

EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018

FINAL REPORT NO. OIG-20-014-A

JANUARY 27, 2020



U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation



January 27, 2020

MEMORANDUM FOR: John Fleming, M.D.
U.S. Assistant Secretary of Commerce
for Economic Development
Economic Development Administration

Dennis Alvord
Deputy Assistant Secretary for Economic Development
and Chief Operating Officer
Economic Development Administration

A handwritten signature in black ink that reads "Mark H. Zabarsky".

FROM: Mark H. Zabarsky
Principal Assistant Inspector General for Audit and Evaluation

SUBJECT: *EDA Should Develop a Workforce Plan and Improve its
Hiring Accountability to Successfully Award and Administer
the Disaster Supplemental Funds Appropriated by the Bipartisan
Budget Act of 2018*
Final Report No. OIG-20-014-A

Attached for your review is our final report on our audit of the Economic Development Administration's (EDA's) Disaster Relief Workforce Planning. Our audit objective was to determine whether EDA's workforce planning process for awarding and administering the Disaster Supplemental funds was adequate and effective.

We found the following:

- I. EDA has not developed and implemented a comprehensive workforce plan to meet the current and future needs of the organization.
- II. EDA's recruitment efforts are significantly behind its established milestones to ensure that EDA has adequate staff available to handle the increased workload.

On December 18, 2019, OIG received EDA's December 11, 2019, response to the draft report's findings and recommendations, which we have included within the attached final report as appendix D. EDA concurred with all of our recommendations and noted actions it is taking, or will take, to address them.

Pursuant to DAO 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. The final report will be posted on OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M).

We appreciate the cooperation and courtesies extended to us by your staff during our audit. If you have any questions or concerns about this report, please contact me at (202) 482-3884.

Attachment

cc: Greg Brown, Chief Financial Officer, EDA
Deborah Haynes, Audit Liaison, EDA



Report in Brief

January 27, 2020

Background

The United States experienced a historic year of weather-related disasters in 2017. Our nation endured 16 separate billion-dollar disaster events, including severe weather, hurricanes, flooding, and wildfires. In response, the President signed into law the Bipartisan Budget Act of 2018 (the Act), which designated \$1 billion in disaster relief and recovery funds to the U.S. Department of Commerce (Department), which included \$600 million to the U.S. Economic Development Administration (EDA).

Providing assistance in a post-disaster recovery environment introduces its own unique challenges to EDA and the affected geographical areas, such as relying on impaired local infrastructure, awarding funds to recipients that might not be familiar with federal requirements, and unanticipated impact on resources due to the increased workload.

Therefore, to ensure the proper and timely use of the disaster assistance funds, EDA should develop and implement a comprehensive strategic plan and maintain a highly-skilled workforce as it increases its oversight efforts to effectively administer the disaster assistance funds.

Why We Did This Review

Our audit objective was to determine whether EDA's workforce planning process for awarding and administering disaster supplemental funds was adequate and effective.

ECONOMIC DEVELOPMENT ADMINISTRATION

EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018

OIG-20-014-A

WHAT WE FOUND

We determined that—although EDA has made progress in providing general oversight of its disaster supplemental funds—EDA does not have an adequate and effective workforce planning process in place for awarding and administering disaster supplemental funds. Specifically:

1. EDA has not developed and implemented a comprehensive workforce plan to meet the current and future needs of the organization. We found that although EDA's *Disaster Recovery and Relief Hiring Guidance* provides general oversight policy to assist in its overall disaster recovery hiring and recruitment efforts, EDA has not conducted sufficient workforce management planning that (1) is coordinated and comprehensive or (2) reflects the current or future state of its workforce. Strategic workforce planning is a process to define and plan for the staff needed to achieve an agency's mission. EDA developed a contingency plan in September 2018 to ensure an orderly shutdown of its operations because the FY 2018 and 2019 President's budgets called for the elimination of EDA. However, this plan is narrow in scope and only focuses on closing down the agency.
2. EDA's recruitment efforts are significantly behind its established milestones to ensure that EDA has adequate staff available to handle the increased workload. According to EDA's *Disaster Recovery and Relief Hiring Guidance*, EDA set its September 30, 2018, hiring goal to acquire 39 new positions to assist with the disaster recovery and relief grants. This hiring goal was not derived through any formal workforce assessment process, but through informal subjective assessments by EDA's Regional Directors. EDA expected to have at least 19 (49 percent) of the 39 positions on board, or in receipt of an on-duty date, by September 30, 2018. However, as of January 31, 2019, we found that EDA had only brought on board 15 of the 39 (38 percent) positions.

