U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Operating efficiently and effectively

Operational Efficiencies of EPA's Human Resources Shared Service Centers Not Measured

Report No. 18-P-0207 **May 31, 2018**

Report Contributors:

Michael D Davis
Cara Lindsey
Heather Layne
Debra Coffel
Gabriel Porras-Sanchez

Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FTE	Full-Time Equivalent
FY	Fiscal Year
GPRA	Government Performance and Results Act
HC	Human Capital
HR	Human Resources
HRACTS	Human Resources Activity and Communication Tracking System
IBC	Interior Business Center
LOB	Line of Business
OARM	Office of Administration and Resources Management
OHR	Office of Human Resources
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	U.S. Office of Personnel Management
RTP	Research Triangle Park
SSC	Shared Service Center
VERA	Voluntary Early Retirement Authority
VSIP	Voluntary Separation Incentive Payments

Cover Image: Image on the EPA's Office of Research and Development Human Resources intranet page. (EPA photo)

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U.S. Environmental Protection Agency
Office of Inspector General

18-P-0207
May 31, 2018

At a Glance

Why We Did This Project

The U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), performed this audit to determine whether the EPA has achieved efficiencies, savings and improved customer service in agency human resources (HR) operations by establishing three HR Shared Service Centers (SSCs) in Cincinnati, Ohio; Las Vegas, Nevada; and Research Triangle Park, North Carolina.

In 2004, the U.S. Office of Personnel Management launched the HR Line of Business (LOB) initiative, envisioning "government-wide, modern, cost-effective, standardized, and interoperable" HR services to address "duplicative HR systems and processes across the federal government." Per the EPA's HR SSC intranet site, the agency launched its HR SSCs in 2008 "to provide consistent and efficient human resources services to all EPA employees regardless of their physical location."

This report addresses the following:

- *Operating efficiently and effectively.*

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Listing of OIG reports.

Operational Efficiencies of EPA's Human Resources Shared Service Centers Not Measured

What We Found

Without a baseline for HR operations and HR staff, the EPA is unable to determine efficiencies in HR operations.

We could not determine whether the EPA achieved operational efficiencies, savings and improved customer service with the 2008 implementation of its HR SSCs. Also, as of January 2017, there was a disparity in the number of HR staff in each region and SSC, with no direct correlation between the number of EPA employees serviced by each location and the number of HR staff employed at each location.

Federal law and the HR LOB initiative require agencies to focus on reducing costs, improving quality and achieving cost efficiencies. However, the EPA did not establish baseline metrics for HR SSC performance and did not collect data to assess HR SSC performance and efficiencies from 2014 to 2016. In addition, the Office of Administration and Resources Management did not determine the appropriate HR staffing levels needed for each region and did not provide guidance on core staffing needs for regional HR functions. Without a baseline and a plan on how to use performance measurement data, we cannot determine whether the EPA is achieving efficiencies in operations, cost savings and improved customer service.

Our audit also noted that some of the EPA's key HR policies were outdated, with one policy dating back to the 1970s. Although Office of Management Budget directives require agencies to streamline policy creation and monitor internal controls, the EPA's Office of Human Resources did not adhere to its HR policy update agenda and did not regularly update its HR policies and procedures. As a result, SSC managers often self-interpret federal guidance and policies, thus creating inefficiencies.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management (1) develop a plan that establishes a baseline to measure the future program operational efficiency of HR operations; (2) establish a workgroup comprising regional and program representatives to develop a baseline level of HR support necessary for each program and regional office; and (3) review HR policies, prioritize the policies requiring updates, and update the policies with stakeholder input.

The Office of Administration and Resources Management concurred with all of our recommendations and provided acceptable corrective actions with milestone dates. The proposed corrective actions for Recommendations 1 through 3, when completed, will meet the intent of the recommendations.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

May 31, 2018

MEMORANDUM

SUBJECT: Operational Efficiencies of EPA's Human Resources Shared Service Centers Not Measured
Report No. 18-P-0207

FROM: Arthur A. Elkins Jr.

TO: Donna J. Vizian, Principal Deputy Assistant Administrator
Office of Administration and Resources Management

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). The project number for this audit was OA-FY17-0126. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The EPA's Office of Administration and Resources Management (OARM) and the Office of Human Resources within OARM are responsible for implementing the recommendations.

In accordance with EPA Manual 2750, your office provided acceptable corrective actions and milestone dates in response to OIG recommendations. All recommendations are resolved, and no final response to this report is required. However, if you submit a response, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

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Chapter 1
Introduction

Purpose

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted an audit of the agency's Human Resources (HR) Shared Service Centers (SSCs). The objective of this audit was to determine whether the EPA has achieved efficiencies, savings and improved customer service in agency HR operations by establishing three HR SSCs.

Background

Federal HR Line of Business Initiative

In 2004, the U.S. Office of Personnel Management (OPM) launched its governmentwide HR Line of Business (LOB) initiative to accomplish the following goals: improved management, operational efficiencies, cost savings/avoidance and improved customer service. In an August 2006 memorandum,[1] the Office of Management and Budget (OMB) stated that the "key goals" of the HR LOB initiative were "to improve services to citizens, to increase the efficiency and effectiveness of the government, and to provide savings to the taxpayer."

On May 21, 2007, the OMB and OPM issued a memorandum, *Competition Framework for Human Resource Management Line of Business Migrations*, that provides guidance for agencies planning to upgrade or replace their HR management systems. This memorandum emphasizes that the intent of the HR LOB is to "avoid costly and redundant investments in 'in-house' solutions for common support services." However, the memorandum specifies that agencies may upgrade their HR systems if they demonstrate that "investment in a system limited to the agency's own use … represents a better value and lower risk alternative than migration to [a federal intergovernmental] SSC."

Per the OPM, the goal of the HR LOB is to deliver HR services through federal intergovernmental SSCs. However, the EPA states that the "EPA isn't a shared service provider in the sense of providing HR services to other federal agencies." The EPA's transition to SSCs is considered an internal agency consolidation that provides HR services only to its regions and program offices.

[1] OMB, Memorandum M-06-22, *Cost Savings Achieved Through E-Government and Line of Business Initiatives*, August 2006.

