

September 11, 2002



# Human Capital

Civilian Personnel Processing by  
Regional Service Centers That  
Service Multiple DoD Agencies  
(D-2002-144)

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### **Acronyms**

CSU	Customer Support Unit
DCPDS	Defense Civilian Personnel Data System
DFAS	Defense Finance and Accounting Service
DFAS-IN	Defense Finance and Accounting Service - Indianapolis
DLA	Defense Logistics Agency
HRSC	Human Resource Services Center
OPF	Official Personnel Folder
RSC	Regional Service Center
WHS	Washington Headquarters Services



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September 11, 2002

MEMORANDUM FOR ACTING DIRECTOR, WASHINGTON HEADQUARTERS  
SERVICES

SUBJECT: Report on Civilian Personnel Processing by Regional Service Centers  
Servicing Multiple DoD Agencies (Report No. D2002-144)

We are providing this report for review and comment. We considered management comments on a draft of this report when preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. The Washington Headquarters Services comments were partially responsive. We request that the Acting Director provide additional comments on Recommendations 1.a. and 2. by October 15, 2002.

If possible, please provide management comments in electronic format (Adobe Acrobat file only). Send electronic transmission to the e-mail addresses cited in the last paragraph of this memorandum. Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the classified SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to our staff. For additional information on this report, please contact Ms. Betsy Brilliant (703) 604-8875 (DSN 664-8875) (bbrilliant@dodig.osd.mil) or Mr. Michael A. Joseph at (757) 872-4801 ext 223 (mjoseph@dodig.osd.mil). See Appendix E for the report distribution. The team members are listed inside the back cover.

David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

## Office of the Inspector General of the Department of Defense

Report No. D2002-144

(Project No. D2001LF-0142)

September 11, 2002

### Civilian Personnel Processing by Regional Service Centers That Service Multiple DoD Agencies

#### Executive Summary

**Who Should Read This Report and Why?** DoD civilian personnel policy makers, personnel service center managers responsible for processing civilian personnel actions, and many users of their services will be interested in this report. The report provides lessons learned from Regional Service Centers.

**Background.** Regionalization of civilian personnel services is the consolidation of personnel management functions that smaller, full-service personnel offices of the Military Departments and DoD agencies formerly provided. The goals envisioned with regionalization were an increase in efficiencies and a reduction of staffing through consolidation and systems modernization. Through regionalization, the stand-alone, full-service personnel offices of the DoD Components were replaced with Regional Service Centers and Customer Support Units. As designed, the Regional Service Centers would perform functions that could be centralized because they required only limited interaction with managers or employees. Conversely, the Customer Support Units would provide interaction with managers or employees face to face. There are 22 operational Regional Service Centers or regional equivalents. Of the 22 that were operational, 16 serviced Military Departments, 5 serviced DoD agencies or organizations, and 1 serviced the National Guard Bureau. This report focuses on the two Regional Service Centers that service the most DoD agencies—the Defense Finance and Accounting Service Regional Service Center and the Washington Headquarters Services (WHS) Human Resource Services Center.

**Results.** The performance by the Defense Finance and Accounting Service Regional Service Center and the WHS Human Resource Services Center was inconsistent when processing personnel actions. The Defense Finance and Accounting Service Regional Service Center adequately processed personnel actions and issued certification lists in a timely manner for the agencies serviced. For example, based on Defense Finance and Accounting Service productivity reports, 96.7 percent of the certification lists prepared in the third quarter of FY 2001 were completed in less than 13 days. However, the WHS Human Resource Services Center did not efficiently process civilian personnel actions. Based on a review of a stratified random sample, we projected that during a 12-month period ending November 2001, 8.3 percent of the official personnel folders that the WHS Human Resource Services Center maintained had personnel actions with data entry or filing errors, or actions that were not processed by the effective dates. In addition, we projected that for recruitment and promotion actions, 63 percent of the certification lists issued during a 12-month period were not issued within the 20-day goal established by the WHS Human Resource Services Center. As a result, some civilian personnel experienced pay and benefit errors that required correction, and agencies that WHS services stated they had difficulty filling vacancies. Reorganizing the WHS Human Resource Services Center so that the staffing and processing teams are better structured

to handle complex civilian personnel actions and position classifications, and establishing management controls over the processing of the personnel actions, should result in more accurate and timely processing. Further, establishing performance goals and measurements and using the results of the performance measurements should help identify areas requiring procedural changes and staff training needs. (See the Finding section of this report for the detailed recommendations.)

**Management Comments and Audit Response.** The Acting Director, WHS concurred in substance with the audit recommendations. However, he expressed concern with the level of support for the report conclusions and questioned the overall balance of the report. He identified five areas of concern—scope, methodology, customer opinions, structure, and performance measures. We revised the report to address the concerns regarding scope and performance measures. As for the other issues, he questioned our need for a random sample, the inclusion of customer opinions, and the failure to address the different functions that WHS and the Defense Finance and Accounting Service perform. We do not agree with the concerns expressed by the Acting Director regarding the use of a random sample or the inclusion of the customer opinions. Our use of a random sample of personnel actions processed by the Human Resource Services Center was necessary because the WHS reports did not contain sufficient information for a thorough analysis of quality and timeliness. We also believe the inclusion of customer opinions was relevant to show the difference in customer satisfaction for the two Regional Service Centers. As for the differences in the functions performed, we believe the report clearly outlines the differences in the two Regional Service Centers.

The comments from the Acting Director are partially responsive. We request additional details on the actions planned regarding the recommendations for the revised team structure and performance measurements. We request that the Acting Director, WHS comment on the issues by October 15, 2002.

**Management Actions.** We commend the WHS Human Resource Services Center for conducting report and programmatic reviews and soliciting customer input in an effort to improve performance.

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## Background

**Civilian Personnel Services Regionalization.** Regionalization of civilian personnel services is the consolidation of personnel management functions that smaller, full-service personnel offices of the Military Departments and DoD agencies formerly provided. The goals envisioned with regionalization were an increase in efficiencies and a reduction of staffing through consolidation and modernization. Regionalization of personnel services within DoD was driven by Program Decision Memorandum, November 10, 1993; the memorandum directed DoD Components and agencies to consolidate civilian personnel operations into regionalized civilian personnel centers.

**Regionalization Structure.** As a result of regionalization, the stand-alone, full-service personnel offices of the DoD Components were replaced with Regional Service Centers (RSC) and Customer Support Units (CSU). The RSCs were expected to perform functions that could be centralized because they required limited interaction with managers or employees. The CSUs were expected to perform activities that required detailed knowledge of the customer base as well as provide face-to-face advice and assistance in specified functional areas. The workload previously performed by the stand-alone personnel offices was to be divided between the RSCs and the CSUs, with the RSC performing 60 percent of the workload and the CSUs performing the remaining 40 percent. Functions that the RSC would perform included some staffing functions, final processing of personnel actions, managing and updating the personnel database, and maintaining official personnel folders (OPF). Functions that the CSU would perform included some staffing functions as well as employee and management relations. The functions that both the RSCs and CSUs would perform under regionalization were based on the needs of the organization serviced and are documented in memorandums of understanding between the RSCs and the CSUs. See Appendix C for a glossary of terms.

**Regional Service Centers.** The November 1993 Program Decision Memorandum had as a goal the establishment of 20 RSCs, 16 of which were designated for the Military Departments and 4 for Defense agencies. All RSCs have been established, including 19 RSCs and 3 regional equivalents.<sup>1</sup> The 19 RSCs include 16 that service the Military Departments (8 for the Army, 7 for the Navy, and 1 centralized center for the Air Force) and 3 that service Defense agencies. Defense agency RSCs include the Defense Finance and Accounting Service (DFAS), the Defense Logistics Agency (DLA), and the Washington Headquarters Services (WHS). The three regional equivalents include two DoD agencies—the Defense Commissary Agency and the DoD Education Activity—and one Military Department agency, the National Guard Bureau.

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<sup>1</sup>Regional equivalents are large, consolidated personnel offices that are not officially recognized as RSCs.

While most RSCs provide civilian personnel processing services only to their own organization, three DoD RSCs provide services to multiple DoD agencies—the DFAS RSC, located in Indianapolis, Indiana (DFAS-IN); the DLA RSC,<sup>2</sup> located in Columbus, Ohio; and the WHS Human Resource Services Center (HRSC), located in Alexandria, Virginia. We reviewed the two RSCs that service the most Defense agencies—the DFAS RSC and the WHS HRSC.

**Staff-Servicing Ratios.** To achieve the potential benefits of regionalization, DoD established a target for staff-servicing ratios. A staff-servicing ratio is the ratio of personnel specialists to the population it services. In 1994, the staff-servicing ratio was 1 personnel specialist for each 60 civilian personnel. The November 1993 Program Decision Memorandum encouraged that RSCs and CSUs attain a ratio of 1 personnel specialist for each 100 civilian personnel. Program Budget Decision number 711, December 5, 1994, required the target ratio be met after FY 2001. A Director, Program Analysis and Evaluation review in September 1994 determined that a ratio of 1 personnel specialist for each 100 civilian personnel would be an attainable goal with the efficiencies gained through regionalization and implementation of a fully functional Defense Civilian Personnel Data System (DCPDS). See Table 1 for the staff-servicing ratios for Agency RSCs and equivalents.

<b>Table 1. Agency Regional Service Centers and Equivalents Personnel Serviced and Staff</b>				
<u>DoD Organization</u>	<u>Population Serviced</u>	<u>RSC Staff<sup>1</sup></u>	<u>CSU Staff<sup>2</sup></u>	<u>Staff<sup>4</sup> to Population Ratio</u>
Defense Logistics Agency	36,039	173	156	1:109
Defense Finance and Accounting Service	27,386	108	156	1:104
DoD Education Activity	16,136	137	92	1:70
Defense Commissary Agency	14,500	103	64	1:87
Washington Headquarters Services <sup>3</sup>	10,124	76	61	1:74

<sup>1</sup>Includes only personnel specialists assigned to the RSC.  
<sup>2</sup>Includes total personnel specialists at all CSUs serviced by the RSC.  
<sup>3</sup>WHS staff that perform both RSC and CSU functions are included under the RSC staff totals.  
<sup>4</sup>Staff includes RSC and CSU personnel specialists.

