

*U.S. DEPARTMENT OF COMMERCE
Office of Inspector General*



Office of the Secretary

*Further Actions Needed
to Enhance Commerce's
Acquisition Human
Capital Plan*

*Final Report No. OIG-12-015-A
December 21, 2011*

FOR PUBLIC RELEASE

Office of Audit and Evaluation





UNITED STATES DEPARTMENT OF COMMERCE

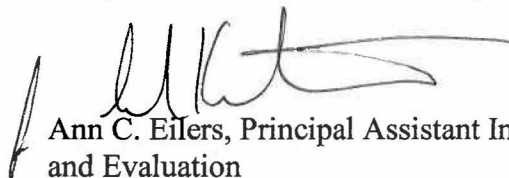
Office of Inspector General

Washington, D.C. 20230

December 21, 2011

MEMORANDUM FOR: Barry Berkowitz, Director of Acquisition Management

FROM:



Ann C. Eilers, Principal Assistant Inspector General for Audit
and Evaluation

SUBJECT:

*Further Actions Needed to Enhance Commerce's Acquisition
Human Capital Plan*
Final Report No. OIG-12-015-A

This memorandum provides our final audit report detailing the results of our review of the Department's FY 2010 Acquisition Human Capital Plan (AHCP). Our objective was to assess the adequacy of the Department's FY 2010 plan for determining its acquisition workforce needs and progress for implementing actions to address those needs. This report presents the findings and recommendations of this review, conducted under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated August 31, 2006.

The Department has developed an AHCP to establish a more efficient and effective workforce. We acknowledge OAM's challenges in developing this plan while experiencing turnover in its leadership. However, we found that the Department must take further actions to enhance the AHCP. Specifically, we noted issues with (1) unreconciled baseline counts of the acquisition workforce staff; (2) insufficient methodologies for forecasting workforce requirements; (3) the establishment of time frames or milestones for assessing progress toward achieving identified action strategies; and (4) coordination of budget requests, especially considering full-time equivalent counts.

We have received your December 5 response to our draft report. Where appropriate, we have modified this final report based on this response and discussions with OAM subsequent to the issuance of the draft report. The formal OAM response is included as an appendix. The final report will be posted on the OIG's website pursuant to section 8L of the Inspector General Act of 1978, as amended.

In accordance with the Department Administrative Order 213-5, within 60 days of the date of this memorandum, please provide us with an action plan that responds to all of the report recommendations.

We would like to express our thanks to your staff for the courtesies shown to us during our review. Please direct any inquiries regarding this report to me at (202) 482-2754 and refer to the report title in all correspondence.

Attachment

cc: Scott B. Quehl, Chief Financial Officer and Assistant Secretary for Administration
Michael L. Palensky, Chief, Acquisition Division, Census Bureau
Cecelia Royster, Chief, Acquisition Management Division, NIST
Mitchell J. Ross, Director, Acquisition and Grants Management Office, NOAA
Kate Kudrewicz, Director, Office of Procurement, USPTO
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Karen Hardy, Office of Program Evaluation and Risk Management



Report In Brief

U.S. Department of Commerce Office of Inspector General

December 21, 2011



Why We Did This Review

In response to a new law helping civilian agencies fortify their acquisition workforce, the Office of Management and Budget (OMB) issued its plan for agencies on October 27, 2009, providing a structure for agencies to bolster the skills of their acquisition workforce. A key element of OMB's plan was to require each civilian agency covered by the Chief Financial Officers Act, beginning in 2010, to submit an annual 5-year Acquisition Human Capital Plan (AHCP) to OMB by March 31. The first AHCP identifies specific strategies and goals for increasing both the capacity and capability of its respective acquisition workforce for fiscal years (FYs) 2010–2014 and requires agencies to use this information to address acquisition workforce needs in their annual budget submissions.

The objective of our audit was to assess the adequacy of the Department's FY 2010 plan for determining its acquisition workforce needs and progress for implementing actions to address those needs.

Background

Congress included provisions in the Duncan Hunter National Defense Authorization Act for FY 2009 (the Act) to help agencies develop plans to increase the size of their acquisition workforce. Enacted in 2008, the Act directed federal agencies other than the Department of Defense to develop a specific and actionable 5-year plan—an Acquisition Workforce Development Strategic Plan—to increase the acquisition workforce size and operate a government-wide acquisition intern program. It also outlined a number of other plan requirements, such as the development of a sustainable funding model to support efforts to hire, retain, and train an appropriately sized and skilled acquisition workforce.