Executive Order and Memorandums Require Efficient Operations

Subsequent memorandums and an executive order support the federal government's drive toward efficiency. OMB Memorandum M-16-11, *Improving Administrative Functions Through Shared Services,* issued on May 4, 2016, states that efforts to implement SSCs "will reduce duplication and redundancy and enable the government to redeploy funds to agency core mission activities." More generally, Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch,* issued on March 13, 2017, directs the OMB to "improve the efficiency, effectiveness, and accountability of the executive branch." To facilitate compliance with this executive order, OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, issued April 12, 2017, requires agencies to develop and submit an Agency Reform Plan that identifies how the head of each agency proposes "to improve the efficiency, effectiveness, and accountability" of agency operations. This memorandum provides a framework outlining the factors agencies should consider when conducting an analysis of existing business processes. Some of these factors are shown in Table 1.

Table 1: Framework to align activities with an agency's mission, role and performance

Factor	If ...	Then explore options to ...
Cost-Benefit	The costs of continuing to operate an agency, a component or a program are not justified by the unique public benefits it provides.	Eliminate, merge, restructure, or improve efficiency and effectiveness.
	The long-term savings from shutting down or merging agencies, components or programs—including the costs of addressing the equities of affected agency staff—are greater than the expected costs.	Eliminate, merge, or improve efficiency and effectiveness.
Efficiency and Effectiveness	The agency, component or program—based on the available body of evidence and historical performance data—is ineffective or inefficient (e.g., struggles to make decisions and execute).	Eliminate, restructure, improve efficiency and effectiveness, improve workforce performance/accountability, or enhance evidence-building.
Customer Service	The agency, component or program can be redesigned to better meet the needs of the public and partners in service delivery in a more accessible and effective manner.	Restructure or improve efficiency and effectiveness

Source: OMB Memorandum M-17-22.

EPA's HR SSCs

The EPA HR SSCs were developed to align the EPA with the governmentwide HR LOB initiative. EPA staff stated that prior to the formation of the three HR SSCs, there were 15 separate and wholly autonomous HR operating offices that used dissimilar HR processes. On May 8, 2007, the agency issued a case study, *EPA, Business Case Study, Shared Service Centers for Human Resources,* which states that "the ongoing need to reduce fixed costs and operate more efficiently" motivated the EPA to launch "a number of budget initiatives to evaluate proposed

disinvestments, innovations, efficiencies and consolidations." The study details the goals of the agency's planned HR SCCs:

> [C]onsolidating transactional-type human resources functions in two or three shared service centers provides a strong foundation for cost effectiveness, operational efficiencies, potential long-term cost savings and reinvestment opportunities. The proposed consolidation is designed to assure timely, high quality customer service, mitigate impacts on affected human resources employees, and position the Agency for government-wide competition via the Human Resources Line of Business

The EPA has continued to emphasize these goals. For example, a press release distributed in January 2008 states that the move to SSCs "would improve the effectiveness, efficiency, and customer service of agency human resource operations." In addition, the EPA intranet states that "HR SSCs strive to provide consistent and efficient human resources services to all EPA employees regardless of their physical location."

In June 2008, the EPA established HR SSCs in three locations—Cincinnati, Ohio; Las Vegas, Nevada; and Research Triangle Park (RTP), North Carolina—to process personnel and benefits actions for the agency's employees. The HR SSCs provide support to regional, headquarters and program offices (Table 2). In fiscal year (FY) 2016, the operating cost for the SSCs nationwide was approximately $9.5 million. In addition, the Director of the Office of Administration and Resources Management (OARM) in RTP (OARM-RTP) stated that the SSCs processed 56,993 transactions in FY 2016.

Table 2: Regional, program and headquarters offices assigned to each HR SSC

Cincinnati	Las Vegas	RTP
Office of: • Administration and Resources Management • Enforcement and Compliance Assurance • Land and Emergency Management *Regions:* • 5–8	*Office of:* • Air and Radiation • International and Tribal Affairs • Inspector General • Water *Regions:* • 9–10 *Other locations:* • Ann Arbor [a]	*Office of:* • The Administrator • The Chief Financial Officer • General Counsel • Environmental Information • Chemical Safety and Pollution Prevention • Research and Development *Regions:* • 1–4

Source: EPA's HR SSC intranet site.

[a] EPA has a National Vehicle and Fuel Emissions Laboratory in Ann Arbor, Michigan.

Decision to Consolidate Las Vegas SSC During Our Audit

In response to Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, the EPA provided the OPM with its Agency Reform Plan in February 2018, which "represents a series of projects that EPA will complete to

implement the goals of Executive Order 13781." In the plan, the EPA states its intention to "examine our HR service model to determine if efficiency can be obtained through realigning organizations, streamlining management layers and examining the facility footprint." In addition, in a February 9, 2018, weekly report, the Special Assistant to the acting Deputy Administrator summarized the Las Vegas HR SSC consolidation plans:

> Beginning in June 2018, work performed at EPA's human resources shared service center in Las Vegas, Nevada leased space will transition to EPA's owned locations in Research Triangle Park, NC and Cincinnati, OH. This consolidation will improve the utilization of EPA's real property portfolio and will positively impact staff coordination and service delivery. … The space will be released by September 30, 2018.

Responsible Offices

The EPA's OARM is responsible for the issues in this report. Per the EPA's website, OARM in Cincinnati (OARM-Cincinnati) and OARM-RTP provide "human resources services to various EPA customers." In addition, the agency's website states that OARM's Office of Human Resources (OHR) "is responsible for management of human resource functions for headquarters employees, as well as agency-wide policy development, strategic planning, and direction for the EPA's human resource programs."

Scope and Methodology

We conducted this audit from March 2, 2017, to March 12, 2018, in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To determine whether the EPA has achieved efficiencies, savings and improved customer service in agency HR operations by establishing three HR SSCs, we reviewed the following relevant laws, procedures and policy orders:

- OPM, Human Resources Line of Business Initiative, 2004.
- OMB Memorandum M-06-22, *Cost Savings Achieved Through E-Government and Line of Business Initiatives,* August 8, 2006.
- EPA, *Business Case Study, Shared Service Centers for Human Resources,* May 8, 2007.
- OPM and OMB, *Competition Framework for Human Resource Management Line of Business Migrations*, May 21, 2007.