NOTE: WHS personnel serviced data was obtained from a November 28, 2001, WHS database. All other data were provided by the organization during contacts made between July 2001 and August 2002.

<sup>2</sup>The DLA RSC services civilian personnel in four agencies—DLA, the Defense Contract Management Agency, the Defense Human Resource Activity, and the Business Process Reengineering Group. Prior to March 2000, the Defense Contract Management Agency was part of DLA. The last 2 agencies are small with approximately 700 civilian employees.



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**Personnel Actions.** A personnel action is the process that is necessary to appoint, separate, or make other personnel changes. Although management initiates most personnel actions, individual employees can also make changes to certain personal benefits. Actions that involve hiring, conversions, and separations, as well as corrections or cancellations to those actions, are documented with an SF-50, "Notification of Personnel Action," which is filed in an OPF. Permanent documentation by way of an SF-50 is not required for actions such as awards and bonuses that do not affect an employee's basic pay.

**Management-Initiated Actions.** Most civilian personnel actions are initiated by a manager, routed through a CSU for approval and verification, and sent to an RSC for final processing, including entry into the personnel database and filing in the OPF. Most personnel actions that management requests are initiated and forwarded on an SF-52, "Request for Personnel Action." If the action affects an individual's pay, updates to the database are automatically transmitted to the DFAS civilian payroll office. However, some actions, such as awards and adverse actions, use other documentation methods. Personnel actions such as realignments, reassignments, and awards involve only one or two steps by CSU and RSC personnel, whereas actions such as hiring new personnel and competitive promotions require numerous steps.

**Employee-Initiated Actions.** Employees also initiate personnel actions. Those actions include changes to life insurance beneficiaries, health insurance carriers, and Thrift Savings Plan contributions. The employee submits the benefit change request directly to the servicing RSC, either electronically or in hardcopy. Although the employee-initiated actions update the personnel and civilian payroll databases, that action does not generate an SF-50.

## Objectives

Our original objective was to evaluate the effects of regionalization on delivery of civilian personnel management services within DoD organizations. We planned to assess whether the regional civilian personnel service centers were effectively and efficiently providing personnel management services to the DoD civilian workforce. Based on the comments from the organizations contacted, regionalization was generally working. However, most agencies provided services to their own employees. Therefore, we changed the focus to concentrate on the processing of civilian personnel actions by the two RSCs that serviced the most DoD agencies. We also reviewed the management control program as it applied to the revised objective. See Appendix A for a discussion of the scope and methodology and a review of the management control program. See Appendix B for prior coverage related to the objectives.

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## Civilian Personnel Processing

The performance by the DFAS RSC and the WHS HRSC was inconsistent when processing personnel actions. The DFAS RSC adequately processed personnel actions and issued certification lists in a timely manner for the agencies it services. However, the WHS HRSC did not adequately process civilian personnel actions. Our sample identified that data entry or filing errors occurred when processing personnel actions, personnel actions were not always processed by the effective date, and certification lists were not always issued timely. Based on our review of a stratified random sample of 228 OPFs, we projected that 8.3 percent of the OPFs that the WHS HRSC maintained had processing errors during a 12-month period, ending November 2001. In addition, we projected that for recruitment and promotion actions, 63 percent of the certification lists issued during a 12-month period were not issued within the 20-day goal the WHS HRSC established. The WHS HRSC data entry errors and timeliness delays occurred because the team structure and processing procedures did not provide sufficient oversight or effective operations that were required to ensure accurate and timely data entry. Also, the WHS HRSC did not establish adequate performance goals and measurements for processing civilian personnel actions and did not track errors for trends or training purposes. As a result, some civilian personnel in agencies the WHS HRSC service experienced pay and benefit errors that required correction. In addition, agencies that the WHS HRSC service stated they had difficulty filling vacancies.

## RSC Organization and Personnel Serviced

Although the DFAS RSC and the WHS HRSC are organized to service multiple Defense agencies, the DFAS RSC provides only RSC services, while the WHS HRSC provides both RSC and CSU services depending on its customer. The DFAS RSC services more than twice the number of civilian personnel the WHS HRSC services. Although the DFAS RSC services more personnel, the WHS HRSC services more organizations.

**DFAS RSC.** The DFAS personnel processing organization includes the DFAS RSC and the 15 CSUs it supports, as follows: Defense Contract Audit Agency (7), DFAS (6), Defense Information Systems Agency (1), and Defense Acquisition University (1). In addition, the DFAS CSUs service a few small Army and Navy elements. One of the CSUs that the DFAS RSC supports is the DFAS-IN CSU, which is collocated with the RSC at the Finance Center in Indianapolis. However, the two organizations are functionally separate. Each has its own internal structure and management team, and DFAS clearly distinguishes between RSC and CSU functions. The DFAS RSC performs final processing of personnel actions (including reductions in force and benefit transactions), updates the personnel database, and maintains the OPFs. The DFAS RSC also participates in recruiting and staffing through publishing vacancy announcements, evaluating applications, verifying applicant qualifications, preparing certification lists, and setting pay.

The DFAS RSC has a staff of 135 employees of which 45 are personnel managers or personnel specialists and 63 are personnel clerks or assistants. The remaining 27 employees provide administrative or technical support. Employee turnover at the RSC has declined in recent years. From August 1999 through July 2000, the DFAS RSC had a 26.8-percent turnover rate, with 37 personnel leaving the RSC staff. From August 2000 through July 2001, the turnover rate dropped to 20.8 percent—30 personnel left the RSC.

Table 2 identifies the organizations and personnel the DFAS RSC serviced as of August 2001.

<b>Table 2. Organizations and Personnel DFAS RSC Serviced (as of August 2001)</b>	
<u>Organization</u>	<u>Personnel Serviced</u>
Defense Finance and Accounting Service	16,409
Defense Information Systems Agency	6,270
Defense Contract Audit Agency	4,093
Defense Acquisition University	382
Army and Navy elements	<u>232</u>
<b>Total</b>	<b>27,386</b>

**WHS HRSC.** The WHS HRSC is part of the WHS Personnel and Security Directorate. The Director, WHS HRSC also serves as the Deputy Director, Personnel and Security Directorate. In addition to the HRSC, the Personnel and Security Directorate has two other divisions that provide personnel-related services—the Labor and Management Employee Relations Division and the Equal Employment Opportunity Programs Division. The WHS HRSC, which became fully operational by the fourth quarter of FY 1997, provides full-service personnel support to more than 40 DoD organizations and agencies in the National Capital Region and provides RSC services to 4 stand-alone CSUs.

The composition of the WHS HRSC customer base has evolved since implementation of regionalization. Most of the organizations that the WHS HRSC supports are smaller subordinate DoD organizations under the Office of the Secretary of Defense. However, the WHS HRSC also supports several larger agencies. The WHS HRSC was to initially provide personnel services to the Defense Information Systems Agency, the Defense Investigative Service, the Defense Strategic Weapons Agency, the Joint Staff, the On-Site Inspection Agency, the Uniformed Services University of the Health Sciences, and the

WHS organization.<sup>3</sup> Because DFAS offered the services at a lower cost,<sup>4</sup> the Defense Information Systems Agency, with a civilian personnel base of approximately 6,300, withdrew from its agreement with WHS and contracted with DFAS for RSC services. Conversely, the Office of the Inspector General of the Department of Defense, with a civilian personnel base of approximately 1,300, joined WHS as a CSU because the Office of the Inspector General was too small to remain a stand-alone RSC.<sup>5</sup> The Defense Commissary Agency had also negotiated with WHS for RSC services. However, because the November 1997 Defense Reform Initiative directive mandated a one-third reduction in Office of the Secretary of Defense staffing levels, WHS, an Office of the Secretary of Defense activity, determined that it could not service the Defense Commissary Agency under the new staffing limitations.

The WHS HRSC has a staff of 103 employees of which 63 are personnel managers or personnel specialists and 13 are personnel assistants. The remaining 27 employees provide administrative or technical support. Employee turnover at the HRSC has remained stable in the last 2 years. In FY 2000, the WHS HRSC turnover rate was 21.3 percent, a staff change in 22 positions. The turnover rate for FY 2001 was 20.4 percent, a change of 21 positions.

Table 3 identifies the organizations and personnel the WHS HRSC serviced as of November 2001.

<b>Table 3. Organizations and Personnel WHS HRSC Serviced (as of November 2001)</b>	
<u>Organization</u>	<u>Personnel Serviced</u>
WHS-Serviced Organizations <sup>1</sup>	4,671
Defense Security Service	2,654
Office of the Inspector General of the Department of Defense	1,291
Defense Threat Reduction Agency	790
Uniformed Services University of the Health Sciences	<u>718</u>
<b>Total</b>	<b>10,124<sup>2</sup></b>
<sup>1</sup> Organizations receiving RSC and CSU services from WHS.	
<sup>2</sup> Total personnel serviced includes 253 personnel for which WHS provided personnel service but did not maintain the OPFs.	

<sup>3</sup>The Defense Investigative Service was renamed the Defense Security Service. In addition, the Defense Strategic Weapons Agency and the On-Site Inspection Agency merged becoming the Defense Threat Reduction Agency.

<sup>4</sup>WHS HRSC staff stated that its costs were higher because it had higher overhead expenses.

<sup>5</sup>The Office of the Inspector General has subsequently decided to find an alternative source of support.

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## Processing of Personnel Actions

The processing of personnel actions by the DFAS RSC and the WHS HRSC was not consistent. The DFAS RSC adequately processed personnel actions and issued certification lists in a timely manner. However, the WHS HRSC did not adequately process civilian personnel actions and did not consistently issue certification lists in a timely manner. We reviewed personnel actions in a stratified random sample of 228 OPFs that the WHS HRSC maintained. Based on the sample, we projected that 8.3 percent of OPFs contain personnel actions with data entry or filing errors, or actions that were not processed by the effective date during a 12-month period, ending November 2001. In addition, we projected 63 percent of the certification lists that the WHS HRSC issued were not issued during a 12-month period within the established goal of 20 days. The CSUs that the WHS HRSC service also provided selected cases that had erroneous or untimely processed civilian personnel actions.