Office of the Secretary

Further Actions Needed to Enhance Commerce's Acquisition Human Capital Plan (OIG-12-015-A)

What We Found

The Department's 5-year AHCP for FYs 2010–2014 discusses its challenges and the steps it has taken and plans to take to strengthen its workforce. We acknowledge OAM's challenges in developing this plan while experiencing turnover in its leadership. However, the plan lacks the following three critical program elements:

- **Reconciled baseline staffing data identifying the agency's entire acquisition workforce.** Although it relied on a human resources report to arrive at its baseline number of contracting officers working in the Department, OAM's numbers did not match. Also, each bureau procurement office submitted separate baseline acquisition workforce staffing figures; we found significant differences between the bureau figures and those OAM developed. Without process controls over the maintenance of documentation and the reconciliation of differences, OAM's calculations of baseline staffing levels by job series are not reliable.
- **Sufficient methodologies for determining the size and composition of the future acquisition workforce.** Rather than developing staffing projections by individual bureau procurement offices—to highlight specific differences between its plans and the bureau plans—OAM projected staffing requirements only from a single Department-wide perspective. The assumptions and data OAM used in projections were incomplete, raising concerns about the validity of the projected acquisition workforce requirements.
- **Time frames and milestones for action strategies.** OAM's March 2010 AHCP included 32 action strategies to accomplish 10 program goals under the following four broad categories: Workforce Analysis and Projections, Recruitment and Retention, Training and Development, and Monitoring Performance. However, OAM did not (1) establish time frames or milestones for assessing progress toward achieving program goals and strategies or (2) provide information on the status of the corrective action for 8 strategies.

We also found that the requests for additional full-time equivalent (FTE) staff identified in the plan did not match individual bureaus' FY 2012 budget submissions.

What We Recommended

We recommend that the Director of OAM:

1. Establish formal guidance and procedures for determining baseline staffing levels;
2. Prescribe minimum documentation standards required by the bureaus' procurement offices and OAM to support facts and figures contained in subsequent AHCPs;
3. Work with each bureau to establish acquisition human capital goals and measure progress toward meeting those goals; and
4. Work with the Office of Budget to access Departmental acquisition workforce budget data during the budget formulation process.

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Introduction

Congress included provisions in the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (the Act) that were designed to help agencies develop plans to increase the size of the acquisition workforce. Enacted in 2008, the provisions of Section 869 of the Act directed federal agencies other than the Department of Defense to develop a specific and actionable five-year plan—an Acquisition Workforce Development Strategic Plan—to increase the acquisition workforce size and operate a government-wide acquisition intern program. Section 869 also outlined a number of other plan requirements, such as the development of a sustainable funding model to support efforts to hire, retain, and train an appropriately sized and skilled acquisition workforce.

In response to the Act, the Office of Management and Budget (OMB) issued its plan for civilian agencies on October 27, 2009, providing a structured approach for agencies to augment and improve the skills of their acquisition workforce. A key element of OMB's plan was to require each civilian agency covered by the Chief Financial Officers Act, beginning in 2010, to submit an annual 5-year Acquisition Human Capital Plan (AHCP) to OMB by March 31. The first AHCP identifies specific strategies and goals for increasing both the capacity and capability of its respective acquisition workforce for fiscal years (FYs) 2010–2014 and requires agencies to use this information to address acquisition workforce needs in their annual budget submissions.

The Director, Office of Acquisition Management (OAM)—the Department of Commerce's senior procurement executive reporting to the Chief Financial Officer and Assistant Secretary for Administration within the Office of the Secretary—is responsible for managing and enhancing career development of the Department's acquisition workforce. OAM also has a Head of Contracting Office who provides contracting support to all components of the Office of the Secretary and reports directly to the Director, OAM. Within the Department, the following four operating units have internal procurement offices with a senior bureau procurement official responsible for carrying out the day-to-day functions of managing the contracting activity:

- National Oceanic and Atmospheric Administration;
- Census Bureau;
- Patent and Trademark Office; and
- National Institute of Standards and Technology.

The objective of our audit was to assess the adequacy of the Department's FY 2010 plan for determining its acquisition workforce needs and progress for implementing actions to address those needs.

Procurement reforms, technological changes, budget constraints, and downsizing have placed unprecedented demands on the acquisition workforce. Agencies now expect acquisition professionals to have a much greater knowledge of market conditions, industry trends, and the technical details of the commodities and services they acquire. For this reason, agencies that rely heavily on acquisition stand to benefit greatly by developing strategic human capital plans that define the capabilities that the workforce will need in the future—as well as strategies that can help the workforce meet these capabilities. The Department must maintain an acquisition

workforce that can effectively oversee its expanding and complex contracts for goods and services. Retention, recruitment, and retirement concerns—as well as the need to ensure a competent workforce—pose risks to the Department’s ability to meet its future acquisition workload demands. The acquisition function is critical to mission success as, historically, the Department expends approximately one-third of its budget through the acquisition process. Commerce obligated about \$3 billion on contracts for goods and services in FY 2009.