- [Government Performance and Results Act] GPRA Modernization Act of 2010, Public Law 111-352, January 4, 2011.
- OMB Memorandum M-11-31, *Delivering an Efficient, Effective, and Accountable Government,* August 17, 2011.
- OMB Memorandum M-16-11, *Improving Administrative Functions Through Shared Services,* May 4, 2016.
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 15, 2016.
- Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, March 13, 2017.
- OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, April 12, 2017.
- 5 CFR § 250.203, "Agency Responsibilities."

We also performed the following interviews and actions:

- Interviewed OARM management, SSC HR directors and staff to obtain an understanding of the oversight practices in place to gauge the efficiencies of the SSCs.

- Judgmentally selected and interviewed regional HR staff to determine areas of responsibility in the HR function and the adequacy of HR resources.

- Obtained and analyzed staff rosters for regional offices and SSCs in calendar years 2006, 2007 and 2017.

- Obtained and analyzed internal assessments of EPA HR operations in the regions and the SSCs. Reviewed OHR assessments of the regions issued from calendar years 2007 through 2009 and 2013 through 2016. Reviewed OPM assessments of the OHR issued in calendar years 2014 and 2015.

- From the EPA's intranet, determined current and outdated HR policies. From SSC HR directors, determined the effect of outdated policies on HR operations. Discussed with OHR management the reason for outdated policies.

Prior Reports

EPA OIG Report No. 09-P-0206, *EPA's Human Resources Management System Did Not Deliver Anticipated Efficiencies to the Shared Service Centers,* issued August 11, 2009, found that the EPA's reliance on PeoplePlus to achieve HR SSC efficiency and effectiveness involved "increased risks to its security and stability because the software vendor no longer supported the current version." The report

makes four recommendations; all corrective actions were completed by October 20, 2010.

EPA OIG Report No. 10-P-0177, *EPA's Revised Hiring Process Needs Additional Improvements*, issued August 9, 2010, noted that the agency's HR SSCs "did not consistently provide program managers with the best candidates, and data quality and recruitment action processes need improvement." Specifically, the report found that the agency "had not implemented critical technology upgrades or obtained other resources necessary for the service center concept to succeed" and that there was "a lack of management attention to policies and inconsistencies" within the HR SSCs. The report makes eight recommendations; per the EPA, all corrective actions were completed by June 1, 2014. However, based on the subsequent changes in HR transactional processing discussed in Chapter 2 of this current report, some of the corrective actions are no longer in place.

Chapter 2
Baselines for Assessing Efficiency Not Developed for EPA's HR SSCs and HR Staff

We could not determine whether the EPA achieved operational efficiencies, savings and improved customer service with the 2008 implementation of its HR SSCs. In addition, as of January 2017, there was a disparity in the number of HR staff in each region and SSC, with no direct correlation between the number of EPA employees serviced by each location and the number of HR staff employed at each location. Federal law, the OPM HR LOB initiative and OMB memorandums require agencies to focus on reducing costs, improving quality and achieving cost efficiencies. However, the agency did not establish a baseline for HR SSC performance, nor did it gather measures from 2014 to 2016 to assess HR SSC performance and efficiencies. Without these measures, we cannot determine the extent to which the EPA is achieving efficiencies in operations, savings and improved customer service.

Federal Law, HR LOB Initiative and Memorandums Require Efficient Operations

The GPRA Modernization Act of 2010 focuses on performance and improving efficiencies in federal agencies, while OMB Memorandum M-11-31, *Delivering an Efficient, Effective, and Accountable Government*, provides additional guidance on the act and assists agencies in refining performance management guidance. In addition, the goals (outlined in Table 3) and vision (quoted below) of the OPM's HR LOB initiative emphasize efficiency:

> Governmentwide, modern, cost-effective, standardized and interoperable human resource solutions providing common core functionality to support the Strategic Management of Human Capital [HC] and addressing duplicative and redundant HR systems and processes across the Federal Government.

Table 3: Goals of OPM's HR LOB

Activity	Goal
Improved Management	Improve governmentwide strategic management of HC: faster decision-making, more informed policy-making, more effective workforce management, and improved resource alignment with agency missions.
Operational Efficiencies	Achieve or increase operational efficiencies in the acquisition, development, implementation and operation of HR management and supporting systems: improved servicing ratio/response times, reduced cycle times and improved automated reporting.

Activity	Goal
Cost Savings/ Avoidance	Achieve or increase cost savings/avoidance from HR solution activities: reduced duplicative software/hardware/operations/labor resources and increased competitive environment.
Improved Customer Service	Improve customer service: increased accessibility to client and value; improved communication and responsiveness; and enhanced quality, timeliness, accuracy and consistency.

Source: OPM's "HRLOB Establishment Documents" webpage.

Per the OPM's *HR LOB Migration Planning Guidance*, agencies are required "to prepare for, and manage, a migration of their human resource management operations to a shared services environment." In the assessment phase, agencies are required to envision how they can best deliver HR services to support their missions and to develop business cases for change. The OPM identifies the following activities as part of the "assess phase":

- Identify applicable HR benchmarks and best practices.
- Baseline current HR services delivery measures and metrics.
- Devise and validate an HR information technology strategy.
- Develop a business case.

In addition, OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce,* requires agencies to operate more efficiently and to identify ways to reduce the cost of the federal workforce. In Section III(D)(ii) of this memorandum, the OMB directs agencies to examine the total cost of their personnel; to determine a baseline for the appropriate number of full-time equivalents (FTEs); to evaluate and alter organization and position structures to ensure they effectively and efficiently support agency missions; and to "[k]eep positions current," which includes assessing whether technology has "changed or eliminated the need for some positions." In particular, the OMB notes that Management Analysts may duplicate HR functions and that HR transactional services are among those fields undergoing rapid transformation due to technology.

Baseline Not Established and Customer Service Not Always Measured

When the EPA established its HR SSCs in 2008, the agency did not establish a baseline to measure performance, nor did it gather data from 2014 to 2016 to assess HR SSC performance and efficiencies. In addition, although the agency began collecting customer satisfaction and other HR SSC data in 2016, OARM has not developed a plan regarding how to use this information. Without a baseline and a plan to use performance measurement data, we cannot determine whether the EPA is achieving efficiencies in operations, cost savings and improved customer service.

