducts its business. TCSB uses a structured methodology to confirm the technical feasibility of implementing computer platform based training, to gather feedback on the use of online learning within the FDIC culture, and to evaluate the course content.

As an organization, TCSB is continually exploring the use of technology to improve the efficiency and effectiveness of the corporate training programs. In fact, TCSB is the architect for the Corporate Learning Strategy initiative that encompasses the use of innovative enabling technologies to optimize the Corporation's ability to meet and continuously support employee developmental needs. The TCSB staffs are extremely proficient, experienced, and knowledgeable in the area of technology based training, and use a structure evaluative process to determine the appropriate direction for technology based training. TCSB has successfully developed online training curriculums and continues to pilot various technology based training venues to include the DOT TVU. For example, TCSB developed the 17 interactive computer-based curriculums for the Division of Resolutions and Receiverships and is in the process of piloting an online program called the Ninth House Network (NHN). NHN delivers personalized, interactive business skills training to the desktop.

Concerning the OIG's suggestion to establish a Basic Ordering Agreement for training vendors, TCSB was already exploring this option before the OIG audit. The TCSB Training and Technology Section, in conjunction with the Acquisition Services Section, are currently conducting research to determine the most effective contracting method for supplying contracting needs for training design and development.

If you have any questions regarding the response, our point of contact for this matter is Andrew Nickle, Audit Liaison for the Division of Administration. Mr. Nickle can be reached at (202) 942-3190.

cc: Starr Ramieh
Michael Rubino
Vijay Deshpande

MANAGEMENT RESPONSES TO RECOMMENDATIONS

The Inspector General Act of 1978, as amended, requires the OIG to report the status of management decisions on its recommendations in its semiannual reports to the Congress. To consider FDIC’s responses as management decisions in accordance with the act and related guidance, several conditions are necessary. First, the response must describe for each recommendation

- the specific corrective actions already taken, if applicable;
- corrective actions to be taken together with the expected completion dates for their implementation; and
- documentation that will confirm completion of corrective actions.

If any recommendation identifies specific monetary benefits, FDIC management must state the amount agreed or disagreed with and the reasons for any disagreement. In the case of questioned costs, the amount FDIC plans to disallow must be included in management’s response. If management does not agree that a recommendation should be implemented, it must describe why the recommendation is not considered valid. Second, the OIG must determine that management’s descriptions of (1) the course of action already taken or proposed and (2) the documentation confirming completion of corrective actions are responsive to its recommendations.

This table presents the management responses that have been made on recommendations in our report and the status of management decisions. The information for management decisions is based on management’s written response to our report and any other discussions as appropriate.

Rec. Number	Corrective Action: Taken or Planned/Status	Expected Completion Date	Documentation That Will Confirm Final Action	Monetary Benefits	Management Decision: Yes or No
1	The Director, Division of Administration (DOA), stated that the Training and Consulting Services Branch (TCSB) Oversight Managers (OM) and Technical Monitors (TM) that prepare complex procurements will be required to take the 1-day training course. Those OMs and TMs that prepare non-complex procurements will not be required to take the training course. The Director also stated that TCSB has identified OMs and TMs that prepare complex procurement transactions and instructed them to enroll in the training course. In a June 25, 2001 e-mail, DOA stated that TCSB will monitor the training to ensure that the OMs and TMs attend the course.	Completed	Documentation identifying OMs and TMs that are required to take the training course.	N/A	Yes
2	The Director, DOA, stated that TCSB has identified OMs and TMs who have not taken the Oversight Manager Refresher Training Course within the past 3-year period and has instructed them to enroll in the course. In a June 25, 2001 e-mail, DOA stated that TCSB will monitor the training to ensure that the OMs and TMs attend the course.	Completed	Documentation identifying OMs and TMs that need the training course.	N/A	Yes
3	The Director, DOA, stated that DOA agrees that the information input into PAL should be accurate, complete, and current in accordance with the Acquisition Policy Manual (APM). On June 29, 2001 DOA indicated that the Assistant Director, Acquisition Section, sent an e-mail to all contracting officers reminding them that dates input into PAL should be in accordance with the APM. The e-mail also re-emphasized the definition of a completed contract award.	Completed	E-mail to all contracting officers.	N/A	Yes
4	The Director, DOA, stated that the Assistant Director, Acquisition Section, would send an e-mail to all Contract Specialists re-emphasizing that all Contract Milestone Schedules need to be fully complete and in the contract file for all contracts over \$100,000. On June 29, 2001 DOA indicated that the Assistant Director, Acquisition Section, sent the e-mail to all contract specialists.	Completed	E-mail to all contract specialists.	N/A	Yes