WHAT WE RECOMMEND

We recommend that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to conduct the following:

1. Develop and implement a comprehensive workforce plan to
 - a. determine optimal staffing levels needed (both at headquarters and in the affected regions), and
 - b. identify any potential staffing shortfalls or gaps.
2. Develop and implement specific accountability metrics, in conjunction with Human Capital Client Services as applicable, including
 - a. transparent milestones, which can be used to measure the actual progress of the job opportunity announcements throughout the hiring process, and
 - b. performance metrics and training guidelines to ensure EDA staff are fully trained on the job opportunity announcement processing requirements.

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Cover: Herbert C. Hoover Building main entrance at 14th Street Northwest in Washington, DC. Completed in 1932, the building is named after the former Secretary of Commerce and 31st President of the United States.

Introduction

According to the National Oceanic and Atmospheric Administration (NOAA), the United States experienced a historic year of weather-related disasters in 2017. Our nation endured 16 separate billion-dollar disaster events, including severe weather, hurricanes, flooding, and wildfires.¹ In response, the President signed into law the Bipartisan Budget Act of 2018 (the Act),² which designated \$1 billion in disaster relief and recovery funds to the U.S. Department of Commerce (Department)—\$600 million to the U.S. Economic Development Administration (EDA) and \$400 million to NOAA. The Act allowed the total EDA appropriation of \$600 million to be allocated as follows:

- \$587 million in grants for flood mitigation, disaster relief, long-term recovery and restoration of infrastructure in areas receiving a major disaster designation as a result of Hurricanes Harvey, Irma, and Maria; wildfires, and other calendar year 2017 natural disasters³ (EDA uses the term “Disaster Supplemental,” or “DS,” to describe this appropriation);
- Up to 2 percent of funds (\$12 million) may be transferred to salaries and expenses for administration and oversight by EDA; and
- \$1 million to be transferred to the Department’s OIG to carry out audits and investigations related to the disaster assistance funding provided.

Providing assistance in a post-disaster recovery environment introduces its own unique challenges to EDA and the affected geographical areas, such as relying on impaired local infrastructure, awarding funds to recipients that might not be familiar with federal requirements, and unanticipated impact on resources due to the increased workload. Therefore, to ensure the proper and timely use of the disaster assistance funds, EDA should develop and implement a comprehensive strategic plan and maintain a highly-skilled workforce as it increases its oversight efforts to effectively administer the disaster assistance funds.

Having a workforce planning process in place is especially critical because the disaster assistance funding triples EDA’s typical annual budget authority from about \$300 million to nearly \$900 million.⁴ This significant increase in funding will place additional demands on EDA’s existing human capital, oversight processes, business practices, and financial management systems to ensure proper oversight and use of the funds.

¹ NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2018). [online]. <https://www.ncdc.noaa.gov/billions/> (accessed October 24, 2019).

² *Bipartisan Budget Act of 2018*, Pub. L. No. 115-123, 132 Stat. 64, 69-71.

³ EDA used a two-step process for determining how to distribute the funds across the regions. First, two-thirds of the funds were allocated by prioritizing the disasters in recognition of Congressional intent and severity of the disaster. Second, the remaining one-third of the funds were allocated across the regions using an impact-based formula that took into account items such as the percent of disaster-impacted population, counties, and unemployment distress factors.

⁴ The additional disaster assistance funding to NOAA represents an overall increase in its budget authority of less than 10 percent.

Human capital challenges at all levels are responsible for many of the operational difficulties faced during disaster recovery efforts. With the significant increase in EDA's spending comes a corresponding increase in the number of staff that may need to perform duties related to disaster relief financial assistance. Shortages of experienced staff with the right skills and abilities can contribute to delays in cost-effective disaster recovery. In response to the Act, a specific need has arisen for EDA to quickly organize existing staff and hire additional temporary staff to ensure cost-effective use of disaster recovery funds.

Workforce planning analyzes internal and external factors to generate and document a plan that provides leaders with a roadmap for establishing a workforce that will assist in meeting the organizational mission. As such, workforce planning criteria consist of various laws, regulations, and guidelines such as the Code of Federal Regulations (CFR); U.S. Code; and the U.S. Office of Personnel Management (OPM) workforce planning guidance. The CFR defines human capital management systems, standards, and focus areas within the Human Capital Framework (HCF).⁵ The HCF includes standards such as integrating human capital management strategies into an agency's overall planning, along with planning for and managing current and future workforce needs. In addition, 5 U.S.C. § 1103 specifically directs OPM to design a set of systems to include standards such as (1) aligning human capital strategies to agency missions, goals, and objectives; (2) integrating those strategies in agency plans; (3) closing skill gaps in mission critical operations; and (4) holding relevant agency staff accountable for efficient and effective human resources management in support of agency missions.⁶ In response, OPM has developed a five-step workforce planning model to be used as a best practice guide and starting point for federal agencies to create a workforce plan. The model includes the following steps: (1) set strategic direction; (2) analyze workforce, identify skill gaps, and conduct workforce analysis; (3) develop an action plan; (4) implement the action plan; and (5) monitor, evaluate, and revise the plan.⁷ Some of these key steps were also highlighted in the U.S. Government Accountability Office's (GAO's) 2003 *Human Capital* report and 2015 *Defense Acquisition Workforce* audit report.⁸

