

memorandum



DATE: January 22, 2003

Audit Report No.: OAS-L-03-08

REPLY TO
ATTN OF: IG-34 (A02PT025)

SUBJECT: Audit on "Recruitment and Retention of Personnel in the Department of Energy"

TO: Director, Office of Management, Budget and Evaluation/Chief Financial Officer, ME-1

INTRODUCTION AND OBJECTIVE

In July 2001, the Office of Inspector General reported on *Recruitment and Retention of Scientific and Technical Personnel* (DOE/IG-0512). That report disclosed that the Department of Energy (Department) had been unable to recruit and retain critical scientific and technical staff. Moreover, historical hiring and attrition rates indicated that there might be greater shortages in less than five years' time. To help ensure needed scientific and technical resources would be available to meet mission requirements, we recommended that the Department develop performance measures and take other actions to improve recruitment and retention efforts.

In addition to scientific and technical needs, the Department employs a large number of individuals to provide direct support and perform business related services. These activities include contract performance and accountability, information management, and property control. Because of projected losses, we initiated our audit to determine whether the Department had taken action to recruit and retain sufficient numbers of administrative personnel and to follow-up on actions taken to address technical and scientific personnel needs. Our scope and methodology are described in the attachment to this report.

CONCLUSIONS AND OBSERVATIONS

The Department had taken a number of positive actions to address human capital issues. For example, it initiated several programs to attract entry-level and develop current employees. While these improvements are significant, the Department had not developed a methodology for conducting skills gap analyses critical to completing an overall recruitment and retention plan. Absent Department-level guidance, Offices such as the National Nuclear Security Administration and Energy Efficiency and Renewable Energy sought advice on conducting staffing gap analyses from external agencies and are developing methodologies that may not produce useful results. The Department also had not developed specific, quantifiable performance measures for key recruitment and retention goals as recommended in our previous audit. Without additional action, the Department may be unable to respond to potential retirements of 27 percent of its administrative workforce and 43 percent of the administrative managers (Senior Executive Service (SES) and GS/GM-15 managers) through 2005.

Current Outlook

The Department had taken action to address problems related to its aging workforce and skill imbalances. These efforts included implementation of programs to recruit entry-level and develop existing staff. For example, it established a Career Intern Program, an SES Candidate Development Program, and a Mentoring Program. In cooperation with the Office of Management, Budget and Evaluation (OMBE), program offices developed plans that included "business visions" for the future and identified general skills sets needed for mission accomplishment. The Office of Human Resources Management also launched a human capital consulting service to assist program offices with planning and implementing human capital strategies. Additionally, the Department established certification programs in contract and project management, two of the Department's most mission critical occupations. While these actions are positive, additional action is necessary if the Department is to respond to anticipated retirements and organizational changes resulting from pending reorganizations that are likely to drastically change the demographics of the workforce.

Skills Gap Analyses

While the Department had taken a number of actions, it had not developed a methodology for performing in-depth skills gap analyses. Such analyses are essential for preparing a Department-level plan to address anticipated shortfalls and are of critical importance to programs or offices engaged in large-scale reorganizations. Program office officials engaged in major reorganizations such as the National Nuclear Security Administration and the Office of Energy Efficiency and Renewable Energy told us that OMBE was unable to provide assistance in this area and that they had to look to other Federal agencies and external consultants for guidance. Because of individual approaches to developing methodologies, completed skills gaps analyses are likely to produce results that are inconsistent and not comparable. Human Resource officials told us that past workforce studies were based on inconsistent methodologies and produced results that were unusable.

Performance Measures

The Department also needs to strengthen performance management initiatives in the recruitment and retention area. For example, one of the measures included in the Fiscal Year 2003 Annual Performance Plan (Plan) designed to integrate the expanded use of hiring incentives and flexibilities with budget and performance plans will most likely not be implemented because of funding constraints. A second measure included in the Plan addressed development and implementation of SES Candidate Development and Mentoring Programs but lacked quantifiable measures such as timeframes or goals for participation. Additionally, the Plan did not contain a measure for determining and addressing staffing needs on a Departmentwide basis.