## Customer Opinions and Performance Reviews

Personnel officials of organizations the DFAS RSC serviced expressed a higher level of satisfaction than their counterparts at organizations the WHS HRSC serviced. Reviews of performance data for both DFAS and WHS supported the opinions of the personnel officials.

**Customer Opinions.** To obtain the opinions of the RSC customers, we contacted the personnel officers in the DoD agencies that the RSC serviced but were not part of the RSC parent organization. The following summarizes their opinions.

**DFAS-Serviced Organizations.** Personnel officials at three CSUs representing non-DFAS Defense organizations provided their opinions regarding the service they received from the DFAS RSC. The opinions were favorable.

**Defense Acquisition University.** The civilian personnel officer for the Defense Acquisition University stated that the organization was very satisfied with the service the DFAS RSC provided. The civilian personnel officer stated that although errors do occasionally occur, the DFAS RSC has been responsive to its concerns and has addressed issues quickly and efficiently.

**Defense Contract Audit Agency.** The personnel director said the DFAS RSC service was good, but not excellent. The personnel director stated that DFAS is “doing the best it can under the circumstances considering the limitations placed on it by DoD” and added that DoD had mandated regionalization without providing the products needed to accomplish the mandate.

**Defense Information Systems Agency.** The Deputy Director for Personnel and Security stated that the organization was very satisfied with the services it received from the DFAS RSC. The deputy director noted that an advantage of regionalization was that the agency was able to consolidate all of its OPFs in one location, whereas the records were previously maintained at numerous military personnel offices throughout the world.

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**WHS-Serviced Organizations.** Personnel officials at the four CSUs and the administrative officers for organizations that the WHS HRSC serviced provided their opinions on the service received from the WHS HRSC. They expressed concerns about the number of personnel processing errors, the length of time to correct errors, and the length of time to fill vacant positions.

**CSU Personnel Officials.** We met with personnel staff from all four CSUs that the WHS HRSC services. The following information summarizes CSU comments.

**Defense Security Service.** The Director for Human Resources indicated that problems continually existed, with delays in correcting mistakes in the processing of within-grade increases, awards, and promotions. Delays also occurred in processing new hires—delays requiring special actions that would ensure pay was received on time. The Defense Security Service had to prioritize recruitment actions sent to the WHS HRSC because of delays in filling positions. Further, the Defense Security Service began reclaiming all position classifications in FY 2002 because of delays in filling positions. The director stated that the agency's Inspector General recommended that the Defense Security Service locate another personnel service provider.

**Defense Threat Reduction Agency.** The civilian personnel officer stated that the Defense Threat Reduction Agency had problems with processing benefits for new hires as well as communicating with WHS HRSC staff. The personnel officer stated that management complained about the time it took to get certification lists from the WHS HRSC.

**Office of the Inspector General of the Department of Defense.** An assistant personnel director commented that since regionalization continuing personnel and pay problems that affect the agency and its employees have occurred. For example, delays in advertising job openings and issuing certification lists of eligible candidates have caused the agency delays in filling positions. In addition, incorrect or late processing of within-grade increases or conversions to career tenure caused problems with employee pay. Since changing business processes in the summer of 2001, the WHS HRSC has resolved problems more quickly. However, the problems still occur and the assistant director has had frequent meetings and telephone conversations with the WHS HRSC division chief to resolve the issues. The assistant director sent a report to the WHS HRSC in October 2001 that outlined and prioritized outstanding problems.

**Uniformed Services University of the Health Sciences.** The Director for Human Resources and senior staff stated that during the middle of 2001 the time required to process personnel actions had increased. Processing pay-related actions such as promotions, step increases, and actions involving retained pay or retained grade were of particular concern. Also, when pay-related problems occurred, difficulties in correcting the pay actions in a timely manner were encountered. Errors on certification lists were also of concern. The WHS HRSC had issued certification lists that included ineligible personnel.

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**WHS-Serviced Administrative Officers.** We contacted the administrative officers for 43 organizations and activities for which WHS HRSC provides CSU and RSC services. Of the 43 organizations, 29 found the service acceptable; the remaining 14 were not satisfied with the service. Of the administrative officers contacted, 17 identified several problems with the processing of civilian personnel actions. The two most frequently mentioned problems concerned delays in completing classifications and issuing certification lists. The administrative officers also identified problems with timeliness and accuracy of data entry.

**Performance Reviews.** Because no uniform requirement exists for RSCs to report performance statistics, comparable performance data were not available at the RSCs. Therefore, we relied on quarterly productivity reports the DFAS RSC provided and a stratified random sample of OPFs at the WHS HRSC to evaluate performance.

**DFAS Performance Review.** The RSC prepares quarterly productivity reports that are used to measure the performance of its five processing teams. We reviewed the reports for the second and third quarters of FY 2001. Based on those reports, the DFAS RSC met its established performance goals for processing personnel actions. The results contained in the reports supported the opinions of the DFAS RSC customers. The following summarizes the results of our review of the DFAS RSC reports.

- Almost 97.7 percent (589 of 603) of the certification lists prepared in the second quarter FY 2001 and 96.7 percent (618 of 639) of the certification lists prepared in the third quarter FY 2001 were completed in less than 13 days.
- Approximately 98.5 percent (335 of 340) of the vacancy announcements for the second quarter FY 2001 and 97.1 percent (339 of 349) of the vacancy announcements for the third quarter FY 2001 were produced in 3 days.
- For the third quarter FY 2001, 12 errors that affected pay were found.<sup>6, 7</sup>
- For errors on vacancy announcements, based on a DFAS review of a random sample of vacancy announcements, 93.6 percent (117 of 125) in the second quarter FY 2001 and 84.0 percent (110 of 131) in the third quarter FY 2001 did not contain a major error.<sup>8</sup>

Because the review of the DFAS-produced productivity reports supported the opinions of the CSU officials, no additional analysis of DFAS RSC performance was performed.

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<sup>6</sup>Data on errors effecting pay for the second quarter 2001 were not available.

<sup>7</sup>The exact number of personnel actions processed that affected pay is not known. However, the DFAS RSC processes between 8,000 and 10,000 personnel actions each month.

<sup>8</sup>A major error is one that can affect an applicant's decision to apply for the position or causes the applicant to overlook the vacancy announcement, for example an incorrect series, starting grade, or location.

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**WHS Performance Review.** Based on a stratified random sample of OPFs, the performance of the WHS HRSC was not adequate. We reviewed a stratified random sample of 228 OPFs from 9,871<sup>9</sup> civilian personnel in the WHS database. Our review examined personnel actions with an effective date during a 12-month period from December 1, 2000, through November 30, 2001. In that review, we identified two performance issues—processing errors of individual personnel actions and timeliness delays for issuing certification lists. The processing errors included incorrect data the WHS HRSC entered that required correction, contained missing or incorrectly filed documentation as well as personnel actions that had an effective date at least 2 months prior to the date of approval or the date processed. The analysis of the random sample of OPFs supported the concerns that WHS HRSC customers expressed. See Appendix D for a detailed analysis of the sample results.

**OPF Review.** Based on our statistical sample, we projected that, for personnel actions processed during a 12-month period, 8.3 percent of the OPFs the WHS HRSC maintained had data entry errors, documentation errors, or actions processed after the effective date. The review disclosed that 23 OPFs had at least 1 error. Specifically, 22 OPFs had 1 error and 1 OPF had an error in all 3 types.

**Certification List Issuance Review.** Based on our statistical sample, we projected that 63 percent of certification lists were not issued within 20 days from close of the job announcement, which was the WHS HRSC goal for lists prepared between December 1, 2000, and November 30, 2001.

**CSU Errors.** Not all the errors identified during our review of the sample were the result of the WHS HRSC processing. In addition, to the errors identified above, other errors were the result of input from the CSU or administrative officers. Of the OPFs examined from the sample, nine had incorrect or missing data on the SF-52 that the CSU or administrative officer submitted. In addition, two of the SF-52s were submitted at least 3 months after the effective date of the action. The statistical projections for WHS HRSC processing do not include the CSU errors.

## **RSC Structure, Processing Procedures, Performance Goals, and Training**

The WHS HRSC data entry errors and timeliness delays occurred because the team structure and processing procedures did not provide sufficient oversight or effective operations that were required to ensure accurate and timely data entry. In addition, the WHS HRSC did not establish adequate performance goals and measurements for processing civilian personnel actions and did not track errors for trends or training purposes.

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<sup>9</sup>Includes the personnel who were listed in the WHS database as of November 28, 2001. That figure excludes personnel whose OPFs were not maintained by the WHS HRSC.



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**RSC Structure and Processing Procedures.** The team structures and processing procedures for DFAS RSC provide greater oversight and more efficient service than that of the WHS HRSC. The two organizations are similarly arranged in that both have divisions for staffing and processing, benefits, records management, and information systems support. As well, both organizations publish vacancy announcements, prepare certification lists, perform the final processing of personnel actions, and maintain OPFs. The staffing and processing teams of the two organizations are, however, structured differently, which results in different methods for processing personnel actions and position classifications.

### **DFAS RSC**

**Structure.** The DFAS RSC is organized based on services provided and the size of the organization supported. The primary unit for processing civilian personnel actions is the Staffing and Processing Division, which is made up of five teams—each team servicing specific organizations. Each staffing and processing team has a team leader, personnel specialists, and personnel assistants. Because most of the RSC functions involve clerical tasks or data entry, the staff consists of more personnel assistant positions than personnel management and specialists.

#### **Procedures for Processing Civilian Personnel Actions.**

Personnel actions within the DFAS RSC are processed using a team approach so actions cannot be processed entirely by one individual. A personnel action forwarded to the RSC is typically processed as follows. The team leader assigns the action to a personnel specialist and a personnel assistant. The personnel specialist accomplishes the more complex portions of the action or those that require research, such as ranking job applicants or verifying levels of veteran's preference, while the personnel assistant performs most of the data entry and updates the personnel database. The team leader monitors the action for timeliness and accuracy.