Additionally, as the coordinating agency for the Economic Recovery Support Function, on behalf of the Department of Commerce (DOC), within the National Disaster Recovery Framework (NDRF),⁹ EDA is responsible for integrating the expertise of the federal government to assist local, state, and tribal governments, along with the private sector in economic recovery efforts following a major disaster. EDA has taken proactive steps to start addressing this challenge: to date, EDA has developed four Disaster Supplemental Implementation (DSI) working groups,

⁵ See 5 C.F.R. § 250.203.

⁶ 5 U.S.C. § 1103(c)(2).

⁷ OPM, June 2019, *Workforce Planning Model*, Washington, DC: OPM, 2-3.

⁸ U.S. Government Accounting Office, December 2003. *Human Capital Key Principles for Effective Strategic Workforce Planning*, GAO-04-39. Washington, DC: GAO, 3; GAO, December 2015. *Defense Acquisition Workforce Actions Needed to Guide Planning Efforts and Improve Workforce Capability*, GAO-16-80. Washington, DC: GAO, 5.

⁹ The Federal Emergency Management Agency (FEMA) established the NDRF to facilitate coordinated interagency capacities across all disaster-related mission areas: prevention, protection, mitigation, response, and recovery.

whose responsibility is to promote policies and procedures that address disaster assistance related priority areas.¹⁰

¹⁰ The four working groups include: (1) *Communications*, which is responsible for developing and implementing communications strategies that will enable EDA to successfully manage its relationships with a variety of important stakeholders; (2) *Data and Tools*, which is responsible for identifying and leveraging technology-based capacities, and establishing mission-critical performance metrics that will enable EDA to track and evaluate disaster supplemental grant proposals and applications; (3) *Coordination and Operations*, which is responsible for developing and implementing operational systems necessary to support enterprise systems and capacity for successful management and oversight of Disaster Supplemental funds; and (4) *Hiring and Training*, which is responsible for developing and implementing the strategies and procedures EDA needs in order to expeditiously hire and train new staff to support the agency's disaster supplemental grant-making processes and workload. This information was obtained from EDA's presentation to OIG titled "2018 Disaster Supplemental Appropriation Funding Allocation Overview and Agency Actions and Activities to Date" (dated May 14, 2018).

Objective, Findings, and Recommendations

Our audit objective was to determine whether EDA's workforce planning process for awarding and administering the DS funds was adequate and effective.

We determined that—although EDA has made progress in providing general oversight of its DS funds¹¹—EDA does not have an adequate and effective workforce planning process in place for awarding and administering DS funds. Specifically, EDA has not developed, documented, and implemented a comprehensive workforce plan to meet the current and future staffing needs for managing DS funds. Furthermore, EDA's recruitment efforts significantly lag behind the milestones set for ensuring availability of adequate staff needed to handle the increased workload resulting from DS funding. Because of these conditions, EDA cannot be sure that it has adequately aligned its resources to meet its mission or identified current and future staffing opportunities and constraints. Effective workforce management is critical for EDA to accomplish its expanding disaster recovery oversight mission.

See appendix A for a full description regarding our objective, scope, and methodology.

I. EDA Has Not Developed and Implemented a Comprehensive Workforce Plan to Meet the Current and Future Needs of the Organization

Strategic planning aligns an organization's human capital program with its current and emerging mission. Additionally, strategic planning allows an organization to develop strategies for acquiring, developing, and retaining staff to achieve programmatic goals. OPM provides a best practice guide for federal agencies to use as a starting point for workforce planning, which includes having a strategic direction, analyzing the agency workforce, identifying gaps, and developing and implementing a workforce action plan.¹²

We found that although EDA's *Disaster Recovery and Relief Hiring Guidance* provides general oversight policy to assist in its overall disaster recovery hiring and recruitment efforts, EDA has not conducted sufficient workforce management planning that (1) is coordinated and comprehensive or (2) reflects the current or future state of its workforce. Strategic workforce planning is a process to define and plan for the staff needed to achieve an agency's mission. EDA developed a contingency plan in September 2018 to ensure an orderly shutdown of its operations because the FY 2018 and 2019 President's budgets called for the elimination of EDA.¹³ However, this plan is narrow in scope and only focuses

¹¹ Overall, EDA has made progress toward providing coordinated oversight and administration of DS funds, which include the following: (1) establishment of four DSI working groups to address communications, coordination and operations, data and tools, and hiring and training; (2) development and implementation of a *Disaster Recovery and Relief Hiring Guidance* policy; (3) completion of a *Disaster Relief Internal Control Plan*; and (4) development of a formal DS funds-related training program for new and existing EDA personnel.