The Department’s 5-year AHCP for FYs 2010–2014 discusses its challenges and the steps it has taken and plans to take to strengthen its workforce. We acknowledge OAM’s challenges in developing this plan while experiencing turnover in its leadership. However, the plan lacks the following three critical program elements:

- Reconciled baseline staffing data identifying the agency’s entire acquisition workforce;
- Sufficient methodologies for determining the size and composition of the future acquisition workforce; and
- Time frames and milestones for action strategies.

We also found that the requests for additional full-time equivalent (FTE) staff identified in the plan did not match individual bureaus’ FY 2012 budget submissions.

The Department faces significant challenges in its efforts to increase the capacity and capability of the acquisition workforce. In particular, because of potential shifting priorities and missions, the Department may have difficulty predicting with any certainty the specific skills and competencies required. This uncertainty becomes even more profound with significant budget cuts looming over the next several years. Also, acquisition rules and regulations are changing, making it difficult for agencies to predict future requirements of their acquisition workforce. OAM will need to continue to diligently manage its AHCP implementation to meet these challenges.

Findings and Recommendations

I. Acquisition Workforce Plan Lacks Key Elements

In response to OMB guidance, the Department has developed an AHCP to establish a more efficient and effective workforce. However, it must take further actions to improve the plan. First, OAM and the bureau procurement offices had different baselines for projecting acquisition staffing levels, and OAM did not reconcile these differences. Second, OAM projection assumptions and data were incomplete, raising concerns about the validity of the projected acquisition workforce requirements. Third, OAM did not establish time frames or milestones that would enable it to assess progress toward achieving their action strategies for strengthening the capacity and capability of the workforce. We also found that the requests for additional acquisition workforce FTE staff identified in the OAM AHCP did not correspond to FY 2012 budget submissions at the individual bureaus; instead, the bureaus made their own decisions about acquisition workforce needs.

A. Baseline Staffing Figures Provided by Bureaus Were Not Reconciled

As part of its acquisition workforce strategic planning process, OMB required agencies to identify their current specialized workforce profile—including contracting officers, contract specialists, procurement analysts, other staff with delegated procurement authority, and contracting officer representatives—to better understand its composition. Each of these functions plays an important role in the Department acquisition process (see appendix B for explanations of the various acquisition workforce roles).

We found that OAM lacked complete support for how it developed the baseline figures identifying the current size of the Department's acquisition workforce. Although OAM relied on a human resources report to arrive at its baseline number of contracting officers working in the Department, the numbers did not match. OAM reported 258 contracting officers (job series 1102 and non-1102) working in the Department, while the human resources report provided as support identified 196. Responsible OAM officials could not explain the difference.

Each bureau procurement office also submitted individual acquisition human capital plans identifying their separate baseline acquisition workforce staffing figures. Table 1 lists individual bureau counts of the number of Department employees working in each of four acquisition job series, as well as a total number for each job series used by OAM as a baseline count in its FY 2010 acquisition human capital plan. We found significant differences between the bureau figures and those developed by OAM. Bureau procurement offices identified 171 purchasing agents, compared to 63 by OAM. Bureau procurement offices also identified 1,842 contracting officer representatives, compared to 1,446 identified by OAM. OAM did not resolve these differences through reconciliation or other means. According to an OAM representative, the differences likely occurred because the bureaus used different procedures for making their counts. Further, other than the Census Bureau office, the bureau procurement offices could not provide documentation supporting their acquisition workforce baseline staffing numbers. Without process controls over the maintenance of documentation and the reconciliation of differences, OAM's calculations of baseline staffing levels by job series may not be reliable.

B. Methodologies Used to Forecast Workforce Requirements Were Insufficient

OMB’s guidance outlines an acquisition workforce planning development process that will provide a basis for addressing the growth of the workforce and align with bureau budget submissions. Each agency plan must reflect specific hiring needs for FY 2011 and serve as a component of the agencies’ budget submission beginning with the FY 2012 budget cycle. To assist bureaus with developing a target acquisition workforce profile, the Federal Acquisition Institute developed and maintained an online toolkit with various projection methodologies for use when conducting a workforce analysis.