On its "Program Evaluation and Performance Measurement at the EPA" webpage, the EPA defines "performance measurement" as "a way to continuously monitor

and report a program's progress and accomplishments, using pre-selected performance measures." Program measures help offices determine "whether the program is meeting its goals or objectives" and whether outcome activities examine program processes and activities to "better understand how outcomes are achieved and how quality and productivity could be improved." In addition, the webpage defines "cost-effectiveness evaluation" as a way to "identify program benefits, outputs or outcomes and compare them with the internal and external costs of the program."

However, the EPA did not develop a performance measurement system to determine the extent to which HR improvements and efficiencies were achieved by its SSCs. Although the EPA did develop a business case as required by the OPM, the agency did not develop a baseline of HR services delivery measures and metrics. A baseline would have enabled comparison of data before and after the HR SSCs were established, which would allow the agency to determine the success of HR operations and whether the EPA is achieving its goals. Such measurements are essential to making cost-effective decisions.

In December 2017, in response to the OIG's discussion document presenting our findings to the agency, OARM proposed to implement the HR performance measures/metrics being used and tracked under the new EPA Lean Management System to establish the baseline for measures. The EPA is making this proposal more than 9 years after the HR SSCs were established. Nevertheless, we agree with the EPA's proposed plan, which will enable the EPA to measure and track progress in meeting specific performance metrics.

SSC Customer Service Standards

One of the goals of the EPA HR SSCs is to provide excellent, efficient and consistent customer service. The 2007 EPA HR business case study states that service standards and performance metrics are "one of the most important factors contributing to the success of shared service centers." In July 2008, the EPA developed a *Human Resources (HR) Shared Service Center (SSC) Customer Service Standards* document, which includes quantitative standards for customer service (Table 4).

Table 4: General customer service support quantitative standards

Action requested	Timeframe for completion
Review, evaluate, and communicate the completeness and appropriateness of a requested action, and notify the customer if additional information is needed, etc.	Within 3 workdays of receipt of action
Return noncomplex telephone calls, email messages and general inquiries	Within 1 workday
Respond to complex inquiries requiring problem resolution	Within 3 workdays; unresolved issues referred for triage/resolution by appropriate source within 5 workdays

Source: EPA's *HR SSC Customer Service Standards.*

Despite the establishment of these standards, agency officials stated that there was no system in place to assess the extent to which the HR SSCs have met these standards. For example, no process was in place to track when telephone calls were returned and when issues were resolved. In addition, an HR SSC Director indicated that when the HR SSC standards were created, they represented more of a goal than an actual plan.

HR Recruitment and Customer Satisfaction Tracking

From the time the HR SSCs were established in 2008 until 2014, the agency used customer surveys generated by the HR Activity and Communication Tracking System (HRACTS) to gauge SSC customer satisfaction. HRACTS also tracked the status of recruitment actions, so that the agency could, according to OARM staff, "fully understand the time to hire effort and opportunities to improve." However, the agency stopped using HRACTS in 2014 when the EPA migrated to the U.S. Department of Interior's Interior Business Center (IBC) to process personnel and payroll services. The OARM Deputy Assistant Administrator cited "survey fatigue" as another reason why customer satisfaction surveys were halted. Furthermore, the Director of OARM-Cincinnati stated that the agency moved away from Lotus Notes, thereby ending the agency's use of HRACTS.

Even though the IBC offers reporting capabilities for its personnel and payroll customers, the EPA did not initially use these reports because they were not agency-specific. In December 2016, 2 years after the EPA transitioned to the IBC, the SSCs began utilizing the IBC reporting tools to analyze areas such as customer service, the recruitment process timeline, temporary detail[2] actions, and others based upon ad hoc customer requests and needs. When the agency fully implements the IBC reporting capability, the EPA should be able to obtain the data needed to establish a baseline, which will allow the agency to determine whether customer service and recruitment actions are improving from that point forward. As of September 2017, the SSCs were in the process of demonstrating IBC reporting capabilities to their customers. In the meantime, the agency should develop a plan to use the information from these reports to help develop a baseline and to evaluate the efficiency and effectiveness of agency HR operations.

HR Assessments Performed by EPA and OPM

The Director of OARM-RTP indicated that one way to gauge SSC efficiencies would be to review the OHR's annual HR assessments of the regional offices before and after the establishment of the SSCs. Since the SSCs were formed, these assessments mainly address SSC operations. In addition, the OPM conducts assessments of the EPA's agency-level HR business practices and HR headquarters. According to the Director:

[2] A detail is a temporary assignment of an employee to a different position or set of duties for a specified period. The employee is expected to return to his or her regular duties at the end of the assignment.

> One of the most important metrics for an HR operations office is the level of compliance with OPM regulations, Merit Systems Principles and HR Policy and requirements. This is assessed and documented through the OPM/OHR Accountability process. Each SSC is assessed each year and strengths and weaknesses are identified and reported – the SSC Leadership then develops an action plan to address any identified issues or shares best practices that are identified to ensure continuous improvement in meeting our compliance and operational objectives.

EPA staff stated that before the SSCs were established, the annual HR assessments revealed a variety of issues such as illegal hiring practices, lack of position descriptions and improper delegation of authority. Per EPA staff, illegal hiring occurs when the EPA hires an individual but does not have the right to do so (e.g., if the new hire does not have the required educational qualifications). For example, we found a 2007 Cincinnati HR assessment conducted just before the SSCs were established that noted one issue regarding illegal hiring. In contrast, our review of the EPA's HR assessments conducted on the regional offices after the SSCs were established through 2009 noted no issues related to illegal hiring, and our review of the SSC assessments from 2014 through 2016 noted just one instance of illegal hiring in 2015, which occurred at the Cincinnati SSC.

In December 2017, in response to the OIG's discussion document, OHR staff provided the following statements emphasizing other issues identified by assessments conducted before the SSCs were established but not identified by assessments conducted after the SSCs were established:

- "Region 10 had improperly delegated class authority to their managers and had no valid position descriptions."
- "Region 5 had improperly accreted 43 employees on the same date, resulting in backdating issues."[3]
- "Ann Arbor had no PDs whatsoever for 15% of its population (300)."

The HR assessments we reviewed after the establishment of the SSCs reported issues related to merit promotion and delegated examining,[4] where the proper documentation was not available or uploaded to the electronic Official Personnel Folder database, as required by federal regulations and EPA standard operating procedures.