¹² OPM, October 2011. *Workforce Planning Model Best Practices*, Section 2. Workforce Analysis, Washington DC: OPM.

¹³ EDA's close-down contingency plan includes (1) the reduction of staff through involuntary separation, and (2) transferring to another federal agency the monitoring and servicing of open grants and loans until their close out date. Based on the 2,387 grants and loans remaining open as of November 2017, EDA estimated that starting

on closing down the agency. As such, EDA has not accounted for changing conditions and priorities, such as shifts in workforce demographics or evolving organizational responsibilities. For example, the growth in the amount of DS funds has created workforce challenges for EDA. The \$600 million in supplemental appropriated DS funds Congress approved in FY 2018¹⁴ resulted in nearly tripling EDA's budget authority. In addition, Congress appropriated another \$600 million in FY 2019 DS funds to help with recovery from the 2018 Hurricanes Florence, Michael, and other 2018 disasters.¹⁵ The chief financial officer and the team leader of the Hiring and Training DSI working group told us that EDA's initial plan (prior to receiving the initial \$600 million in disaster relief funds) was to reduce its staff in a matter consistent with an orderly shutdown. Therefore based on the possible agency elimination, EDA did not develop a formal, documented workforce plan, nor does it intend to do so in the near future, regardless of the fact that they received additional disaster relief funds and their annual budgets have actually increased.

The lack of a documented, comprehensive workforce plan can significantly reduce EDA's ability to acquire and retain properly trained staff needed to meet the current and future needs of the organization, and to adequately oversee and manage the disbursement and oversight of its DS funds. For example, a lack of adequate staffing could lead to mismanagement of disaster assistance grants, such as commingling of funds, incurring unallowable costs, or awarding inappropriate grants and contracts. In addition, with 903 of 3,223 U.S. counties declared disaster areas in 2017 (around 28 percent),¹⁶ it is important that EDA has the ability to provide sufficient oversight to oversee DS funding.

II. EDA's Recruitment Efforts Are Significantly Behind Its Established Milestones to Ensure That EDA Has Adequate Staff Available to Handle the Increased Workload

According to EDA's *Disaster Recovery and Relief Hiring Guidance*,¹⁷ EDA set its September 30, 2018 hiring goal to acquire 39 new positions to assist with the disaster recovery and relief grants. This hiring goal was not derived through any formal workforce assessment process, but through informal subjective assessments by EDA's Regional Directors. EDA expected to have at least 19 (49 percent) of the 39 positions on board, or in receipt of an on-duty date,

in FY 2018 it would take 6 years to close them. Additional monitoring and final disposition work is required for years after the closeout of a grant to ensure the grantees continue to use the facility for its intended purpose and to release the government interest in the property (for example mortgages) at the expiration of the useful life. This monitoring will be performed by the federal grant making organization designated to assume EDA's grant and management functions. This information was obtained from EDA's presentation to OIG titled "2018 Disaster Supplemental Appropriation Funding Allocation Overview and Agency Actions and Activities to Date" (dated May 14, 2018).

¹⁴ *Bipartisan Budget Act of 2018*, Pub. L. No. 115-123, 132 Stat. 64, 69.

¹⁵ *Additional Supplemental Appropriations for Disaster Relief Act, 2019*, Pub. L. No. 116-20, 133 Stat. 871, 875-76.

¹⁶ DOC OIG, June 4, 2018. *Oversight Challenges Facing the Economic Development Administration*, OIG-18-022. Washington, DC: OIG, 3 (paragraph 3).

¹⁷ EDA, April 9, 2018. *Disaster Recovery and Relief Hiring Guidance Policy*. Washington, DC: EDA, paragraph 2 and 4.

by September 30, 2018.¹⁸ However, as of January 31, 2019, we found that EDA had only brought on board 15 of the 39 (38 percent) positions.

Because EDA does not have its own human resources (HR) department, it relies on the Department of Commerce Human Capital Client Services (HCCS) for most of its HR functions. Therefore, we assessed HCCS's role in EDA's hiring process.

Our review of the hiring process covered the date the job opportunity announcements (JOAs) were submitted to HCCS to initiate hiring actions through the date when the applicants received their onboarding date. According to HCCS, the average length of time required to complete this process for Departmental agencies is approximately 103 days.