**Procedures for Processing Position Classifications.** The DFAS RSC does not handle position classifications. Instead, when implementing regionalization, DFAS determined that position classifications would be done at the CSU level.

### **WHS HRSC**

**Structure.** The WHS HRSC team structure and internal processing procedures did not ensure sufficient oversight was provided and personnel actions were processed accurately and in a timely manner. The WHS HRSC is a full-service personnel center providing both RSC and CSU services. The primary unit for processing civilian personnel actions is the WHS HRSC Personnel Services Directorate. The directorate includes three processing divisions with each division divided into teams. Each team is responsible for processing actions for specific organizations. Each team has a team leader and personnel specialists. Some of the teams may also have personnel or administrative assistants.

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### **Procedures for Processing Civilian Personnel Actions.**

Although the WHS HRSC processing units are identified as teams, they do not use a team approach. Instead, complex personnel actions such as recruitments and accessions may be completed entirely by one individual, without anyone reviewing the action for accuracy or completeness. The processing of civilian personnel actions begins when the team leader retrieves the SF-52 from an electronic inbox and routes it to a personnel specialist. The personnel specialist is then responsible for completing each step in the process, from initially establishing the position through updating the modern DCPDS after the action is completed. Because only the work of junior personnel specialists typically receives routine supervisor review, the specialist may be the only person at the WHS HRSC to handle a complex action that took several months to complete. At the same time, the specialist processes other day-to-day actions, such as realignments, reassignments, career ladder promotions, and awards. The approach of having the personnel specialist handle all phases and types of personnel actions requires that the individual be proficient in each aspect of all types of personnel actions. Another concern RSC customers expressed was that complex or time-consuming intermediate procedures, such as validating position descriptions, conducting classification reviews, or preparing certification lists, may be delayed in favor of immediate actions that affect pay.

**Procedures for Processing Position Classifications.** Under the WHS HRSC, both the HRSC and the stand-alone CSUs classify positions. Each of the four stand-alone CSUs that the WHS HRSC service performs some or all of their own position classifications, while the WHS HRSC classifies the positions for the remaining DoD organizations and agencies. WHS HRSC has three divisions that handle staffing and classification actions. Of the three, Division 2 is organized differently than the other divisions. In Division 1 and Division 3, individual personnel specialists handle every aspect of staffing and classification actions. However, Division 2 has two classification specialists assigned to the division. The classification specialists handle all of the classification reviews for the division. The classification specialists review incoming SF-52s and determine if a classification is required before the action is assigned to a personnel specialist. The Division 2 structure with assigned classification specialists allows processing specialists to concentrate on less time-consuming activities.

The separation of classification responsibilities may be a factor in customer satisfaction as stated by the 43 DoD agencies contacted who receive both RSC and CSU services. Customers of Divisions 1 and 3, the two divisions that did not have separate classification specialists assigned, expressed less satisfaction than did customers of Division 2. Of the customers that Division 2 services, 86 percent expressed satisfaction with the services. In contrast, 59 percent of the organizations Division 1 services and 20 percent of those Division 3 services expressed satisfaction with their service.

Having classification specialists has not solved all the problems Division 2 has encountered while handling position classification processing. Although only 1 of the 21 administrative officers at DoD organizations Division 2 services had a negative comment about classification processing, the Defense Security Service, the only external CSU the division services, found that the division did not process its actions in a timely manner. As a result, the

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Defense Security Service reclaimed classification processing from the WHS HRSC. Two classification specialists may not have been sufficient to handle the requirements for the nearly 4,000 civilian personnel the division supports.

We believe that the processing of civilian personnel actions would be handled more efficiently if the teams within the Divisions were structured so that the processing of the complex elements for personnel actions is handled by senior personnel specialists. Further, complex personnel actions should be reviewed before they are finalized. We also believe that the processing of classification actions would best be accomplished at the CSU level. For those organizations that receive both CSU and RSC support, position classifications should be handled by a separate team or a sub-unit within the team dedicated to that functional responsibility.

**Performance Goals and Training.** The DFAS RSC established performance goals and measurements and used those metrics to both improve performance and identify training needs. The WHS HRSC did not establish adequate performance goals and measurements for processing civilian personnel actions or track errors that could be used to evaluate trends and design and implement training.

### **DFAS Performance Goals and Training**

**Performance Goals.** The DFAS RSC has team-level performance goals and measurements that are used as an incentive to improve organizational performance. DFAS team goals include:

- 90 percent of vacancy announcements are open within 3 days of a request,
- 90 percent of certification lists are issued within 13 days, and
- no more than 3 processing errors that affect pay are committed by a team each month.

The DFAS RSC uses goals as incentives for improving the performance of personnel. The RSC implemented an incentive program based on the performance goals and measures. The team goals for quality and timeliness are measured each quarter. When the team meets the goal, each team member receives a cash award. Further, because DFAS tracks the progress of actions, they are able to identify needed improvements to each process. The DFAS teams meet the performance goals so consistently that the DFAS RSC management is considering toughening the requirements.

**Training.** To improve employee performance, the DFAS RSC implemented training programs. The RSC has a two-track training program. Track 1 consists of a series of classes that all of the new personnel must attend. Track 2 consists of a series of refresher classes for personnel who are not performing up to standards. Personnel may voluntarily attend the Track 2 training classes or their supervisors may mandate attendance. Monitoring the performance measures enables the RSC to track the types of errors that occur and then design training programs to mitigate future errors.

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## **WHS Performance Goals and Training**

**Performance Goals.** While the WHS HRSC has performance goals that require that personnel actions are processed within specific time frames and personnel specialists have quality goals in individual performance plans, those goals are not performance measures used to track errors or evaluate trends. Further, the measures are not used to identify training needs or to develop training programs.

Although the WHS HRSC established timeliness goals, the goals were useful only for statistical purposes and no corrective actions were taken as a result of the data. For example, the WHS HRSC had a goal to issue certification lists within 15 to 20 days after the vacancy announcement closed. However, as demonstrated by the results of the random sample, frequently the goal was not met.

The WHS HRSC also had a goal to complete position classifications within 30 to 35 days. According to the DFAS-IN CSU Director, that goal is in sharp contrast to the time the DFAS CSUs were required to complete classifications. The director stated that classifications should not take more than a few days. Even complex classifications that require a new position description should not take more than 3 days. According to DFAS-IN CSU performance reports, classifications are usually completed within 3 days.

The WHS HRSC does not have performance measurements for quality. Although personnel specialists in the WHS HRSC have quality goals in performance plans, the goals are not incorporated into nor are they based on organization goals. The chiefs for two of the three processing divisions at the WHS HRSC stated that their goal was 100-percent accuracy. However, both of those chiefs admitted that they have no formal measures to determine if the goal is met.

**Training.** The WHS HRSC did not use its performance measures to track errors and evaluate trends that could be used to identify training needs. Although the WHS HRSC developed a standard training plan for personnel specialists, the plan simply provides for training entry-level employees and requires personnel specialists to master more complex procedures while progressing up the career ladder. However, the WHS HRSC has no method for tracking errors that could be used to evaluate trends that can ultimately determine what additional training may be needed to mitigate or eliminate recurring errors.

## **Effect on Civilian Personnel and Agencies that the WHS HRSC Services**

As a result of data errors and untimely processing by the WHS HRSC, some civilian personnel experienced pay and benefit errors that required correction. In addition, staff from agencies that the WHS HRSC services stated that they had

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difficulty filling vacancies. Further, the untimely processing caused some agencies the WHS HRSC services to reclaim some functions that the WHS HRSC had performed.

**Effects on Civilian Personnel.** The data input errors caused some civilian personnel to experience pay and benefit errors that required correction. During a 12-month period, data entry errors occurred in 17 of the OPFs selected for review of personnel actions that WHS HRSC processed. While not all of the data errors directly affected pay and benefits, many did. Analysis of the types of errors indicates that of those with data entry errors, 10 had a possible or actual effect on pay or benefits. Incorrect pay grades and within-grade increases obviously affect pay. Likewise, errors in Federal Employees Life Insurance codes, service computation dates, and duty stations affect pay and benefits as well. Although many of the errors were corrected within two or three pay periods, some errors took much longer to correct. For example, one employee remained at the incorrect pay step for about 15 months. In addition to the random sample, we also examined some personnel errors that employees or CSUs reported. One employee was erroneously terminated and paid accrued leave because an extension of a term appointment was not processed on time.

**Effects on Serviced Agencies.** The personnel directors at the CSUs that the WHS HRSC services reported that incorrect or untimely processing of personnel actions caused agency problems. Each of the four CSUs commented on the excessive time to get certification lists from the WHS HRSC. The agency personnel officials reported that managers complain about the time to fill positions. One agency reported that it was not able to meet end-strength goals in FY 2000, in part because of WHS processing.

**CSU Actions.** The CSUs are taking actions to mitigate the delays. Two CSUs that had some classifications that the WHS HRSC conducted are now reclaiming all classifications. The Defense Threat Reduction Agency contracts for classifications on a case-by-case basis, and the Defense Security Service added a classification specialist position to its staff. Both the Defense Threat Reduction Agency and the Defense Security Service are augmenting WHS HRSC staff with either their own or contract personnel—the Defense Threat Reduction Agency has two personnel assistants and the Defense Security Service has a contract employee, each of whom work at the WHS HRSC several days each week. The Defense Security Service has also moved the hiring of entry-level special agents, personnel security specialists, and industrial security specialists from the WHS HRSC to the Office of Personnel Management. Personnel from the Office of the Inspector General of the Department of Defense have negotiated to change regional personnel service providers.