Table 1. Verification of the Baseline Count

Bureau	Contracting Officers (1102 and non-1102)	Job Series 1105	COR	PM
Census	31	34	285	4
NIST	46	7	157	2
NOAA	155	128	1,100	28
OS	21	-	117	5
USPTO	<u>25</u>	<u>2</u>	<u>183</u>	<u>5</u>
Total	278	171	1,842	44
FY 2010 Plan	(258)	(63)	(1,446)	(44)
Difference	20	108	396	0

Source: FY 2010 Acquisition Human Capital Plan and Bureau Procurement Office FY 2010 Plans

The Department’s process of forecasting future acquisition workforce requirements was not adequate. We found that the assumptions and data OAM used in projections were incomplete, raising concerns about the validity of the projected acquisition workforce requirements. First, as previously mentioned, OAM did not start with a verifiable baseline identifying the current size of the Department’s acquisition workforce. Next, rather than developing staffing projections by individual bureau procurement offices—which would have highlighted specific differences between its plans and the bureau plans—OAM projected staffing requirements only from a Department-wide perspective.

The four operating bureaus that have procurement offices, along with the Office of the Secretary, are decentralized and pursue different Department missions. While the Office of the Secretary provides some acquisition services, it primarily sets policy and provides overall direction and oversight. Accordingly, each bureau faces its own challenges in the volume, variety, and complexity of its acquisitions.

In our opinion, there is great difficulty in developing a single methodology to apply across the entire Department, given the differences in each operating bureau’s missions, acquisition workforces, types of acquisitions, and existing acquisition processes. These factors affect how an agency should develop a target acquisition workforce profile and project its workforce needs. For example, the acquisition of research and development necessitates a different mix of skills and workforce focus than the acquisition of products. Also, the development of various acquisition approaches requires different skills; while fixed-price contracts require more planning up front, the contract administration phase of such contracts is generally less complex. In contrast, cost-type contracts require a broad range of skills throughout the acquisition life cycle. Skilled and experienced pricing specialists are especially important, to project costs and help contracting officers determine whether offered prices are fair and reasonable.

Furthermore, OMB required that AHCPs serve as the basis for budget preparation beginning in FY 2012. The Department should have used OAM's plan as the basis for reflecting operating bureaus' specific hiring needs. Instead, the bureau procurement offices developed their own plans to reflect specific hiring needs in the FY 2012 budget. As previously mentioned, we found significant differences between OAM's AHCP count and those provided by the bureau procurement offices. With the exception of the Census Bureau, the bureau procurement offices did not maintain documentation detailing how they developed baseline figures identifying the current size of the Department's acquisition workforce. Without a reconciled baseline, there is no assurance that the bureaus' projected future workforce requirements are supportable. Also, the methodologies used by the bureau procurement offices to forecast future acquisition workforce requirements were incomplete and lacked consistency due in part to limited guidance from OAM. Instead of using the recommended Federal Acquisition Institute toolkit, the bureau procurement offices relied on their historical knowledge of the workload and current staff to develop their forecast of future acquisition workforce requirements. OAM did not provide guidance to the bureaus on how to determine their acquisition workforce needs, instead (according to OAM representatives) leaving it to the discretion of the bureau procurement offices.

C. Milestones or Time Frames Are Needed in Order to Measure Progress

OMB guidance required that each agency identify specific strategies and goals for increasing both the capacity and capability of the workforce for the period ending in FY 2014. OAM's March 2010 AHCP included 32 action strategies to accomplish 10 program goals under the following 4 broad categories:

- Strategic Alignment and Planning (*Workforce Analysis and Projections*);
- Building Capacity (*Recruitment and Retention*);
- Building Capability (*Training and Development*); and
- Accountability (*Monitoring Performance*).

However, we found that the action strategies were incomplete. Specifically, OAM did not:

- Establish time frames or milestones that would enable them to assess progress toward achieving the program goals and strategies, or
- Provide information on the status of the corrective action for 8 strategies.

Recognizing that the AHCP is a living document, a project plan with interim milestones would help identify (a) tasks to accomplish, (b) resources required to accomplish elements of the plan, (c) progress in meeting the tasks, and (d) scheduled completion dates. OAM has stated that it reviews the AHCP periodically and updates information as necessary as a result of ongoing efforts to meet projected workforce needs. A more complete plan that identifies time frames or milestones for achieving the action strategies, however, would provide OAM with greater assurance that it can meet the acquisition workforce needs and make informed decisions related to improving the workforce.