Overall, we found that HCCS and EDA both contributed to the hiring delays. Specifically, based on our review of 20 positions selected for testing, we found the following:

- **13 of the 20 positions reviewed (65 percent) had a total HCCS processing time of at least 136 days**, exceeding the average processing time of 103 days. For example, one of the positions tested had a total processing time of 179 days (see appendix C).
- **5 of the 20 positions (25 percent) were returned to EDA due to incompleteness or errors identified in the JOAs.** For example, we found that (1) the grade levels for the positions were incorrect on the JOAs; (2) the assessment questions did not align with the major duties listed; and (3) the specific duty stations were not identified.

We determined that the hiring deficiencies listed above were caused due to lack of accountability demonstrated by both HCCS and EDA. First, HCCS does not have any specific performance metrics in place to measure its recruitment and hiring efforts. For example, HCCS's current tracking mechanisms are inadequate as they do not establish transparent milestones to measure the actual processing times of JOAs. Second, EDA management has neither established any performance metrics nor developed a training program for its staff to process JOA requirements correctly. Maintaining a properly trained staff—who are held accountable for their performance—would significantly reduce JOA processing errors prior to submission to HCCS.

Significant delays in processing JOAs may prevent EDA from acquiring an adequate level of staffing needed to handle its increased workload. In addition, inadequate staffing levels may prevent the agency from identifying potential risks related to safeguarding federal funds. Furthermore, the lack of adequate staffing may impede EDA's ability to facilitate the timely and effective delivery of federal economic development assistance to eligible grantees in communities experiencing economic distress or other economic harm resulting from the federally declared natural disasters that occurred in 2017.

¹⁸ EDA has not updated its hiring goal since this initial milestone.

Recommendations

We recommend that EDA's Assistant Secretary of Commerce for Economic Development direct appropriate EDA staff to conduct the following:

1. Develop and implement a comprehensive workforce plan to
 - a. determine optimal staffing levels needed (both at headquarters and in the affected regions), and
 - b. identify any potential staffing shortfalls or gaps.
2. Develop and implement specific accountability metrics, in conjunction with HCCS as applicable, including
 - a. transparent milestones, which can be used to measure the actual progress of the JOAs throughout the hiring process, and
 - b. performance metrics and training guidelines to ensure EDA staff are fully trained on the JOA processing requirements.

Summary of Agency Response and OIG Comments

On December 18, 2019, OIG received EDA's December 11, 2019, response to the draft report, in which EDA accepted our two recommendations. Regarding the first recommendation, EDA stated in its response that it is engaging in an internal initiative known as Organizational Health to consolidate and update its existing workforce planning into a holistic and continuous human capital approach. Through this initiative, EDA is identifying and implementing gap reduction strategies to address workforce changes, determining how best to structure and deploy the workforce, and addressing barriers. EDA further stated that the end result of these efforts will be a comprehensive workforce plan. Regarding the second recommendation, EDA stated in its response that it realizes the challenges with recruitment and hiring efforts and will take action to remedy the unsatisfactory hiring delays. To that end, EDA supports accountability metrics for both EDA and HCCS, and it will continue its ongoing efforts to develop such metrics. For the complete response, see appendix D for details.

Appendix A: Objective, Scope, and Methodology

Our audit objective was to determine whether EDA's workforce planning process for awarding and administering DS funds was adequate and effective.

The scope of this audit is limited to EDA's workforce planning efforts related to the administration of DS funds appropriated by the Bipartisan Budget Act of 2018. This Act designated \$600 million in disaster relief funds to EDA for providing financial assistance to the communities impacted by the 2017 natural disasters, including disasters such as Hurricanes Harvey, Irma, Maria, the California wildfires.

To accomplish our objective we performed the following:

- Interviewed EDA officials to obtain a general overview of EDA's current workforce planning process for awarding and administering DS funds
- Reviewed all relevant workforce planning guidance, policies, and procedures used by EDA to effectively award and administer the disaster relief funds, as well as to maintain its normal operations
- Reviewed EDA's most recent staffing inventory and staffing projections to ensure that EDA has adequately identified the number, skills, and proficiency levels required in the grant awarding and oversight process
- Reviewed EDA's current training and developmental job aids, disaster relief training materials, and training policies and procedures in place
- Interviewed relevant HCCS staff and management to gain a general overview of HCCS's role in EDA's current hiring process
- Evaluated HCCS's role in EDA's hiring process by establishing a timeline, from the date the recruitment packages were submitted to HCCS through when the candidates were provided onboarding dates, to determine whether HCCS's process contributed to hiring delays
- Evaluated HCCS's tracking mechanisms used to monitor the status of EDA's hiring efforts, to determine whether the controls were effective in tracking the applicants' status in the overall hiring process
- Reviewed Office of Security's (OSY's) policies and procedures in place for conducting security/background checks for EDA applicants, to determine whether OSY contributed to the hiring delays of EDA
- Conducted a survey of EDA's Regional Office Directors to ensure that the regional offices' staffing and training needs were considered during EDA's overall workforce planning process
- Lastly, we reviewed a random sample of seven JOAs, which accounted for 20 of the new 39 positions identified by EDA to assist with administering DS funds