## WHS Quality Control Initiatives

The WHS HRSC acknowledged a need to improve service and identified three initiatives for its operational improvement plan—reorganization, reviewing reports, and programmatic reviews. In May 2001, senior WHS HRSC staff briefed the three initiatives to the agencies and organizations for which it provides

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civilian personnel services. However, implementation was delayed until FY 2002 to prepare for deployment of modern DCPDS. As part of the first initiative, reorganization, the WHS HRSC decentralized processing of personnel actions so that the staff who worked and coded the actions would be responsible for updating the system. The identified goals for reorganization were designed to increase accountability, decrease the number of “handoffs,” and ultimately reduce data entry errors and processing time. We do not believe that “less handoffs” is the solution to processing errors as discussed in “RSC Structure, Processing Procedures, Performance Goals, and Training” section of the report. The second initiative, reviewing reports, required the WHS HRSC staff to conduct a more systematic review and followup on the reports the personnel and payroll systems produced that identified rejected transactions and reconciliation actions. The intent for the review of the reports was to identify and correct data errors and help identify problem areas. A review of the reports has started and WHS HRSC has identified some systemic issues where additional training was needed. The last initiative, programmatic reviews, required random audits on 10 percent of selected actions, such as career ladder promotions. Through June 2002, one programmatic review has been completed. That review examined last equivalent increases and due dates for within-grade increases. The findings were briefed in November 2001 to the agencies that the WHS HRSC services. We commend WHS for conducting the report and programmatic reviews and soliciting customer input in an effort to improve its performance.

## **Actions Needed to Improve RSC Performance**

The Acting Director, WHS needs to take several actions to improve WHS HRSC performance in processing personnel actions. The Acting Director should:

- reorganize and establish management controls so that the processing of civilian personnel actions is completed accurately and timely and adequate review occurs before the personnel database is updated;
- transfer the position classification function to the stand-alone CSUs or ensure that sufficient classification specialists are available to each HRSC division to handle position classifications for the remaining organizations or agencies the WHS HRSC services;
- establish, monitor, and enforce performance goals and measurements for timeliness and quality; and
- develop and implement training plans that incorporate an analysis of the results of the performance goals and measurements.

Reorganizing the WHS HRSC and establishing management controls will allow WHS to staff its organization based on need and experience. For example, reorganizing will allow the WHS HRSC to have management and employee relations specialists and staffing specialists designated to perform the time-consuming and more technical functions as well as handle functions that require consultation with customers. Other personnel assistants and personnel specialists could then handle other elements of personnel processing such as

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operating Resumix and preparing certification lists. Finally, properly supervised junior specialists could handle the final processing of actions. A supervisor would verify that essential data elements are entered accurately. In addition, requiring an organization with sufficient resources handle the position classification function, either a stand-alone CSU or a properly staffed HRSC, would decrease the time required for position classification.

Establishing performance goals will not only help identify performance problems where they occur but will help in the development of training programs that will correct the performance problems. Verifying key data, such as employee social security numbers, dates of birth, and names, as well as pay and benefit information, before a major action is processed should reduce the number of corrections required because an erroneous transaction is processed.

As an alternative, WHS could explore the possibility of merging its operations with the Defense Commissary Agency Human Resource Operations Division as originally intended in 1998. The Defense Commissary Agency operates the equivalent of an RSC in Alexandria, Virginia. The RSC has a staff of 111 employees, including 103 personnel specialists, and provides RSC services for approximately 14,500 civilian personnel in the continental United States, Hawaii, Puerto Rico, Alaska, and Guam. The assets from the WHS HRSC and the Defense Commissary Agency Human Resource Operations Division could be combined to establish a National Capital Region RSC. The current CSUs would remain intact and a new CSU would be established to support the more than 40 organizations and activities the WHS HRSC services. The combined Defense Commissary Agency and WHS RSC would service about 25,000 civilian personnel, which is less than the civilian personnel either DFAS or DLA services.

## **Management Comments on the Finding and Audit Response**

**WHS Comments.** The Acting Director, WHS expressed concern with the level of support for report conclusions and questioned the overall balance of the report. He outlined five major concerns. The first issue was the scope of the audit. He stated that the draft report did not include DLA, which also processes civilian personnel actions for multiple DoD agencies and that we did not contact any of the administrative officers of the organizations that DFAS services. The second issue concerns the methodology we used in comparing performance. The Acting Director stated that WHS provided performance reports that had comparable average cycle time and that a random sample was not needed. The Acting Director identified our inclusion of customer opinions as the third issue. He stated that the customer opinions were presented without empirical substantiation and adequate contextual perspective. He stated that we failed to address that the problems were the result of an unexpected volume of actions for the Defense Security Service as well as untrained staff the Office of the Inspector General of the Department of Defense provided. Further, the Acting Director reported that the agencies did not experience staffing shortages because the agencies were at a 99-percent execution rate for FY 2001. The fourth issue the Acting Director raised concerns the differences between the structure and function of the two RSCs, stating that the WHS HRSC performs different functions than the DFAS RSC. In addition, he stated that WHS provides a full range of advisory services

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regarding position classifications that were not taken into consideration. The Acting Director further stated that the WHS HRSC has reorganized to separate functions so senior specialists handle more complex processes. The final issue concerns performance goals. The Acting Director stated that WHS did not revise its performance goal for certification issuance timeliness. In addition, based on customer feedback, they have reorganized and the current performance data reflects reduced cycle time.

**Audit Response.** Regarding the first issue, we agree that DLA supports multiple agencies and was not included in the scope of the draft report. The DLA RSC services DLA, the Defense Contract Management Activity, the Defense Human Resource Activity, and the Business Process Reengineering Group under the Under Secretary of Defense (Acquisition, Technology, and Logistics). Until March 2000, the Defense Contract Management Activity was part of DLA. Further, we did not learn that DLA serviced the last two groups (which include approximately 700 of the 36,000 civilian employees the RSC services) until after the draft report was released. Nevertheless, we looked at the two RSCs that serviced the most DoD agencies. Further, we did not contact administrative officers of the organizations that DFAS services because those individuals work directly with CSUs, unlike the administrative officers of the organizations that WHS services who work directly with the HRSC.

Regarding the second issue, although WHS provided cycle time reports, we do not agree that the data was comparable. The DFAS reports contained the number of actions that were completed and the number of actions that met the standard. However, the WHS data included only average number of days to complete the actions. We could not determine the number of personnel actions that met the standard. The random sample allowed us to obtain specific results on processing errors and timeliness. We did not review a sample of DFAS civilian personnel actions because DFAS customers did not indicate problems existed with data entry quality and timeliness.

The third issue concerns the customer opinions included in the report and our statement that the lack of timely support by WHS may have resulted in staffing shortages at the agencies serviced by the WHS HRSC. The report includes opinions of the customers for both the WHS HRSC and the DFAS RSC. The DFAS RSC customers are clearly more satisfied than those the WHS HRSC services. We contacted the customers to determine if an indication of a problem was present. The statistical sample results clearly support the customer opinions. As for our conclusion that the organizations may have experienced staffing shortages, a high overall execution rate does not connote that delays in completing the hiring action did not occur. Key positions may have remained unfilled for extended periods because of the time delays in obtaining certification lists. Nonetheless, we deleted the reference that agencies “may have experienced staffing shortages.”

Regarding the fourth issue that concerns the differences in the organizational structure between the DFAS RSC and the WHS HRSC, we believe that we clearly stated the differences. We acknowledged that the WHS HRSC provides both RSC and CSU services and that the DFAS CSUs perform all the position classifications. DFAS is organized in a way that more specialists are at the CSUs than at the RSC and with that structure DFAS maintains a high level of customer



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satisfaction. In addition, despite the comment regarding the differences in organizational structure, WHS agreed that the classification function should be performed at the CSU. Regarding the last issue, which deals with performance goals, our review of the statistical sample of certifications was based on a more liberal 25-day standard one CSU reported. We revised our results to reflect the 20-day standard, as shown on the HRSC cycle time report.

## **Recommendations, Management Comments, and Audit Response**

**We recommend that the Acting Director, Washington Headquarters Services:**

**1. Reorganize the Human Resource Services Center and establish management controls so that civilian personnel actions are completed more accurately and timely by:**

**a. Structuring the staffing and processing teams so that the complex elements of the personnel actions are handled by senior personnel specialists and key data in the personnel actions are reviewed before they are finalized and the personnel database is updated.**

**WHS Comments.** WHS concurred with the recommendation to have the more complex personnel aspects separated from other civilian personnel processing. They indicated that the change was accomplished in their 2001 reorganization.

**Audit Response.** The comments from WHS were partially responsive. The response stated that senior personnel would handle the more complex functions associated with civilian personnel processing, such as Resumix, reductions in force, and other complex processes. The response failed, however, to address who will handle the more complex aspects of processing individual civilian personnel actions such as veterans preference, and the response failed to confirm whether data would be reviewed prior to updating the database. We request that WHS provide additional details regarding the team structure for handling the complex functions of civilian personnel processing. Further, we request that WHS indicate concurrence or nonconcurrence with the recommendation to review all data prior to database update as well as provide a plan and implementation date for accomplishing the action.

**b. Separating the position classification function from the processing of other civilian personnel actions.**

**(1) For stand-alone Customer Support Units, the position classification function should be transferred from the Human Resource Service Center to the Customer Support Units.**

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**(2) For the remaining organizations and agencies that Human Resource Services Center services, the position classification function should be handled by a separate unit or sub-unit within a team dedicated to that functional responsibility.**

**WHS Comments.** WHS concurred with the recommendation.

**Civilian Personnel Management Service Comments.** Although not required to comment, the Director, Civilian Personnel Management Service provided comments in response to the draft report. The director did not concur with Recommendation 1.b.(1) that the position classification function should be transferred to the stand-alone CSUs. He indicated that based on the design of regionalization and the division of workload, the function should remain in the RSCs.

**Audit Response.** No change was made to the recommendation. The regionalization configuration models allowed for position classification to be handled by either the RSC or the CSU. DFAS is operating successfully with the CSUs handling all position classifications.

**2. Implement performance goals that measure the timeliness and the quality of processing personnel actions.**

**WHS Comments.** While WHS did not specifically concur with the recommendation, the Acting Director stated that WHS uses performance measurements and trend analyses. The Acting Director stated that the results of the performance measures regarding a processing unit was one of the factors that drove the reorganization in FY 2001.

**Civilian Personnel Management Service Comments.** Although not required to comment, the Director, Civilian Personnel Management Service agreed with the recommendation to implement performance goals.