OAM also established an informal working group comprised of representatives from each of the bureau procurement offices, in collaboration with the Department's Office of Human Resources

Management and Finance. The working group meets quarterly to discuss the challenges of implementing the action strategies and provide a quarterly progress update to each bureau procurement office. However, we were unable to determine the progress for implementing the action strategies, because no party had established time frames or milestones dates for the strategies. An OAM representative acknowledged the unmeasured progress of these action strategies—and that the action strategies are not receiving enough attention. Without managing milestones or time frames for measuring the action strategies progress, OAM cannot reliably measure whether the bureaus conducted strategies in a manner that enabled the Department to reach intended goals and objectives.

Further, obstacles remain that limit the Department's implementation of the action strategies. Department officials cited fiscal constraints in FY 2010, coupled with the continuing resolution and the additional workload of Recovery Act requirements, as impacting the Department's ability to achieve its goals and objectives. For instance, some action strategies, such as developing and implementing a Department-wide acquisition intern program and determining human capital metrics for the acquisition function, have been delayed until FY 2012. Consequently, such fiscal constraints will limit the ability of the Department to achieve its strategic goal of improving both the capacity and capability of its acquisition workforce. A more complete plan that identifies time frames and milestones for achieving the action strategies would provide OAM with a better basis for making informed decisions related to improving the workforce and determining human capital plan priorities under constrained budgets.

D. FTE Numbers Contained in Budget Requests Were Prepared Without Coordination

OMB required the AHCP to reflect specific hiring needs and serve as a component of the agency's budget preparations beginning with the FY 2012 budget cycle. We found, however, that the bureaus produced FTE numbers in their individual FY 2012 budget submissions without regard to the OAM acquisition human capital plan. The lack of reconciled staffing baselines used by OAM—along with methodologies used by the bureau procurement offices to forecast future acquisition workforce requirements without regard to the OAM plan—point to a lack of coordination throughout the process and raise questions over the reliability of bureau FTE requests.

An OAM representative informed us that the office was unaware of how many additional FTEs the bureaus requested—and that it did not have control or oversight over the bureaus budget submissions. Procedures outlined in Department's *Budget Performance and Program Analysis Handbook* (December 2008) allows for offices within the Office of the Secretary to comment on the bureau procurement offices' budget submissions, even if not responsible for preparation. The Deputy Assistant Secretary for Administration—also the Chief Acquisition Officer and Chief Financial Officer—has Department-wide oversight responsibility for various administrative functions, including acquisition, financial assistance, and human resources management. Since the Director, OAM, reports directly to the Deputy Assistant Secretary for Administration—and is also responsible for managing and enhancing career development of the Department's acquisition workforce—the Director is further authorized to exercise discretion regarding the oversight of bureau budget requests, including those identifying the need for additional acquisition workforce FTEs.

II. Conclusion

OAM will need to continue to diligently manage the implementation of the acquisition workforce planning initiative. Two of OAM's responsibilities are to:

- Provide appropriate oversight in procurement management, to help ensure that the Department's program offices are effectively and efficiently managing procurement process; and
- Manage and enhance career development of the Department's acquisition workforce.

In its oversight, however, OAM has relied heavily on voluntary information and coordination with the operating units' procurement offices, without adequate controls. We found that OAM:

- *Routinely accepted information from the operating units' procurement offices without verification and without requesting additional supporting data.* OAM also did not follow up with the procurement offices to verify the reliability and accuracy of reported information (e.g., OAM did not reconcile the differences in baseline acquisition workforce staffing figures between the bureau procurement offices and its office).
- *Had limited or no documentation detailing how the Department developed baseline figures identifying the current size of the Department's acquisition workforce.* For example, OAM did not maintain sufficient documentation showing how the Department established the initial workforce baselines.
- *Did not capture information on how many additional FTEs the bureaus requested in their separate FY 2012 budget requests.*

Recommendations

We recommend that the Director, OAM:

1. Establish formal guidance and procedures for determining baseline staffing levels;
2. Prescribe minimum documentation standards required by the bureaus' procurement offices and OAM to support facts and figures contained in subsequent AHCPs;
3. Work with each bureau to establish acquisition human capital goals and measure progress toward meeting those goals; and
4. Work with the Office of Budget to access Departmental acquisition workforce budget data during the budget formulation process.

Summary of Department and OIG Comments

The OIG reviewed OAM's response and considered it in preparing this final report. The OIG stands by the findings; however we did work with OAM to revise recommendations. Specifically, we worked directly with OAM to include an additional recommendation and modify the draft recommendations related to (1) determining baseline staffing levels, (2) establishing human capital goals and measuring progress, and (3) acquiring greater visibility into the budget formulation process. The OIG has made other modifications to the report based on information provided by OAM in its response and subsequent communications.