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[3] The OIG notes that the assessment we received states that the region "reclassified and noncompetitively upgraded" 47 employees—not 43 employees— "through accretion-of-duty promotions."

[4] Delegated examining authority is an authority that the OPM grants to agencies to fill competitive civil service jobs with applicants applying from outside the federal workforce, federal employees who do not have competitive service status, or federal employees with competitive service status.

EPA Has Disparate HR Staffing at the Regional and SSC Offices

As of January 2017, there was a disparity in the number of HR staff in each region and SSC. In addition, there was no direct correlation between the number of EPA employees serviced by each location and the regional and SSC HR staff employed at each location.

Regional HR Staff

The Director of OARM-RTP stated that when the EPA established the SSCs, OARM funded three HR staff positions—one for employee relations, one for training and one for HC/strategic planning—in each region. Since HR requirements in the regions may vary, regions used their own resources to fund any additional HR staffing needs. However, OARM did not determine the appropriate staffing levels needed for each region. OARM also did not provide guidance on the core staff needed for regional HR functions or on the number of regional staff needed to provide required HR services.

The regions are responsible for funding any locally based HR staff that they deem necessary to augment the three OARM-funded HR positions. As shown in Table 5, Region 5 had 15 HR FTEs in January 2017, while Region 8 staffed three FTEs.

Table 5: Comparison of regional HR staff and regional employee count

Region	Regional HR staff count		Percentage of total regional HR staff	Regional employee count		Percentage of total regional employees
	11/06 [a]	1/17	1/17	11/06 [a]	1/17	1/17
1	[b] 12.75	7	9%	673	574	8%
2	13	7	9	870	786	11
3	11	13	16	893	826	11
4	16	11	14	1,024	925	13
5	21	15	19	1,217	1,088	15
6	14	7	9	845	755	10
7	13	6	8	541	526	7
8	[b] 12.3	3	4	572	521	7
9	[b] 14.82	5	6	848	751	10
10	14	5	6	604	548	8
Total	**141.87**	**79**	**100%**	**8,087**	**7,300**	**100%**

Source: OIG analysis of OARM data.

[a] This date was chosen to illustrate HR staffing levels before the SSCs were established.

[b] Decimals account for regional employees who did not work full-time on HR functions.

As of January 2017, the number of regional HR staff was not proportional to the number of regional employees. As detailed in Table 5, Region 3 was the only region with an increase in HR staff since the SSCs were established, with the addition of two employees from November 2006 to January 2017 (an 18.2 percent increase). However, the number of employees in Region 3 decreased from 893 to 826 (a 7.5 percent decrease). In addition, Region 3 had 16 percent of the total

regional HR staff in January 2017, while it serviced only 11 percent of the total regional employees.

In December 2017, in response to the OIG's discussion document, OARM staff indicated that some staffing in the regional offices "have nothing to do with the migration of transactional work." For example, Region 3 has two Labor and Employee Relations staff, and Region 5 has five Labor and Employee Relations staff. These positions are necessary, per OARM, because Labor and Employee Relations work was not transitioned to the HR SSCs. In addition, OARM staff stated that because the regions have assumed more HC work than when they were operational HR offices, they need additional staff to do that work.

According to the EPA's 2007 business case study, the regional HR Officers estimated that each region would need to locally maintain a minimum of six to eight HR FTEs (for larger regions) to augment the SSCs. In our discussions, Region 5 told us that it was sufficiently staffed. Region 8 told us that it was understaffed and was not able to provide sufficient oversight of its internal review processes for HR functions. Region 3 said that it was overstaffed with 13 HR FTEs.

One regional HR Officer stated that, if the regions do not have adequate local HR support, then regional HR staff are at risk of being unable to provide sufficient oversight of HR functions, such as hiring processes or Voluntary Early Retirement Authority (VERA)/Voluntary Separation Incentive Payments (VSIP) offers.[5] HR staff may also not be able to provide timely advice to managers. Without adequate staff, the regions may not be able to provide quality, efficient and effective support to their customers.

An OARM official stated that the magnitude of regional staff performing HR functions is unknown. Instead, because regional staffing is based on the volume of work and needs within each individual region, the regions determine where staff are assigned at any particular time.

SSC and Nationwide HR Staff

The number of SSC FTEs has decreased since the centers were established in 2008 (Table 6). When the SSC FTEs are combined with the regional HR FTEs from the same timeframes, the total number of HR FTEs agencywide has also decreased, which indicates potential cost savings and efficiencies.

[5] VERA and VSIP are programs designed to increase voluntary attrition in support of an agency's downsizing or restructuring goals. If authorized by the OPM, agencies can offer certain employees VERA, which temporarily lowers the age and service requirements for retirement, and/or VSIP, a buyout of up to $25,000 to separate from federal service.

Table 6: SSC and regional FTEs

HR FTEs	2008 [a, b]	2017 [b]
RTP	25	48.8
Cincinnati	11.25	27.75
Las Vegas	12.3	17
SSC Subtotal	**48.55**	**93.55**
Regional	142.8	79
Total	**191.35**	**172.55**

Source: EPA's 2007 business case staffing plan and OARM data.

[a] FY 2008 President's Budget per EPA's 2007 business case study.

[b] Decimals account for employees who did not work full-time on HR functions.

In December 2017, in response to the OIG's discussion document, OARM indicated that prior to the migration to SSCs, program office staff had "non-HR transactional personnel who performed internal coordination work" because "[p]rogram offices were not delegated the authority to conduct true HR transactional work." As a result, there were few "actual HR FTE in program offices." The work that was performed by these non-HR staff was migrated to the HR SSCs and is now being performed by HR staff.

Strategic Plan to Assess HR Efficiencies Not Developed

OARM management told us that it has not developed a "strategic plan" for the HR SSCs. However, OARM staff stated that "strategic objectives for the SSCs have been part of larger OARM-wide plans and initiatives." For example, according to OARM management, in 2014 OARM began developing and sharing key priorities in the acting Assistant Administrator's *Priorities* document, which usually includes components that relate to HR and/or the SSCs. While not part of a standalone plan, the HR mission is captured in that document as a part of the office's overarching priorities.

However, the OPM noted the need for a Strategic HC Plan in its 2014 HC management evaluation of EPA headquarters:

> EPA has not updated its Strategic Human Capital Plan since 2006 to fully align its goals to that of the EPA SP [strategic plan]. This makes it difficult to develop current Human Capital (HC) strategies. EPA's HC documentation did not include strategies for evaluating the efficiency and effectiveness of HR operations.