Our total recruitment testing universe consisted of all 39 new positions identified by EDA to assist with the disaster recovery and relief grants. To initiate hiring actions for these positions, EDA submitted multiple JOAs to HCCS. One JOA can be used to initiate multiple hiring actions. For example, one of the JOAs selected for testing was used to begin the recruitment process for 8 separate EDA civil engineering positions. Under these conditions, EDA used 20 different JOAs to start the hiring actions for the 39 positions. We initially obtained all 20 JOAs, from which our data analytics team randomly selected 7 for testing. Our random sample selection of 7 JOAs covered the recruitment actions for 20 of the 39 disaster recovery positions.

Additionally, we reviewed the following relevant guidelines, statutes, regulations, and other criteria that were significant to the context of our audit objective:

- Bipartisan Budget Act of 2018, Public Law No. 115-123 (dated February 9, 2018)
- 5 CFR Part 250, Personnel Management in Agencies
- Department of Commerce Grants and Cooperative Agreements Manual (dated October 2016)
- Department of Transportation (DOT) Federal Highway Administration Workforce Planning (dated June 2014)
- DOT Human Capital Management – Workforce Planning Guide (dated June 2018)
- DOT Human Capital Management Handbook (dated February 2018)
- EDA Disaster Relief Internal Control Plan/Policy (dated July 2018)
- EDA Disaster Recovery and Relief Hiring Guidance (dated April 2018)
- EDA Grants and Cooperative Agreements Policy and Procedures Manual (dated June 14, 2018)
- EDA Final Grant Procedures and Best Practices Manual (September 2, 2014)
- EDA Policy and Operations Manual (October 2013)
- FY18 EDA Disaster Supplemental Notice of Funding Opportunity FINAL (dated April 10, 2018)
- GAO-04-39, Human Capital Key Principles For Effective Strategic Workforce Planning (dated December 2003)
- GAO-16-80, Defense Acquisition Work Force Actions Needed to Guide Planning Efforts and Improve Workforce Capability (dated December 2015)
- OPM – Hiring Reform – Human Capital Management (dated May 2018)
- OPM Workforce Planning Best Practices (dated October 2011)
- OPM 2018 Federal Workforce Priorities Report (dated February 2018)
- OMB’s Memorandum M-18-14, Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations (dated March 30, 2018)

- Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. § 5121 et seq.

We conducted a site visit at EDA's headquarters in Washington, DC, to gain an understanding of EDA's workforce planning oversight process. Our fieldwork was conducted from June 27, 2018, to February 21, 2019, under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, dated April 26, 2013.

We gained an understanding of internal control processes within the context of the audit objective by reviewing the documentation for evidence of controls. We did not rely on computer-processed data to complete this audit. Finally, our work found no instances of illegal acts. From these efforts, we believe the information we obtained is sufficiently reliable for this report.

We performed our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B: EDA Disaster Assistance Funds Allocation from Appropriations in the Bipartisan Budget Act of 2018

Initial Allocation				
Shares and Allocations for EDA Regional Offices	Disasters Harvey, Irma, Maria, and Wildfires	Impact: Population, Counties	Distress: Unemployment Above National Average and Inverse PCI	Total Allocation
Atlanta Regional Office	0%	16.6%	8.7%	25.1%
Austin Regional Office	0%	8.0%	7.6%	22.0%
Chicago Regional Office	0%	0.3%	3.9%	1.4%
Denver Regional Office	0%	5.1%	4.3%	3.0%
Philadelphia Regional Office	0%	7.2%	14.8%	32.6%
Seattle Regional Office	0%	12.7%	10.7%	16.0%
Total Amount of Allocation	0%	50.0%	50.0%	100.0%
Initial Allocation in Dollars				
Atlanta Regional Office	\$100,000,000.00	\$31,089,347.93	\$16,273,052.86	\$147,362,400.79
Austin Regional Office	\$100,000,000.00	\$14,987,296.55	\$14,130,911.59	\$129,118,208.14
Chicago Regional Office	\$0.00	\$651,107.39	\$7,353,817.69	\$8,004,925.09
Denver Regional Office	\$0.00	\$9,481,542.82	\$7,953,070.71	\$17,434,613.54
Philadelphia Regional Office	\$150,000,000.00	\$13,508,458.40	\$27,760,789.40	\$191,269,247.80
Seattle Regional Office	\$50,000,000.00	\$23,782,246.90	\$20,028,357.74	\$93,810,604.64
Total Amount of Allocation	\$400,000,000	\$93,500,000	\$93,500,000	\$587,000,000

1. The contents of this table were obtained from EDA's presentation to OIG titled *2018 Disaster Supplemental Appropriation Funding Allocation Overview and Agency Actions and Activities to Date*, (dated May 14, 2018).