OAM communications subsequent to the formal response have demonstrated concurrence with the recommendations. The formal response provides an explanation of issues identified and includes additional updated information summarizing the steps OAM is taking to meet acquisition human capital plan objectives.

We look forward to reviewing OAM's action plan addressing the recommendations in greater detail.

Appendix A: Objectives, Scope, and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We performed our work under authority of the IG Act of 1978, as amended, and Department Organizational Order 10-13, dated August 31, 2006.

Our audit, between October 2010 and July 2011, entailed field work at the five bureau procurement offices including: the Office of the Secretary in Washington, DC; the U.S. Census Bureau in Suitland, Maryland; the National Institute of Standards and Technology in Gaithersburg, Maryland; the National Oceanic and Atmospheric Administration in Silver Spring, Maryland; and the U.S. Patent and Trademark Office in Alexandria, Virginia. To accomplish our audit objectives, we:

- **Reviewed the methods used by the bureau procurement offices to prepare the FY 2010 AHCP for FYs 2010–2014.** We assessed those methods against the acquisition workforce guidance provided by OMB, acquisition workforce criteria in the *Commerce Acquisition Manual*, and other applicable Departmental and federal regulations and guidance. At the time of this audit report, OAM had provided the FY 2011 update to the AHCP, but we limited the use of the update when preparing this report.
- **Interviewed a range of staff involved in acquisition workforce planning,** including the OAM Procurement Executive, Director of Acquisition Workforce and Policy, and procurement analysts; bureau procurement offices procurement analysts; and Office of the Secretary budget staff.
- **Analyzed documentation used to support the submission of the FY 2010 AHCP,** including the plan prepared by the bureau procurement offices.
- **Reviewed and analyzed the FY 2012 budget documentation submitted by the Department to OMB for the President’s Budget** to determine whether the bureau procurement offices requested funding for the projected increases in contracting staff.

We obtained an understanding of the internal controls of the processes used to prepare and submit the FY 2010 AHCP by interviewing the procurement analyst staff at the bureau procurement offices and assessing their adherence to the requirements in Commerce Acquisition Manual 1301.6, Department of Commerce Acquisition Career Management Program, June 2009. While we identify and report on internal control deficiencies, we detected no incidents of fraud, illegal acts, violations, or abuse within our audit. We identified weaknesses in the controls related to the processes and procedure used to prepare the initial acquisition workforce plan. We did not rely on computer-processed data to draw our conclusions or to perform this audit.

Appendix B: Acquisition Workforce Definitions

Definitions of the six key acquisition workforce positions identified in the AHCP include:

- Probably the most significant role, the **Contracting Officer** is responsible for ensuring performance of all contracting actions, compliance with the terms of the contract, and safeguarding the interests of the government in contractual relationships; managing, supervising, and performing professional work involving the procurement of supplies, services, construction, or research and development using formal advertising or negotiated procedures; having knowledge of pre- and postaward procedures to plan and conduct the contracting process from the description of the requirements through contract delivery; and evaluating contract price proposals, as well as administering, terminating, and closing out contracts.
- **Contract Specialists** manage, supervise, and perform professional work involving the procurement of supplies, services, construction, or research and development using formal advertising or negotiated procedures; have knowledge of pre- and postaward procedures to plan and conduct the contracting process from the description of the requirements through contract delivery; and evaluate contract price proposals, as well as administer, terminate, and close out contracts.
- **Procurement Analysts** manage all procurement policies and procedures within the Department and consistently analyze and evaluate procurement programs to ensure compliance with Departmental policies and programs.
- **Noncontracting Officers with Delegated Contracting Authority** serve a critical role within the Department by performing contracting duties, such as the procurement of supplies and services, in addition to their mission-related responsibilities.
- **Contracting Officer Representatives** ensure compliance with technical and program requirements for the Department's acquisitions. They perform specific contract management duties related to acquisition planning, contract administration, technical oversight, and contract close-out to ensure the contractor's performance meets the standards set forth in the contract.
- **Program/Project Managers** are assigned to programs or projects considered major investments as defined in Office of Management and Budget Circular A-11, Part 7, Exhibit 300, Planning, Budgeting, Acquisition, and Management of Capital Assets. Program/Project Managers ensure the Department's investments are managed and evaluated effectively; and develop requirements, manage performance, and provide technical direction for major investments.