Efficiencies, Savings and Improved Customer Service Not Determined

The EPA's goal is to improve operational efficiencies and customer service by way of the HR SSCs. However, it is difficult to determine the extent to which the EPA is achieving efficiencies in operations, costs and customer service because the agency has not established a baseline or gathered performance measures from 2014 to 2016. In furtherance of OMB Memorandum M-17-22, which directs agencies "to improve [their] efficiency, effectiveness, and accountability," the EPA should develop a strategic plan that includes a baseline by which the effectiveness of the SSCs can be measured. Without a plan that outlines benchmarks and performance standards, we cannot determine whether the SSCs improved efficiencies, savings and customer service.

In light of the government's efforts to reduce federal operating costs, the budget situation and employee departures due to VERA/VSIP, the EPA should review its HR staffing nationwide. In addition, the EPA should determine the baseline level of staff needed for the required HR activities in the regions, program offices and the SSCs and should plan accordingly to provide consistent service nationwide.

Recommendations

We recommend that the Assistant Administrator for Administration and Resources Management:

1. Develop a plan that establishes a baseline to measure the future program operational efficiency of human resources operations.

2. Establish a workgroup comprising regional and program representatives to develop a baseline level of human resources support necessary for each program and regional office.

Agency Comments and OIG Evaluation

OARM concurred with Recommendations 1 and 2. OARM provided acceptable corrective actions and planned milestone dates. Recommendations 1 and 2 are resolved.

For Recommendation 1, OARM agreed to establish and track HR performance measures and metrics as part of the agency's new Lean Management system. OARM stated that the SSCs are currently identifying additional metrics for areas of service, such as nonrecruitment actions, benefits services and retirement services. OARM said that it will finish identifying those additional service metrics, establish baselines and begin tracking performance levels by December 31, 2018. OARM also stated that by February 28, 2019, it will engage the HR SSC Customer Advisory Group and the Project Management

Officers/Regional HR Officers community to review and evaluate the *HR SSC Customer Service Standards* document. Based on this review, the existing standards may be restructured, replaced or eliminated.

In addition, OARM stated that it concurs with Recommendation 2, with the understanding that it can only facilitate a discussion with program and regional offices. By June 2019, OARM said it will engage the Project Management Officers/Regional HR Officers community and other stakeholders to understand the type of work and support being provided by those individuals; analyze best practices; ensure that there are defined roles and responsibilities for the SSCs, programs and regions; and develop guidelines on the core functions and necessary support staffing levels that program and regional offices can use to evaluate their organizations.

The OIG concurs with OARM's actions, which satisfy the intent of Recommendations 1 and 2. Appendix A contains the complete OARM response.

Chapter 3
Outdated HR Policies and Procedures Create HR SSC Inefficiencies

Our review of the EPA's HR policies showed that some key policies are outdated. We noted one policy that was dated as far back as the 1970s. OMB memorandums require agencies to streamline policy creation and monitor internal controls. However, the OHR did not adhere to its HR policy update agenda and did not regularly update its HR policies and procedures. As a result, SSC managers often self-interpret guidance and policies, thus creating inefficiencies.

OMB Requires Agencies to Review Policies

OMB Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, issued April 12, 2017, directs agencies to streamline policies "by eliminating the common tendency to recraft/restate policy for a component or regional office."

Per OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Controls,* management is required to design, implement and operate an entity's internal control system. In addition, management "develops and maintains documentation of its internal control system," documents the agency's internal control responsibilities in policies, and "evaluates and documents the results of ongoing monitoring and separate evaluations to identify internal control issues."

Some EPA HR Polices Are Outdated

Our review of the EPA's HR policies showed that some key policies are outdated. Our discussions with HR SSC senior leadership also revealed why the policies should be updated (Table 7).

Table 7: Sample of outdated EPA policies and manuals

EPA policy/manual	Issue date	Reason policy should be updated
Merit Promotion Manual	3/91	The manual contains outdated references.
Reduction in Force	9/96	"Competitive Area" and "Competitive Level" definitions must be updated for the policy to be properly applied.
Position Classification	8/75	The following portions need to be updated to align with OPM guidance: titles; references; roles and responsibilities; standard position descriptions; and position questionnaire, initiating and appeals processes.
Employment of Non-Citizens	9/96	This policy needs to include the appropriations act changes from allowing appointments of citizens of countries with mutual security agreements to requiring that any permanent residents hired be seeking citizenship.

EPA policy/manual	Issue date	Reason policy should be updated
Intergovernmental Personnel Act Policy and Procedures Manual	6/97	Outdated roles and responsibilities.
Term Appointments	6/87	Policy contains outdated references.

Source: OARM data and information from HR SSC staff.

The OPM's FY 2014 assessment of the EPA's HR functions also noted the following concerns regarding the EPA's outdated policies:

> EPA HQ had several outdated HR policies which were not aligned with current regulations and HCAAF [Human Capital Accountability and Assessment Framework] expected outcomes, while others were in draft form. Discussions with the Accountability Program manager (APM) revealed the EPA Office of General Counsel was limited to a staff of two attorneys who review and approve EPA HC policies. While we understand the limitations EPA has faced, the agency must ensure its HC policies are updated to prevent the application of erroneous information which may adversely impact employees.

As part of its assessment, the OPM issued a "Required Action" for the EPA to update its HC strategies to "include clearly defined measures and milestones to align with the goals and objectives of the current strategic plan." In response to the OPM assessment, the EPA noted that an HC action plan and an HR policy update plan were submitted to the OPM on June 12, 2015. Our review of the HC action plan noted that the agency issued guidance in some areas. However, the agency should continue to review its policies and develop a plan to update needed HR policies.

EPA Did Not Follow Its Policy Update Agenda

OHR staff explained to us that policy writing can be very detailed and complex, even more so if the policy affects employees in a bargaining unit. These staff indicated that a policy agenda is created every fiscal year to determine which policies will be updated; quite often, they said, updates to the agenda's more pertinent policies are delayed because of the influence of senior management and the EPA HR community or because of the need to update other policies in response to OIG reports and recommendations.