**Audit Response.** The WHS comments were partially responsive. While WHS has standards that measure processing time for some personnel actions, WHS does not have standards for all key personnel actions and does not have any standards that measure the quality of data entry. We request that WHS provide additional information that demonstrates it has both quality and timeliness performance measures for processing all civilian personnel actions.

**3. Use the results of the performance measurements to institute procedural changes and develop training programs for staff personnel.**

**WHS Comments.** WHS concurred with the recommendation.

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## Appendix A. Scope and Methodology

**Work Performed.** To better understand the regionalization process within DoD, we met with personnel from the agency responsible for regionalization and modern DCPDS—the Civilian Personnel Management Service within the Under Secretary of Defense for Personnel and Readiness. At the Civilian Personnel Management Service, we interviewed the director and other managers responsible for planning and implementing regionalization of personnel services. To evaluate the effects of regionalization on delivery of personnel services, we met or contacted personnel from the five RSCs and regional equivalents that service the non-Military Department DoD agencies. We conducted in-depth site visits at the WHS HRSC, DFAS RSC, four CSUs that the WHS HRSC services, and two CSUs that DFAS services. At the organizations visited, we discussed and reviewed staffing, organization, budgets, population serviced, workflow processes, training, and management controls. We contacted the administrative officers of the DoD agencies and organizations that the WHS HRSC services for their observations on the delivery of personnel services by the WHS HRSC. To obtain the opinion of the Defense organizations that DFAS RSC services, we contacted personnel management at the non-DFAS CSUs.

Most of the information provided during the site visits was testimonial. We examined DFAS-provided performance reports that were evaluated in relation to the opinions of its serviced organizations. Because the serviced organizations expressed dissatisfaction with WHS HRSC civilian personnel processing, we reviewed personnel actions in a stratified random sample of 228 OPFs that the WHS HRSC maintained to estimate the nature and extent of errors that occurred at the WHS HRSC. We also reviewed selected personnel actions the WHS HRSC services that the CSUs and DoD agencies identified. To determine the timeliness for issuing certification lists by the WHS HRSC, we reviewed the hiring actions identified during our review of the OPFs. The personnel actions reviewed were processed from December 2000 through November 2001. We reviewed documentation and reports dated November 1993 through August 2002 that were relevant to civilian personnel processing as well as to implementing regionalization within the DoD.

**Audit Dates and Standards.** We performed this audit from July 2001 through August 2002 in accordance with generally accepted government auditing standards. Limitations to the scope and auditor independence are explained in the following paragraphs.

**Limitations to Scope.** This audit was limited to a review of the two RSCs that service the most DoD agencies and activities. We did not evaluate the DLA RSC, the RSCs that the Military Departments operated, or DoD agencies that service only their own employees. In addition, we did not conduct an analysis of the staff sizes or staff distribution at the RSCs and CSUs for the DoD organizations, validate the civilian personnel population and staffing data the DoD organizations and activities provided, or validate the DFAS-produced productivity reports.

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**Limitation to Auditor Independence.** The Office of the Inspector General of the Department of Defense is a customer of the WHS HRSC, but is changing to the DFAS RSC.

**General Accounting Office High-Risk Area.** The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Strategic Human Capital Management high-risk area.

**Use of Computer-Processed Data.** We relied on computer-processed data from the WHS HRSC database to obtain the universe of civilian personnel the WHS HRSC serviced. As of November 28, 2001, the WHS database contained 10,124 civilian personnel. We used the WHS HRSC database to identify a stratified random sample of 240 OPFs for review. Of the 240 OPFs, we determined that the WHS HRSC was responsible for 228 and the remaining 12 were either retired to the National Records Center or maintained by an organization that the WHS HRSC services. The 12 records that were not included in the sample were part of 253 civilian personnel for whom the WHS HRSC was not responsible for the OPFs. The 253 records were removed from the universe, leaving 9,871 records for the stratified random sample. We could account for all the OPFs selected for the sample. For the purpose of sample selection, we did not find errors in the WHS HRSC database that would preclude the use of the computer-processed data to meet the objectives or that would change conclusions in this report.

**Use of Technical Assistance.** Personnel in the Quantitative Methods Division, Audit Followup and Technical Support Directorate, Office of the Assistant Inspector General for Auditing provided technical support for this report. Operations research analysts designed a sampling plan and selected a stratified random sample of civilian personnel the WHS HRSC serviced. We reviewed the OPFs of those personnel to evaluate the accuracy and timeliness of processing personnel actions. The operations research analysts projected the results of our review. See Appendix D for details of the statistical sampling methodology.

**Contacts During the Audit.** We visited or contacted individuals and organizations within DoD. Further details are available on request.

## Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, require DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

**Scope of the Review of the Management Control Program.** We reviewed the adequacy of management controls over the WHS HRSC processing of civilian personnel actions. Specifically, we reviewed the workflow process at the WHS HRSC. We reviewed management's self-evaluations applicable to those controls.

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**Adequacy of Management Controls.** We identified a material management control weakness in the WHS HRSC processing of civilian personnel transactions, as defined by DoD Instruction 5010.40. WHS HRSC management controls over the processing of personnel transactions were not adequate to ensure that the processing of transactions was timely or reasonably error free. Recommendations 1., 2., and 3., if implemented, will strengthen controls over personnel transaction processing at WHS HRSC and provide more accurate and timely transactions. A copy of the report will be provided to the senior official responsible for management controls for WHS.

**Adequacy of Management's Self-Evaluation.** WHS HRSC identified personnel services as part of an assessable unit. However, in its evaluation, WHS officials did not identify the specific material management control weakness the audit identified because the WHS evaluation did not cover timeliness and accuracy of processing personnel actions.

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## **Appendix B. Prior Coverage**

During the last 5 years, the General Accounting Office, the Inspector General of the Department of Defense (IG DoD), and the Army Audit Agency have issued seven reports concerning civilian personnel regionalization and implementation of modern DCPDS. Unrestricted General Accounting Office reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted IG DoD reports can be accessed at <http://www.dodig.osd.mil/audit/reports>. Unrestricted Army Audit Agency reports can be accessed at <http://www.hqda.army.mil/aaaweb>.

### **General Accounting Office**

General Accounting Office Report No. AIMD-99-20, "Defense IRM: Alternatives Should Be Considered in Developing the New Civilian Personnel System," January 27, 1999

### **Inspector General of the Department of Defense**

IG DoD Report No. D-2001-137, "Certification of the Defense Civilian Personnel Data System," June 7, 2001

IG DoD Report No. 98-143, "Information Assurance for the Defense Civilian Personnel Data System – Washington Headquarters Services," June 3, 1998

### **Army**

Army Audit Agency Report No. AA 02-109, "Civilian Personnel Regionalization," January 10, 2002

Army Audit Agency Report No. AA 01-108, "Civilian Personnel Regionalization: Army National Capital Region, Fort Belvoir, Virginia," February 12, 2001

Army Audit Agency Report No. AA 00-226, "Civilian Personnel Regionalization: North Central Region, Rock Island, Illinois," May 1, 2000

Army Audit Agency Report No. AA 00-211, "Civilian Personnel Regionalization: Pacific Region, Fort Richardson, Alaska," April 11, 2000

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## Appendix C. Glossary

**Accession** - A personnel action that results in the addition of an employee to the staff of an agency. An accession is also referred to as an appointment.

**Certification** - The process by which the Office of Personnel Management or the agency office with delegated authority submits a list of persons eligible for employment consideration (hiring and promotions) to appointing officers.

**Classification (or Position Classification)** - The evaluation of duties and responsibilities, whereby a title, occupation series, and grade are assigned, and the position is placed under an Office of Personnel Management position classification plan.

**Conversion** - The changing of an employee from one type of appointment to another in the same agency with either no break in service or with a break of 3 days or less.

**Effective Date** - The date a personnel action takes place and the employee's official assignment begins.

**Employee Relations** - Work that involves providing advice and assistance to employees and managers, program administration, and case management in matters relating to conduct, performance, attendance, and dispute resolution.

**Entry on Duty Date** - The date on which a person completes the necessary paperwork and is sworn in as an employee.

**Noncompetitive Action** - A promotion, demotion, reassignment, transfer, reinstatement, or an appointment based on prior service.

**Official Personnel Folder** - The official repository of records and reports for personnel actions during an employee's civilian Government service and documents and papers that are required in connection with such actions.

**Pay Rate Determinant** - A designation of any special factors that help determine an employee's rate of basic pay or adjusted basic pay.

**Personnel Action** - The process necessary to appoint, separate, or make other personnel changes.

**Position Description** - The statement of duties and responsibilities of work assigned to a civilian employee.

**Promotion** - A nature of action used to document personnel actions that change an employee to a position at a higher grade level within the same job classification system and pay schedule or to a position with a higher rate of basic pay in a different job classification system and pay schedule.

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**Realignment** - The movement of an employee and position when a transfer of a function or organization changes, the employee stays within the same agency, and no change is made to the employee's position, grade, and pay.

**Recruitment** - Actions required for examining applications and selecting and placing employees.

**Reduction in Force** - Separation of an employee from a competitive level required by the agency as a result of lack of work or funds, abolishment of the position or agency, or cuts in personnel authorizations.

**Resumix** - An automated employment referral system that replaces manual review of applications with technology that matches qualifying applicants with vacancies.

**Separation** - When an employee retires or leaves a Federal agency to accept employment elsewhere, whether a non-Federal Government position, on duty with the uniformed services, or under a reduction in force.

**Special Employment Program** - Programs DoD offers that accommodate special recruitment needs, such as student employment programs, presidential management interns, programs for people with disabilities, and veteran's programs.

**Staffing** - The process used for recruiting Government civilian personnel. The process involves identifying sources of job applicants and candidates, selecting the appropriate method for identifying job candidates, and ranking the applicants by analyzing experience, training, and quality factors.

**SF-50 (Notification of Personnel Action)** - A form personnel or an administrative office completes and uses to notify an employee and the payroll office of a personnel action. A copy of the SF-50 is filed in the employee's OPF.