Source: The Commerce Fiscal Year 2010 Acquisition Human Capital Plan

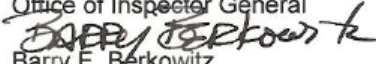
Appendix C: Response to OIG's Draft Report



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

DEC -5 2011

MEMORANDUM FOR: Ann C. Eilers
Principal Inspector General for Audit and Evaluation
Office of Inspector General

FROM: 
Barry E. Berkowitz
Senior Procurement Executive and
Director for Acquisition Management

SUBJECT: Response to Office of Inspector General draft report dated
October 7, 2011, *Further Actions Needed to Enhance
Commerce's Acquisition Human Capital Plan*

Attached is the Office of Acquisition Management response to the subject draft report on actions needed to enhance Commerce's acquisition human capital plan (AHCP). Your attention to the comments and exceptions provided is greatly appreciated and we request that the findings and recommendations in the draft be revised as appropriate to reflect information presented or reiterated in our response.

If you have any questions regarding to this response, please feel free to contact Virna Winters, Director of Acquisition Workforce and Policy Division at (202) 482-3483 or vwinters@doc.gov.



RESPONSE TO THE DRAFT OIG REPORT

"Further Actions Needed to Enhance Commerce's Acquisition Human Capital Plan" **October 7, 2011**

The Office of Acquisition Management (OAM) appreciates the opportunity to comment on the draft audit findings and recommendations of the FY 2010 Acquisition Human Capital Plan (AHCP). While the draft report provides preliminary conclusions and suggested recommendations for improving human capital planning efforts, OAM has taken exception to some of the assumptions made in the report with a basis provided herein and request that our comments are considered prior to finalizing the report.

Baseline Staffing Figures Were Unverifiable

The first finding states that the AHCP lacks verifiable baseline staffing data identifying the agency's entire acquisition workforce. OAM contends that staffing data documented in the Department's AHCP is verifiable as it was derived from the Department's Office of Human Resource Management (OHRM) personnel records; the Department's annual warrant report; and the Department's Acquisition Workforce Certification database, all of which are reliable and verifiable sources. OAM relied on data collected from these systems of record to identify the size of the Department's acquisition workforce, and where inconsistencies appeared between Bureau staffing data and data provided in the systems of record, OAM used the systems of record as the official source.

OAM documented a total of 257 contracting personnel as reflected in the AHCP which represents the number of GS-1102s provided on the Department's OHRM personnel record of 205 as of September 2009 and the number of non-1102 Contracting Officers as reported in the December 2009 annual Contracting Officer warrant report of 52.

A total of 44 program/project managers was documented in the AHCP which reflected certification data from the Acquisition Certification Database maintained by OAM, which records individuals within the Department issued certifications in Program/Project Management.

The total of Contracting Officer Representatives (CORs) was obtained from the Acquisition Certification Database maintained by OAM, which records individuals within the Department issued certifications for Contracting Officer Technical Representative OAM acknowledges there was an error in the number of FAC-COTRs documented in the AHCP in which the

combined number of FAC-C, FAC-COTR and FAC-P/PMs of 1,446 was mistakenly used instead of the correct total of CORs of 1276.

Although the error in the number of CORs was unknown until recently, it had minimal impact on COR growth targets for FY11 through FY14 as projections used in the AHCP were developed by Bureau procurement offices using the number of CORs at the Bureau-level as the projection baseline (not the consolidated figure in the AHCP) and determined growth considering factors specific to the Bureau such as: planned acquisitions identified in the Department's Forecasting and Advanced Planning System, trend analysis, available resources, risk levels of forecasted contracts, etc. Additionally, projections in the AHCP were adjusted, where necessary, in the FY11 AHCP update to reflect actual staffing data for FY10 versus the projected numbers in the initial AHCP. Data in the FY11 update also was refined to accommodate changes resulting from attrition, agency budget modifications, fully mature FAC programs, additional planned acquisitions, etc.

Methodologies Used to Forecast Workforce Requirements Were Insufficient

The second finding identifies the need for a standard methodology for determining the size and composition of the future acquisition workforce. This recommendation appears to contradict the fourth paragraph of Section B of the draft report which states: "In our opinion, there is great difficulty in developing a single methodology to apply across the entire Department, given the differences in each operating bureau's missions, acquisition workforces, types of acquisitions, and existing acquisition processes...".

With the Department's acquisition portfolio consisting of such diverse requirements, OAM argues that mandating a single method for projecting an optimal workforce to apply cross the entire Department will more likely result in inadequate target levels. The process of affording Bureau contracting offices the opportunity to assess their needs and determine workforce projections based on those unique needs, provide greater assurance of a sound basis for determining workforce targets as opposed to the use of a standard one-size fits all formula.