Outdated Policies and Procedures Created Inefficiencies

SSC staff indicated that outdated EPA policies and manuals cause them to over-rely on standard operating procedures. As a result, some HR SSC standard operating procedures have supplanted agency policy. In addition, because EPA policies are not always updated after OPM guidance is issued or updated, SSC managers spend time interpreting the OPM's guidance and policies themselves. Regional HR staff

stated that the EPA's HR policies should be updated to avoid misinterpretation of federal law. The staff also said that wording of the policy is not always definitive and leaves room for confusion. As noted by the OPM, the EPA "must ensure its HC policies are updated to prevent the application of erroneous information which may adversely impact employees." Federal and OPM guidance and updates should be reflected in the EPA's policies and procedures to satisfy federal and OPM requirements.

Ongoing Agency Actions

In response to the draft report, the EPA stated that two significant HR policies are slated to be reviewed in FY 2018: one on "classification" and one on "recruitment, relocation and retention." OARM explained its policy review process:

> OHR develops an annual agenda which may be modified at any time. OHR notified OIG during the review that it had a policy agenda for the next couple of years (i.e., FY18-FY19) to address some of the foundational policies mentioned by the SSCs as being out of date. While our goal is to complete those policies in the identified fiscal year [see Table 8], we did not commit that all those policies would be completed by the end of FY19. Some of these policies (e.g., merit promotion) are negotiable and will require union involvement. As noted, OHR prioritizes which policies to work on at any given time given resources and specific needs of the agency at that time. In addition, the policy agenda is often modified during a FY to address other priorities (e.g., last year the agency had to modify the plan to accommodate the development of an emergency leave transfer program due to the hurricanes that struck the U.S.). When the plan is modified, the due dates of other policies in the queue may be pushed back. Thus, the agenda provided to OIG should be considered a plan [see Table 8], that is subject to change and not viewed as absolute due dates.

The agency also provided its proposed policy review for FY 2018 and calendar year 2019 (Table 8).

Table 8: EPA's planned policy reviews

FY 2018	Calendar year 2019
Merit promotion	Leave
Classification	Pay setting
Recruitment, relocation and retention	
Premium pay	

Source: OARM staff.

Recommendation

We recommend that the Assistant Administrator for Administration and Resources Management:

3. Review human resources policies, prioritize the policies requiring updates, and update the policies with stakeholder input.

Agency Comments and OIG Evaluation

OARM concurred with Recommendation 3 and provided acceptable corrective actions and planned milestone dates. Recommendation 3 is resolved.

OARM also provided additional information regarding its policy review process. We revised this report accordingly and included the information provided.

OARM did not initially provide a milestone date for the completion of its planned policy reviews. OARM provided a revised response to Recommendation 3 and stated that by December 31, 2019, it "will have a subject matter expert reviewed draft ready for Directive Clearance Review and/or union negotiation for the policies listed in Table 8 of the report." OARM further stated the following:

> We recognize the importance of keeping our policies current and will continue to engage the SSCs and program/regional offices to identify areas of focus and to establish a tentative schedule for reviewing and updating those policies. This is a current annual practice of OARM/OHR. OARM engages with stakeholders through workgroups to review and draft any policies/updates. All policies receive subject matter expert, senior management, and legal review before implementation. Most are vetted through a standard policy review process that involves many stakeholder groups, including the five unions.

The OIG concurs with OARM's actions, which satisfy the intent of Recommendation 3. Appendices A and B contain OARM's responses to Recommendation 3.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS

Rec. No.	Page No.	Subject	Status[1]	Action Official	Planned Completion Date	Potential Monetary Benefits (in $000s)
1	15	Develop a plan that establishes a baseline to measure the future program operational efficiency of human resources operations.	R	Assistant Administrator for Administration and Resources Management	2/28/19	
2	15	Establish a workgroup comprising regional and program representatives to develop a baseline level of human resources support necessary for each program and regional office.	R	Assistant Administrator for Administration and Resources Management	6/30/19	
3	20	Review human resources policies, prioritize the policies requiring updates, and update the policies with stakeholder input.	R	Assistant Administrator for Administration and Resources Management	12/31/19	

[1] C = Corrective action completed.
R = Recommendation resolved with corrective action pending.
U = Recommendation unresolved with resolution efforts in progress.

Appendix A

OARM Response to Draft Report

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

April 16, 2018

OFFICE OF ADMINISTRATION AND RESOURCES MANAGEMENT

MEMORANDUM

SUBJECT: Response to Draft Report "Operational Efficiencies of EPA's Human Resources Shared Service Centers Not Measured" – Project No. OA-FY17-0126

FROM: Donna J. Vizian
Principal Deputy Assistant Administrator

TO: Michael Davis
Director, Efficiency Audits
Office of the Inspector General

The Office of Administration and Resources Management appreciates the oppo1tunity to review and provide feedback to the draft *report "Operational Efficiencies of EPA 's Human Resources Shared Service Centers Not Measured"'*, Project No. OA-FY17-0126 dated March 12, 2018. In addition to our response to the three recommendations, OARM has one item of feedback regarding the "factual information" provided in the report.

Report Feedback

Page 18 states: *In December 201 7, in response to the OJG 's discussion document, OHR proposed a policy review agenda/or fiscal years 2018 and 2019 (Fable 8). OHR staff indicted that it "has to prioritize which policies to work on at any given time given limited resources and the agency's time intensive directives clearance review process." The proposed actions when completed, will meet the intent of Recommendation 3. However, since the proposed actions are scheduled to be competed in fiscal year 2019, we will continue to keep this recommendation in the report.*

Table 8: EPA 's proposed policy review Fiscal year 2018	***Fiscal year 2019***
Merit Promotion	*Leave*
Classification	*Pay setting*
Recruitment, Relocation and Retention	*Other Incentive Payments*
Premium Pay	

Response: OHR's policy agenda was developed prior to December 2017 and is partly based on recommendations from the SSC Directors. OHR did not propose an agenda specifically to address OIG's preliminary findings. OHR develops an annual agenda which may be modified at any time. OHR notified OIG during the review that it had a policy agenda for the next couple of years (i.e., FYI 8-FYI 9) to address some of the foundational policies mentioned by the SSCs as being out of date. While our goal is to complete those policies in the identified fiscal year, we did not commit that all those policies would be completed by the end of FYI 9. Some of these policies (e.g., merit promotion) are negotiable and will require union involvement. As noted, OHR prioritizes which policies to work on at any given time given resources and specific needs of the agency at that time. In addition, the policy agenda is often modified during a FY to address other priorities (e.g., last year the agency had to modify the plan to accommodate the development of an emergency leave transfer program due to the hurricanes that struck the U.S.). When the plan is modified, the due dates of other policies in the queue may be pushed back. Thus, the agenda provided to OIG should be considered a plan that is subject to change and not viewed as absolute due dates.