**SF-52 (Request for Personnel Action)** - A form operating officials use to request personnel actions and to attain internal agency approvals of requests for personnel action.

**Within-Grade Increase** - An increase in an employee's rate of basic pay by advancement from one step to the next after meeting requirements for length of service and performance.



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## Appendix D. Statistical Sampling Methodology

### Sampling Plan

**Sampling Purpose.** The purpose of the statistical sampling plan was to determine whether civilian personnel actions that the WHS HRSC processed were completed correctly and in a timely manner. The statistical sampling plan was also used to estimate the number of OPFs the WHS HRSC maintained that contained errors.

**Universe Represented.** The universe consisted of all civilian personnel in the WHS HRSC database as of November 28, 2001, for whom the WHS HRSC maintained an OPF. The database initially included a total of 10,124 civilian personnel. We determined that OPFs for 252 of 718 employees of the Uniformed Services University of the Health Sciences were maintained at the University and not the WHS HRSC. In addition, we identified one OPF that had been transferred to the National Records Center. Those 253 civilian personnel were removed from the database. As a result, the universe used for the sample contained 9,871 civilian personnel.

**Sampling Design.** A two-step stratified sampling design was used. In the first step, the universe was separated into two groups—WHS and non-WHS. The WHS group consisted of 4,670 civilian personnel representing WHS-serviced organizations, including the Joint Staff. The non-WHS group consisted of 5,201 civilian personnel that represented the Defense Security Service, the Defense Threat Reduction Agency, the Office of the Inspector General of the Department of Defense, and the Uniformed Services University of the Health Sciences. In the second step, each group was separated into three strata based on the length of Federal Government service—less than 1 year, 1 year to 5 years, and greater than 5 years. A random sample was selected from each stratum. A total of 228 OPFs were selected—119 from the WHS group and 109 from the non-WHS group. Table D-1 identifies the sample selection.

<b>Table D-1. Sample Selection</b>			
<u>Group</u>	<u>Strata</u>	<u>Population</u>	<u>Sample Size</u>
WHS	less than 1 year	321	29
	1 to 5 years	428	30
	greater than 5 years	<u>3,921</u>	<u>60</u>
<b>Subtotal</b>		<b>4,670</b>	<b>119</b>
Non-WHS	less than 1 year	300	23
	1 to 5 years	479	27
	greater than 5 years	<u>4,422</u>	<u>59</u>
<b>Subtotal</b>		<b><u>5,201</u></b>	<b><u>109</u></b>
<b>Total</b>		<b>9,871</b>	<b>228</b>

## Sampling Results

We identified two performance issues during our review of personnel actions—processing errors and delays when completing individual personnel actions filed in OPFs and timeliness delays when issuing certification lists.

### Processing of Individual Personnel Actions In OPFs

**Types of OPF Errors.** During our review of the personnel actions in the 228 OPFs, we identified 3 types of individual processing problems in the OPFs:

- data entry errors,
- incorrectly filed or missing documentation, and
- actions processed after the effective date.

**Data Entry Errors.** Of the OPFs reviewed, 17 had data entry errors attributed to WHS HRSC input that later required correction. Table D-2 outlines the data entry errors by type and frequency.

<b>Table D-2. Data Entry Errors</b>	
<u>Type of Error</u>	<u>Frequency</u>
Annuitant indicator	1
Employee name	2
Legal authority code	1
Life insurance code	1
Pay determinant	1
Pay grade	1
Pay plan	2
Pay step	2
Social Security Number	1
Service computation date	2
Tenure	1
Veterans preference	1
Within-grade increase	<u>1</u>
<b>Total</b>	<b>17</b>

**Documentation Errors.** Of the OPFs reviewed, six contained documents that either did not belong in the folder or were missing documents from the folder that were required. The type and number of documentation errors are as follows.

- One OPF was missing a required SF-50.
- Two OPFs had SF-50s that belonged in other employees' folders.
- One OPF had two SF-52s that belonged in another employee's folder.
- One OPF had an improperly filed certificate of investigation.
- One OPF had a Thrift Savings Plan form for another employee.

**Actions Processed After Effective Date.** Of the OPFs reviewed, two contained personnel actions that were processed at least 2 months after the effective date of the action although the WHS HRSC had all the necessary documentation to process the action in a timely manner. The two actions were a realignment and a change in work schedule.

**Sample Results of OPF Review.** Table D-3 identifies the statistical projections of OPFs that contained a data entry or documentation error, or an action processed after the effective date.

**Table D-3. Official Personnel Folders with Errors  
From December 1, 2000, through November 30, 2001  
(95-Percent Confidence Level)**

	<u>Lower Bound</u>	<u>Point Estimate</u>	<u>Upper Bound</u>
Error rate	3.3%	8.3%	13.2%
OPFs with errors	326	816	1,306

We are 95-percent confident that between 326 and 1,306 OPFs contained at least 1 error during a 12-month period, with a point estimate of 816. We calculated that the percent of OPFs with errors was between 3.3 percent and 13.2 percent, with a point estimate of 8.3 percent during a 12-month period.

**Certification List Processing**

**Timeliness of Issuance of Certification Lists.** From the 228 OPFs, we identified 37 recruitment or promotion actions that required the WHS HRSC to issue the certification list—16 for WHS organizations and 21 for non-WHS organizations. We statistically projected across all strata the number of recruitment and promotion actions. Additionally, using a combined ratio methodology, we statistically projected across all strata the number of recruitment or promotion actions that contained timeliness delays.

**Number of Recruitment or Promotion Actions.** Table D-4 identifies the statistical projections of recruitment or promotion actions requiring a certification list.

**Table D-4. Recruitment or Promotion Actions Requiring a Certification List  
From December 1, 2000, through November 30, 2001  
(95-Percent Confidence Level)**

	<u>Lower Bound</u>	<u>Point Estimate</u>	<u>Upper Bound</u>
Rate	5%	10.3%	15.6%
Number of Actions	496	1,017	1,538

We are 95-percent confident that the proportion of OPFs with recruitment or promotion actions is between 5 percent and 15.6 percent, with a point estimate of 10.3 percent, and that the number of OPFs with hiring or promotion actions is between 496 and 1,538, with a point estimate of 1,017.

**Sample Results of Certification List Issuance Review.** During a 12-month period, the certification list was not issued within 20 days, the WHS HRSC goal, for 22 recruitment or promotion actions—7 for WHS organizations and 15 for non-WHS organizations.

Table D-5 identifies the statistical projections of recruitment or promotion actions for which the WHS HRSC did not issue a certification list within 20 days during a 12-month period.

<b>Table D-5. Certification Issuance Timeliness Delays From December 1, 2000, through November 30, 2001 (95-Percent Confidence Level)</b>			
	<u>Lower Bound</u>	<u>Point Estimate</u>	<u>Upper Bound</u>
Error rate	57.1%	63%	68.8%
Timeliness delays	581	640	700

We are 95-percent confident that the proportion of certification lists not issued within 20 days during a 12-month period was between 57.1 percent and 68.8 percent with a point estimate of 63 percent. We are 95-percent confident that the number of timeliness delays for certification list issuances during a 12-month period is between 581 and 700, with a point estimate of 640.

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## **Appendix E. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller)  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)  
Under Secretary of Defense for Personnel and Readiness  
Assistant Secretary of Defense (Force Management Policy)  
Director, Civilian Personnel Management Service

### **Other Defense Organizations**

Inspector General of the Department of Defense  
Director, Administration and Information Management  
Director, Defense Commissary Agency  
Director, Human Resources  
Director, Defense Finance and Accounting Service  
Director, Regional Service Center  
Director, Defense Security Service  
Director, Defense Threat Reduction Agency  
Acting Director, Washington Headquarters Services  
Director for Personnel and Security  
President, Uniformed Services University of the Health Sciences

### **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Reform  
House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform  
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform  
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

# Washington Headquarters Services Comments

Final Report  
Reference



DEPARTMENT OF DEFENSE  
WASHINGTON HEADQUARTERS SERVICES  
1155 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1155

AUG 8 2002



MEMORANDUM FOR DIRECTOR, READINESS AND LOGISTICS SUPPORT,  
DODIG

SUBJECT: Report on Civilian Personnel Processing by Regional Service Centers  
Servicing Multiple DoD Agencies (Project No. D2001LF-0142)

We have thoroughly reviewed the subject report and appreciate the opportunity to comment. While we concur in substance with the recommendations, we are concerned about a number of unsupported observations and conclusions that call into question the overall balance of the draft report and the treatment of the issues which form its core. Our comments fall into five major issue areas as follows: scope, methodology, customer opinions, RSC/CSU structure and function, performance goals and training, and summary.

#### Scope

The report subscribes to be a review of regions that service other Defense Agencies, however the elimination of some of the other RSCs from the review is questionable. For example, DLA services DCMA and the Defense Human Resource Activity, which are neither part of DLA nor its reporting chain. Yet DLA was not included in the review. Inconsistencies in defining RSC customers are also of concern. For example the WHS Administrative Officers were interviewed for the review when no similar contact was made with the internal DFAS customers to assess servicing. The relationship with the WHS administrative officers is primarily a CSU function, presumably not covered by scope of the "refocused" review.

#### Methodology

The report states that comparable performance data was not available at the RSCs, so "...we relied on quarterly productivity reports the DFAS RSC provided and a stratified random sample of OPFs at the WHS HRSC to evaluate performance." In fact, WHS HRSC provided two sets of cycle time reports to the team. These reports had comparable data over a longer period of performance than those cited in the section under the DFAS performance review. The need to perform a stratified random sample is unsupported given the fact that comparable average cycle time data was provided and neither the data gathering nor the reporting, other than certification cycle times, actually compared performance between the two regions on similar measures. For example, the DFAS performance data cited on page 9 of the draft report include 4 items: performance on issuing certification lists, performance on publishing vacancy announcements, errors that effected pay and errors on vacancy announcements. The cycle time reports provided by the WHS HRSC gave average vacancy announcement publication times and average certificate issuance times. There was no need to pull a stratified random sample to gather



Revised

this data. Nor did the random sample provide adequate comparison on the last two elements. In fact, the stratified random sample, taken from a longer performance period, produced results documented in Appendix D about data entry and OPF filing errors for which DFAS was not sampled. In order to have valid measurements that support the report's conclusions, the selection process should have been consistent, i.e., a "stratified random sample" of the same documents in both RSCs.