OAM provided Bureau representatives several models and examples to aid in determining workforce projections, which included a collection of workforce forecasting models previously used by other agencies in identifying projections as surge tools for the American Recovery and Reinvestment Act provided by the Federal Acquisition Institute (FAI). Of the suggested models, the Conceptual Combination Projection Model appeared to offer the greatest level of flexibility in analyzing a variety of factors such as: risks, workload, contract type, and other agency-specific elements with the ability to adjust the weighting, ratios, and other factors to increase relevance to the organization. Bureau representatives were provided this forecasting tool to assist with developing their five-year projections but were also encouraged to utilize any projection methodology or assumptions as deemed appropriate to develop workforce projections.

The workforce projections submitted by the individual Bureau procurement offices were compared to outputs derived from the Conceptual Combination Projection Model to serve as a tool for gauging the validity of the Bureau projections, as this model takes into account the overall number of contracts awarded and in the contract administration phase or are cost-type contracts and require contract oversight as well as other risk factors associated

with complexity, workforce productivity, policy and workforce development. The projection outputs from the model were in line with the estimated projections of the consolidated totals submitted by the Bureau procurement offices and therefore the projections submitted by each Bureau was consolidated and documented in the AHCP. The projection methodologies used by Bureau procurement offices to forecast future acquisition workforce requirements were sufficient as they were based on factors deemed most appropriate by Bureaus such as historical data and spending trends, planned acquisitions, workload, rate of retention, and other factors that were esoteric to their procurement office.

Milestones or Time Frames Are Needed in Order to Measure Progress

The draft report also expresses concern that the action strategies outlined in the AHCP were incomplete in that OAM did not prescribe timeframes to Bureau procurement offices for achieving human capital goals and strategies. OAM considered the use of milestones, however, it posed great challenges, given that the action strategies are ongoing activities and many of the strategies were contingent upon additional funding. As a living document, the action strategies developed in the AHCP are met through ongoing activities that constantly evolve as circumstances change and as additional information develops.

OAM currently monitors the Department's progress toward achieving human capital action strategies by requiring Bureau procurement offices to submit progress reports on a quarterly basis. Data provided in the AHCP and subsequent progress reports represent on-going efforts of the Department to meet projected workforce needs used to guide in recruitment, hiring, training and development decisions.

The recommended project plan and milestone document outlined in the draft report examines similar information requested in OAM's progress reports with the exception of scheduled completion dates. Facing an austere budget in FY10 and FY11 significantly impacted the Department's ability to achieve its strategic goal of increasing both the capacity and capability of its acquisition workforce. The quarterly progress reports address both accomplishments in achieving human capital goals as well as challenges that impede achieving the action strategies, which provide a more straightforward depiction of the Department's workforce needs and updates. OAM opines that applying timeframes to accomplishing action strategies in the AHCP without funding would serve only as an anecdotal exercise without actually identifying and reporting how best to address the evolving workforce needs.

The draft also found the action strategies identified in the AHCP incomplete as it did not provide status on eight strategies. The AHCP identified action strategies to aid the Department in increasing the capacity and compatibilities of the acquisition workforce. The AHCP identified strategies and provided status at the time of the plan submitted and with progress reports, several initial action strategies such as identifying a mission statement, defining key stakeholder's roles and responsibilities, or establishing a working group to review and update the AHCP annually, were addressed during the preparation of the AHCP and are not updated in the quarterly progress reports. Therefore, the number of action strategies reported in quarterly progress reports including the FY 11 ACHP progress update submitted to OFPP in March 2011, may be reduced to account only for those actions still

underway or to be implemented, with goals like creating a mission statement, which changes less frequently, addressed only when updates are made.

FTE Numbers Contained in Budget Requests Were Prepared Without Coordination

Lastly, the draft report states that the Bureaus produced FTE numbers in their individual FY 2012 budget submissions without regard to the Departmental AHCP. While, OFPP's guidance requires the AHCP to serve as a component in the FY 2012 budget submission, historically, the Office of Acquisition Management does not receive Bureau budget submissions and has never had input in what is captured in those budgets. In addition, budget submissions typically do not illustrate individual office's FTE allotments and therefore, requesting to review them in an effort to determine whether the number of projected FTEs for FY12 was included, would not have been possible.

OAM request that the OIG considers the comments provided and revise the report where appropriate. We also request acknowledgment that as a living document, the AHCP is reviewed periodically and information updated as necessary as a result of ongoing efforts to meet projected workforce needs. Consequently, workforce needs in staffing, training and development are routinely assessed and adjustments are made as additional information develops and circumstances change.