2. All values in rows titled "Total Amount of Allocation" have been rounded to the nearest whole number.

Appendix C: JOAs with Processing Times Exceeding HCCS Average (in days)

	Power Recruit	Position	PP	Series	Grade	JOA Upload Date ^a	JOA Completion Date ^b	Total Days to Process JOAs ^c
1	252458	Civil Engineer (Austin)	GS	0810	13	5/14/2018	9/27/2018	136
2	252458	Civil Engineer (Philadelphia)	GS	0810	13	5/14/2018	10/15/2018	154
3	252458	Civil Engineer (Philadelphia)	GS	0810	13	5/14/2018	10/12/2018	151
4	252458	Civil Engineer (Philadelphia)	GS	0810	13	5/14/2018	10/15/2018	154
5	252458	Civil Engineer (Philadelphia)	GS	0810	13	5/14/2018	10/15/2018	154
6	252458	Civil Engineer	GS	0810	13	5/14/2018	10/15/2018	154
7	252458	Civil Engineer	GS	0810	13	5/14/2018	10/15/2018	154
8	252458	Civil Engineer	GS	0810	13	5/14/2018	10/15/2018	154
9	251276	Economic Development Specialist (PRO, SRO)	GS	1101	01	4/19/2018	9/17/2018	151
10	251276	Economic Development Specialist (PRO, SRO)	GS	1101	01	4/19/2018	10/1/2018	165
11	251276	Economic Development Specialist (PRO, SRO)	GS	1101	01	4/19/2018	9/14/2018	148
12	251276	Economic Development Specialist (PRO, SRO)	GS	1101	01	4/19/2018	10/1/2018	165
13	251276	Economic Development Specialist (PRO, SRO)	GS	1101	01	4/19/2018	10/15/2018	179

^a This is the date when EDA uploaded the JOA into the HR Connect System to HCCS.

^b The completion date is the day when the application was completed or the applicant was on-boarded. If the position was not complete as of October 15, 2018, we calculated the days with HCCS as of October 15, 2018.

^c The number of days listed are the total days required in the HCCS processing system to complete the JOA or the total number of days which the JOA was in the HCCS processing system as of October 15, 2018. The average JOA processing time for HCCS is 103 days.

Appendix D: Agency Response



UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, D.C. 20230

MEMORANDUM

December 11, 2019

TO: Carol N. Rice
Assistant Inspector General for Audit and Evaluation

THRU: Deborah Haynes, Audit Liaison, Economic Development Administration

FROM: John Fleming, M.D. *JF*
Assistant Secretary of Commerce for Economic Development
Economic Development Administration

Dennis Alvord *DA*
Deputy Assistant Secretary for Economic Development
and Chief Operating Officer
Economic Development Administration

SUBJECT: Response to Draft Report - *EDA Should Develop a Workforce Plan and Improve its Hiring Accountability to Successfully Award and Administer the Disaster Supplemental Funds Appropriated by the Bipartisan Budget Act of 2018 (Nov. 25, 2019)*

We have received and considered the draft report on the Economic Development Administration's (EDA's) disaster supplemental workforce planning and hiring accountability. EDA recognizes that responses of agency officials to Office of Inspector General (OIG) findings and recommendations are a critical part of the evaluation process. Thank you for the opportunity to respond.

EDA accepts the recommendations to 1) develop and implement a comprehensive workforce plan and 2) develop and implement accountability metrics, in conjunction with the Department of Commerce's Human Capital Client Services (HCCS) unit. Each recommendation is addressed in more detail below.

Develop and Implement a Comprehensive Workforce Plan

We concur that workforce planning is an important and continual process necessary to align the needs and priorities of the organization with those of its workforce to ensure it can meet its mission, particularly in light of EDA's significant supplemental appropriation. While EDA has a robust and effective workforce planning process that had to be executed in the context of the President's proposed elimination of EDA,¹ and

¹ EDA's formal agency elimination workforce plans were necessary components of Office of Management and Budget Memoranda M-17-22, Circular A-11, the President's Management Agenda, the Department of Commerce's Reform Plan, and the President's Budget.

the agency underwent a significant assessment of the staffing needs that were required to execute the supplemental appropriations, we plan to take the OIG's recommendation and consolidate EDA's existing workforce planning components into one comprehensive workforce plan.