SUGGESTIONS

To strengthen recruitment and retention efforts, we suggest that the Director, Office of Management, Budget and Evaluation/Chief Financial Officer, in coordination with Program Officials:

1. Develop guidance for conducting skills gaps analyses; and
2. Develop quantitative and comprehensive recruitment and retention performance measures.

Since no recommendations are being made in this letter report, a formal response is not required. We appreciated the cooperation of your staff throughout the audit.



Rickey R. Hass, Director
Science, Energy, Technology,
and Financial Audits
Office of Audit Services
Office of Inspector General

Attachment

cc: Team Leader, Audit Liaison, ME-2.1

SCOPE AND METHODOLOGY

We conducted the audit from April to December 2002 at Department of Energy Headquarters in Washington, DC and Germantown MD; the National Energy Technology Laboratory in Pittsburgh, PA; the Albuquerque Operations Office in Albuquerque, NM; the Chicago Operations Office in Argonne, IL; and the Richland Operations Office in Richland, WA.

To accomplish the audit objective we reviewed regulations related to recruiting and retaining personnel, interviewed program office officials to determine the status of reorganizations and recruitment and retention of personnel in their organizations, analyzed plans developed by Human Resources and program offices related to recruitment and retention and program office reorganizations, and reviewed performance measures established for recruitment and retention.

The audit was conducted in accordance with generally accepted Government auditing standards for performance audits, and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We did not rely on computer-processed data to satisfy the objective of our audit.

Management waived the exit conference.

Memorandum

DATE: JAN 28 2003

REPLY TO
ATTN OF: IG-34 (A02PT025)

SUBJECT: Final Report Package for "Recruitment and Retention of Personnel in the Department of Energy"
Audit Report Number: OAS-L-03-08

TO: Frederick D. Doggett, Deputy Assistant Inspector General for Audit Services

Attached is the required final report package on the subject audit. The pertinent details are:

1. Actual Staff days: 335

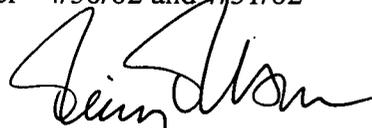
Actual Elapsed days: 287

2. Names of OIG and/or contractor audit staff:

Assistant Director: George W. Collard
Team Leader: Robert W. Lewandowski
Auditor-in-Charge: Matthew J. Pollock
Audit Staff: Jeffrey S. Nelson

3. Coordination with Investigations and Inspections:

Investigations: Brenda Froberg - 4/29/02 and 8/1/02
Inspections: Henry Minner - 4/30/02 and 7/31/02



Rickey R. Hass, Director
Science, Energy, Technology,
and Financial Audits
Office of Audit Services
Office of Inspector General

Attachments:

1. Final Report (3)
2. Monetary Impact Report
3. Audit Project Summary Report
4. Audit Database Information Sheet

MONETARY IMPACT OF REPORT NO.: OAS-L-03-08

1. Title of Audit: "Recruitment and Retention of Personnel in the Department of Energy"

2. Division: Science, Energy, Technology, and Financial Audits

3. Project No.: A02PT025

4. Type of Audit:

Financial: _____ Performance: X
 Financial Statement _____ Economy and Efficiency X
 Financial Related _____ Program Results _____
 Other (specify type): _____

5. Please report monetary savings identified in the report. If unable to quantify monetary savings at this time, please identify any potential future impact on audited activities/locations in the remarks section below.

| FINDING | | BETTER USED | | | | QUESTIONED COSTS | | | MGT. POSITION | POTENTIAL BUDGET IMPACT |
|----------------------|---------------------|-----------------|------------------------|-----------------|---------------------|---------------------------|----------------------------|--------------|--|-------------------------|
| (A) | (B) Title | (C) One Time | Recurring | | | (G) Questioned Portion | (H) Unsupported Portion | (I) Total | (J) C=Concur N=Noncon U=Undec | (K) Y=Yes N=No |
| | | | (D) Amount Per Year | (E) No. Yrs. | (F) Total Amount | | | | | |
| | N/A (Letter Report) | | | | | | | | | |
| TOTALS--ALL FINDINGS | | | | | | | | | | |

6. Remarks: Although the report did not identify specific monetary savings, we did suggest that OMBE develop Department-wide guidance for conducting skills gaps analyses and develop quantitative and comprehensive recruitment and retention performance measures.