#### Customer Opinions

The report includes a number of unsupported statements that the review team has accepted at face value and presented in the report without empirical substantiation or adequate contextual perspective.

The statements that DSS has had to prioritize its work for the WHS RSC and has "reclaimed" classification should have been examined more closely and presented more fully. DSS projected, at the start of regionalization, 120 competitive fills per year. The first year the WHS RSC performed over 3 times that amount of work. That workload remained steady until the second half of FY 02 and it is now dropping. At one point, DSS had over 600 competitive fill requests at the WHS HRSC, one for approximately every 4 employees. As much of the staffing work was due to the multiple complete reorganizations of the agency, the WHS HRSC began using OPM for the external hiring at its own initiative and at its own significant expense (over \$100,000). DSS took over the process of using OPM only when WHS requested reimbursement for this significant unfunded work. The classification work was also severely underrepresented in the pre-regionalization baseline. WHS has had continued frank dialogue with DSS about the workload split. Despite these robust discussions and workload challenges, in 1998, the DSS Director gave a Partnership Award to the WHS HRSC and its CSU in part for full FTE execution. This level of support has continued since that time. In a recent visit between the DSS Comptroller and the Director and Deputy Director of Personnel and Security the Comptroller reported that DSS was satisfied with the HRSC services being provided.

The comments made about data quality by the assistant personnel director of the DOD IG likewise need to be reviewed in context. The HRSC began servicing the IG a full year earlier than agreed upon. At that time, the IG detailed untrained staff and multiple vacancies pending final resource transfer. The IG staff brought an extensive array of unresolved benefits problems. Beginning the servicing with partnership in mind, but without the required expertise or resources, put the HRSC at a disadvantage. The data quality problems that continued were a result of the work of a member of their own staff who had been transferred to the HRSC by the IG. The HRSC could not, in good conscience, allow the individual to work on other CSU accounts, as he required extensive remedial training and oversight.

The statement "agencies that WHS services stated they had difficulty filling vacancies and may have experienced staffing shortages" is not and cannot be supported by evidence. For FY 01, DSS, DOD IG, USUHS were executed at between 99 and 100%.

Revised



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FY 02 execution to date is similar for all of the CSU clients. The DTRA HR officer reports that for positions filled by the WHS HRSC, DTRA is currently overstaffed. At one time in FY 01, the DSS Human Resource Director stated that if the HRSC filled all the competitive actions being worked, the agency would be severely over-executed (by over 100 employees). One of the internal WHS customers gave a partnership award in FY 2001 for outstanding service including a 98% execution rate by the WHS HRSC.

#### RSC/CSU Structure and Function

The report makes performance comparison statements that do not reflect the different business processes employed at the two RSCs reviewed. The DFAS performance reports shared by the review team clearly demonstrate that the DFAS CSUs perform a higher percentage of the work than the WHS CSUs. For example, the DFAS performance and business process reports show the DFAS CSUs perform the classification, position build, and PPP functions in addition to preparing a job announcement template. For 4 of the 5 CSUs serviced, these processes are performed by the WHS HRSC and can have a significant effect on the cycle times. Other time consuming assistance provided by WHS to its HRSC clients has included position management and reorganization advisory services, RIF advisory services and administration (including meeting with the employees which would normally be a CSU function) and monthly EOD assistance and on-site training in EBIS/TVRS and Resumix. We believe a more thorough analysis into the impact of the different functions performed would have been needed for a valid comparison of cycle times.

The statement by the DFAS personnel officer that a complex classifications that require new PDs should take no more than 3 days may be fully applicable to the DFAS environment. However, it does not take into consideration the full range of classification advisory services provided by the WHS HRSC, including writing PDs for CSUs as well as internal customers. Simply put, it requires more time to provide a higher level of service.

We concur with the recommendation that classification (and position builds) should be performed by the CSU. We have been a proponent of this approach for many years. In some cases, the CSUs have been unwilling to take back that work. In others, they have partially done so only recently. Based on the Division 2 success cited in the report, the HRSC had already planned to break out classification from the staffing and processing functions for the WHS CSU and this has been accomplished. We look forward to continuing dialogue with our other CSU clients on this issue.

Although the report did not factually address the HRSC servicing breakdown, we also concur that the more complex aspects of HR should be separated from the personnel processing. This was accomplished in the FY 2001 reorganization as senior assistants and junior specialists process actions while the senior specialists work with Resumix, RIF and other more complex processes. The reorganization cited in the report produces fewer handoffs, as the accountability rests with one servicing organization, depending on the type of action being processed. As a result, data quality is measured and reported by

Revised

individuals within the servicing team rather than across servicing lines. In addition, the HRSC has recently developed a quality tracking report to ensure that data quality issues are resolved expeditiously. Progress in the area of data quality, as measured by various data quality reports and customer input, has been made since the reorganization and this continues to a primary performance goal for the organization along with cycle time.

Performance Goals and Training

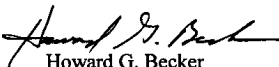
The statement that the WHS HRSC revised its performance goals when they weren't met is inaccurate. The WHS HRSC never lowered its certification timeliness goal to 25 days. Nor is it accurate that the WHS HRSC did not use its performance measures to track errors and evaluate trends to identify training needs. Performance measures, trend analysis, and customer feedback regarding the processing unit drove the FY 2001 reorganization that has credited in the report with quicker problem resolution. FY 02 performance statistics show that the reorganization, coupled with robust attention to cycle time goals and an emphasis on accountability, has reduced cycle times by 50% in all areas.

We concur with the recommendation that the WHS HRSC improve its training plans. The shortage of well-qualified, personnel specialists and assistants in the local labor market requires a well documented and systematic approach to training. As a result of this review, the HRSC is redesigning its personnel services training programs with a focus on providing quality customer service within cycle time standards.

Summary

WHS will continue to use customer input, program reviews, and data quality and cycle time performance measurements to analyze and improve processes and to develop training programs for staff personnel. As a vigorous proponent of customized services and servicing choice, we will continue to work individually with our CSUs to provide the best mix of services for their particular needs, such as on-site assistance with EODs, RIF administration and if needed, classification and position builds. The cycle time and data quality concerns cited in the report were self-identified and reported to the CSUs, along with the action plans for correction. The WHS HRSC has made significant progress in both areas in the last year and is continuing its focus on data quality and cycle times.

We appreciate the opportunity to comment on the report. If you have any additional questions, my point of contact is Susan Yarwood, Assistant Director for Personnel Services. She can be reached at 703-617-7111.

  
Howard G. Becker  
Acting Director

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# Civilian Personnel Management Service Comments



DEPARTMENT OF DEFENSE  
CIVILIAN PERSONNEL MANAGEMENT SERVICE  
1400 KEY BOULEVARD  
ARLINGTON, VA 22209-5144

JUL 23 2002

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Report on Civilian Personnel Processing by Regional Service Centers  
Servicing Multiple DoD Agencies (Project No. D2001LF-0142)

The attached matrix delineates CPMS comments on the subject draft report. Our comments are limited to matters for which we have direct responsibility, including the modern Defense Civilian Personnel System (DCPDS) and the regionalization of civilian personnel support services.

We appreciate the opportunity to comment. Any questions concerning our comments should be addressed to Ms. Cheryl Fuller, Deputy Director for Human Resources Automated Systems. Ms. Fuller can be reached at (703) 696-1760.

A handwritten signature in black ink, appearing to read "Charles A. Rogers".

Charles A. Rogers  
Director

Attachment:  
As stated

CPMS Comments on Department of Defense Inspector General Draft Report on Civilian Personnel Processing by Regional Service Centers Servicing Multiple DoD Agencies (Project No. D2001LF-0142)

Report Citation	CPMS Comment	
Page 3, Objectives	The stated objective of the report was to evaluate regional service centers (RSCs) that "serviced multiple DoD agencies." DoDIG evaluated the Washington Headquarters Services (WHS) and Defense Finance and Accounting Service RSCs. In fact, the Defense Logistics Agency (DLA) RSC also provides services to multiple DoD agencies, including the Defense Human Resources Activity and the Defense Contract Management Agency.	Revised
Page 7, Customer Opinions and Performance Reviews	The report cites opinions by the Defense Contract Audit Agency, including: "Of particular concern was that the Modern DCPDS was not functioning as it should." CPMS recommends that DoDIG provide specific information or examples supporting DCAA's statement regarding the modern DCPDS.	Deleted
Page 18, Recommendations (#1.b)	The report recommends transferring the position classification function from the RSC to the "stand-alone Customer Support Units." CPMS does not concur with this recommendation. The regionalization of civilian personnel operations in the Department was based on a DoD-wide standard split of workload between RSCs and CSUs, with the majority of the personnel work consolidated into the RSCs (60%). This consolidation was necessary to support streamlined business processes and generate savings for the Department. DoD, in collaboration with the Components, identified the position classification function as appropriate for consolidation into the RSCs. The CPMS position is that the classification function should remain in the RSC, in accordance with the standard DoD workload configuration.	Page 19
Page 18, Recommendations (#2)	The report recommends establishing performance goals for processing personnel actions. CPMS concurs with this recommendation, and has been working to establish standard performance metrics for Department-wide application. This initiative will include leveraging the capability of the modern DCPDS to capture and track productivity information.	Page 20
Page 19, Appendix A, Work Performed	The report refers to opinions of the modern DCPDS, and states that DoDIG "found an indication that problems exist with the system." The report draws numerous comparisons between the DFAS RSC and the WHS RSC, concluding that the performance of the DFAS RSC with respect to processing personnel actions and providing service to its customers is adequate, while the performance of the WHS RSC is not. It should be noted that both WHS and DFAS use the same version of modern DCPDS (although they are on separate database instances). The modern DCPDS application is maintained on a single baseline, with identical functionality available at all RSC locations.	Deleted Page 21

## **Audit Team Members**

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