Over the last year, EDA has engaged in an internal initiative commonly branded as Organizational Health to consolidate and update EDA's existing workforce planning into a holistic and continuous human capital approach. Components of this process include:

- Aligning workforce requirements directly to the business plans. EDA has conducted an internal review of its business processes and hired Censeo Consultants to align them with EDA's existing and future workforce needs. Censeo will analyze available data to identify organizational strengths, barriers, gaps, issues and opportunities; identify and prioritize improvement opportunities; and develop preliminary recommendations that have the highest probability of improving efficiency and efficacy.
- Censeo is also conducting a skills gap and workforce analysis to evaluate EDA's current and future workforce needs. The analysis is designed to project baseline workload across organizational activities based on current demand forecast as well as highlight gaps between existing and future needs in terms of skills/competencies and workload. EDA's goal is to build a bottom up workforce model based on skills, best practices, activity and workload drivers.
- Conducting another assessment of EDA hiring needs now that Congress has appropriated a second disaster supplemental.²
- Reviewing and updating the organizational structures to ensure that it aligns with EDA's strategic direction and can support a sustainable workload model to accommodate possible future disaster supplementals.
- Drafting a new strategic plan.

Through these processes, EDA is identifying and implementing gap reduction strategies for effective staff development, recruitment, and succession planning to address projected future workforce shift; making decisions about how best to structure the organization and deploy the workforce; and identifying and addressing internal and external barriers to accomplishing workforce and business goals. The end result of these efforts will be a comprehensive workforce plan consistent with GAO-04-39, Human Capital Key Principles For Effective Strategic Workforce Planning (December 2003); GAO-16-80, Defense Acquisition Work Force Actions Needed to Guide Planning Efforts and Improve Workforce Capability (December 2015); OPM – Hiring Reform – Human Capital Management (May 2018); OPM Workforce Planning Best Practices (October 2011); and OPM 2018 Federal Workforce Priorities Report (February 2018).

² Additional Supplemental Appropriations for Disaster Relief Act, 2019 (Pub. L. 116-20).

Develop and Implement Human Resources Accountability Metrics

The U.S. Government Accountability Office testified in July 2019 (GAO-19-696T) that it has identified a range of problems and challenges with recruitment and hiring efforts in all federal agencies, including challenges in timeliness. Like many federal agencies, EDA faces a challenge in hiring additional staff, but it is worth noting that EDA only controls certain parts of the hiring process as it must work through its service provider HCCS and any associated contractors to fill positions. One solution to this significant impediment that EDA is pursuing through legislative avenues is a special authority to fill disaster positions.

Absent such authority, though, EDA must function and bring aboard staff within the confines of existing federal regulations and EDA's service providers. It is worth noting that EDA has had numerous service providers assisting to on-board disaster supplemental staff. While the OIG report focuses on HCCS, EDA has had different challenges and successes depending on the particular contractor HCCS employed at any given time or if the Office of Personnel Management supported HCCS.

Regardless, the challenges are real and to the extent there is any action that EDA can take to remedy the unsatisfactory hiring delays that have resulted in hiring actions taking well over the 80-day target, we will do all in our power to act. Towards that end, EDA is committed to educating its staff on the 3 steps out of the 11-step federal government 80-day hiring model (as implemented by the Department) that are in EDA's control to ensure that EDA is not a source of delay. EDA is also committed to working with HCCS on the other 8 steps, plus those steps that occur before the steps detailed in the 80-day model (step zero), to ensure that every step is as efficient as possible. To that end, EDA supports accountability metrics for both EDA and HCCS and will continue its on-going efforts to develop such metrics. Given this interconnected relationship with our provider, we recommend this report be shared with HCCS to ensure there is proper accountability and optimal efficiency.

Despite all of these challenges, since September 31, 2018, of the 39 positions initially identified, 22 positions are currently filled and 3 have an identified candidate (64%).³ These employees will not only help process those funds yet to be awarded under the FY 2018 disaster supplemental, but position EDA for further success now that Congress has appropriated additional disaster supplemental funds in FY 2019. EDA will not need to hire 39 more staff on top of the original 39, but instead should be able to utilize those staff plus approximately 20 more (for a total of 59) to obligate the approximately \$1.2 billion in disaster funding Congress has tasked EDA with administering. Furthermore, through the extraordinary efforts of EDA's existing staff and those new employees EDA has successfully brought aboard, EDA was still able to award approximately 79% of the funding provided by the FY 2018 disaster supplemental legislation.

³ This figure is an imperfect snapshot of time. EDA has actually on-boarded 36 individuals but due to declinations, attrition and some of those people taking permanent positions in EDA, the net total of positions filled is 22.

Thank you for the opportunity to respond to this report. We appreciate the collaborative working relationship we have with OIG. Please consider these comments as you prepare the final report.