7. Contractor: N/A

8. Contract No.: N/A

9. Task Order No.: N/A

10. Approvals:

Division Director & Date  1/28/03

Technical Advisor & Date  1/28/03

Report run on: January 28, 2003 2:11 PM

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Audit#: A02PT025 Ofc: PTA Title: DOE RECRUITMENT AND RETENTION EFFORTS

**** Milestones ****

| | Profile | Planned End of Survey | Revised | Actual | |
|------------------------|-----------|--------------------------|-----------|-----------|-------|
| Entrance Conference: | 01-APR-02 | 10-APR-02 | 10-APR-02 | 10-APR-02 | |
| Survey Completed: | 01-JUN-02 | 19-JUL-02 | 19-JUL-02 | 19-JUL-02 | |
| Field Work Complete: | | | 30-AUG-02 | | |
| Draft Report Issued: | | 06-SEP-02 | 10-JAN-03 | | |
| Exit Conference: | | | 21-NOV-02 | | |
| Completed with Report: | 01-OCT-02 | | 22-JAN-03 | 22-JAN-03 | (R) |
| -----Elapsed Days | 183 | | | 287 | |
| -----Staff Days: | 200 | 0 | | 345 | |

Date Suspended: Date Terminated:
Date Reactivated: Date Cancelled:
DaysSuspended(Cur/Tot): (0 /) Report Number: OAS-L-03-08

Rpt Title: RECRUITMENT AND RETENTION OF PERSONNEL IN THE DEPARTMENT OF ENERGY

**** Audit Codes and Personnel ****

Aud Type: EAE ECONOMY & EFFICIENCY
Category: DPA DEPARTMENTAL ADMIN. AD: 376 LEWANDOWSKI
DOE-Org: HAH HEADQUARTERS, ADMINI AIC: 572 POLLOCK
Maj Iss: 033 Not Found HDQ-Mon: 421 SCHULMAN
Site: MRA MULTI-REGION AUDIT ARM: 459 COLLARD

**** Task Information ****

Task No:
Task Order Dt: CO Tech. Rep:
Orig Auth Hrs: Orig Auth Costs:
Current Auth: Current Auth Cost:
Tot Actl IPR Hr: Tot Actl Cost:

**** Time Charges ****

| Emp/Cont Name | Numdays | Last Date |
|----------------|---------|-----------|
| POWELL, J | 1.3 | 28-DEC-02 |
| LEWANDOWSKI, R | 27.9 | 25-JAN-03 |
| POLLOCK, M | 148.5 | 25-JAN-03 |
| NELSON, J | 167.4 | 25-JAN-03 |
| Total: | 345.1 | |

**** ATC Information ****

| Atc | Atc Rank | Atcdesc |
|-----|----------|---------|
|-----|----------|---------|

AUDIT DATABASE INFORMATION SHEET

1. Project No.: A02PT025
2. Title of Audit: Recruitment and Retention of Personnel in the Department of Energy
3. Report No./Date OAS-L-03-08/January 22, 2003
4. Management Challenge Area: None
5. Presidential Mgmt Initiative: Strategic Management of Human Capital
6. Secretary Priority/Initiative: None
7. Program Code: MA
8. Location/Sites: Headquarters; National Energy Technology Laboratory; and Albuquerque, Chicago, and Richland Operations Offices.
9. Finding Summary: The report did not contain a finding, but noted that the Department had not developed a methodology for performing in-depth skills gap analyses and needed to strengthen performance management initiatives in the recruitment and retention area.
10. Keywords:

Human Capital
Recruitment and Retention
Human Resources