There are two significant policies listed that are slated to be completed in FY18: Classification and Recruitment, Relocation and Retention.

All other policies listed have been/will be started between FY18-FY19 and completed as soon as possible but not guaranteed by the end of FY19.

Responses to Recommendations

Recommendation 1: ***Develop a plan that established a baseline to measure the future program operational efficiency of human resources operations.***

Response: OARM concurs. As noted in the draft report, OARM agreed to establish and track HR performance measures/metrics as part of the agency's new Lean Management system. In October 2017 OARM's SSCs began tracking five national level metrics for SSC performance. These metrics track overall time-to-hire including the time-to-hire for standard recruitment packages and non-standard recruitment packages. The metric also breaks out the process by step so the agency can evaluate the time for each step in the process and identify potential areas of concerns and/or opportunities to operate more efficiently. Other national level metrics being tracked include the quality of packages submitted for SSC processing and reasons why packages might be returned to the customer for further work (rework) and the percentage of "standard packages" used by program and regional offices for those established job series.

OARM' s SSCs are currently identifying additional metrics for other areas of services such as processing non-recruitment actions and benefits/retirement services. By December 31, 2018 OARM will identify those additional service metrics, establish baselines, and begin tracking the performance levels. OARM will also engage the Human Resources Shared Service Centers Customer Advisory Group (CAG) and the PMO/RHRO community to review the posted Customer Service Standards to determine if they are effective measurements for customer service. The SSCs will evaluate the feasibility of measurement for these standards and as necessary establish standards that are both impactful and measurable. Based on this review the

existing standards may be restructured, replaced or eliminated. OARM will complete this effort by February 28, 2019.

Recommendation 2: ***Establish a workgroup comprising regional and program representatives to develop a baseline level of human resources support necessary for each program and regional office.***

Response: OARM concurs with this recommendation with the understanding that OARM can only facilitate a discussion with program and regional offices. Each program and regional office has the authority and discretion to staff their organization in the manner that best meets their mission requirements. When the SSCs were established, the agency senior leadership was aware of the total number of staff located in each human resource office - those staff funded by OARM as the National Program Manager and those staff supplemented by regional offices using non-OARM resources. The agency leadership made the decision to focus solely on the OARM funded FTE. Because the move to shared service centers was focused only on processing HR transactional services, there was no discussion about the number of staff members providing HR/Human Capital support to program and regional offices.

OARM recognizes the importance of identifying the level and type of HR support located within each regional and program office. We will engage the PMO/RHRO community and others to understand the type of work/support being provided by those individuals, analyze best practices; ensure there are defined roles and responsibilities of all (SSCs/programs/regions); and develop guidelines on core functions and necessary support staffing levels that program and regional offices can use in evaluating their current organizations. Target completion date is June 2019.

Recommendation 3: ***Review HR policies, prioritize the policies requiring updates, and update the policies with stakeholder input.***

Response: OARM concurs with this recommendation. We recognize the importance of keeping our policies current and will continue to engage the SSCs and program/regional offices to identify areas of focus and to establish a tentative schedule for reviewing and updating those policies. This is a current annual practice of OARM/OHR. OARM engages with stakeholders through workgroups to review and draft any policies/updates. All policies receive subject matter expert, senior management, and legal review before implementation. Most are vetted through a standard policy review process that involves many stakeholder groups, including the five unions. We have previously shared our current plan for FY2018 and FY2019; however, policy review and updating is a continuous process so no completion date can be established.

Please let John Showman or myself know if you have any questions or require additional information.

cc: John Showman, DAA, OARM
Lauren Lemley, OARM AFC
Rick Carter, Director, OARM-CINN
Arron Helm, Director, OARM-RTP
Wesley Carpenter, Director, OHR

SSC Directors
Debbi Hart, Director, Policy, Planning and Training Division, OARM/OHR
Heather Layne, OIG Project Manager/Senior Audit or

Appendix B

OARM Revised Response to Recommendation 3

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

April 26, 2018

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Revised Response for Recommendation 3 in the Draft Report "Operational Efficiencies of EPA's Human Resources Shared Service Centers Not Measured" – Project No. OA-FY17-0126

FROM: Donna J. Vizian
Principal Deputy Assistant Administrator

TO: Michael Davis
Director, Efficiency Audits
Office of the Inspector General

Based on a meeting held between our offices on April 23, 2018, the Office of Administration and Resources is revising our response and corrective action for Recommendation 3:

Recommendation 3: ***Review HR policies, prioritize the policies requiring updates, and update the policies with stakeholder input.***

Response: OARM concurs with this recommendation. We recognize the importance of keeping our policies current and will continue to engage the SSCs and program/regional offices to identify areas of focus and to establish a tentative schedule for reviewing and updating those policies. This is a current annual practice of OARM/OHR. OARM engages with stakeholders through workgroups to review and draft any policies/updates. All policies receive subject matter expert, senior management, and legal review before implementation. Most are vetted through a standard policy review process that involves many stakeholder groups, including the five unions. **By December 31, 2019, OARM will have a subject matter expert reviewed draft ready for Directive Clearance Review and/or union negotiation for the following policies:**

Merit Promotion (target FY2018)
Classification (target FY2018)
Recruitment, Relocation and Retention (target FY2018)
Premium Pay (target FY2018)
Leave (target CY2019)
Pay setting (target CY2019)

Please let John Showman or myself know if you have any questions or require additional information.

cc: John Showman, DAA, OARM
Lauren Lemley, OARM AFC
Rick Carter, Director, OARM-CINN
Arron Helm, Director, OARM-RTP
Wesley Carpenter, Director, OHR
SSC Directors
Debbi Hart, Director, Policy, Planning and Training Division, OARM/OHR
Heather Layne, OIG Project Manager/Senior Auditor

Appendix C

Distribution

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