



September 24, 2020

**MEMORANDUM FOR:** Thomas Gilman  
Chief Financial Officer and Assistant Secretary for Administration

A handwritten signature in black ink, appearing to read "Frederick J. Meny, Jr.".

**FROM:** Frederick J. Meny, Jr.  
Assistant Inspector General for Audit and Evaluation

**SUBJECT:** *Management Alert: Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits*  
Final Memorandum No. OIG-20-051-M

Attached is a management alert on the Office of the Secretary's Enterprise Services (ES) contract oversight of the Accenture Federal Services, LLC (Accenture), blanket purchase agreement DOCSS130116BU0004 and subsequent call orders. The contract is for providing human resources (HR) support through the ES HR Service Center program. Our ongoing audit objective is to determine whether ES effectively and efficiently managed contractor performance in accordance with federal regulations and U.S. Department of Commerce (the Department) policy. The audit is being conducted, in part, in response to multiple allegations made to the OIG Hotline.

During our fieldwork, we identified an issue with the timely resolution of delays and errors in processing of employees' pay, personnel action requests, and benefits that requires immediate attention.

Consistent with the Inspector General Act of 1978, as amended (IG Act),<sup>1</sup> we are notifying the Department's leadership of the potential risks that could affect the Department and its bureaus.

We are not requesting a formal response to this memorandum, as the key issues discussed in it were briefed to cognizant Departmental officials in advance of issuance. This management alert will be posted to our public website. We plan to include information from this memorandum in an audit report to be issued at a later date.

The planned subsequent report will comment on the actions taken by your office to address the issues identified here, and a final version of that report will be posted in accordance with sections 4 and 8M of the IG Act.

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<sup>1</sup> The IG Act establishes that offices of inspectors general will "provide a means for keeping the head of the establishment and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action[.]" 5 U.S.C. App., § 2(3).

If you have any questions or concerns about this memorandum, please contact me at (202) 482-1931 or Monica Adamo, Director of Acquisition and Grants, at (202) 482-5185.

Attachment

cc: Jamie Krauk, Acting Executive Director, Enterprise Services, Office of the Secretary  
Anthony Kram, Director of Acquisition, Office of the Secretary  
Barry Berkowitz, Senior Procurement Executive and Director of Acquisition Management,  
Office of the Secretary  
MaryAnn Mausser, Audit Liaison, Office of the Secretary  
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the Secretary  
Rehana Mwalimu, Risk Management Officer and Primary Alternate Department GAO/OIG  
Liaison, Office of the Secretary



# Management Alert

## Enterprise Services Did Not Perform Adequate Contract Oversight to Prevent Delays and Errors in Processing of Employees' Pay, PARs, and Benefits

September 24, 2020

Final Memorandum No. OIG-20-051-M

### Key Issue(s)

The Office of the Secretary's Enterprise Services (ES) has not provided effective oversight of the processing of employees' pay, personnel action requests (PARs), and benefits performed by Accenture Federal Services, LLC (Accenture), under blanket purchase agreement (BPA) DOCSS130116BU0004. We reviewed 12 hotline complaints that were filed against ES in 2019, and we determined that Accenture did not resolve delays and errors in processing of employees' pay, PARs, and benefits in a timely manner.

### Proposed Action(s) for Change

Preventing and ensuring timely resolution of delays and errors in the processing of payroll, PARs, and benefits is crucial to minimize the risk that employees will experience loss of pay and benefits, delayed personnel actions, or other financial hardships. To address the issue noted, ES should (1) enforce the contractual requirements outlined in the service-level agreement on the timely resolution of incidents and service requests; (2) enforce the contractual requirements outlined in the statement of work to require Accenture to provide qualified and trained staff to timely and adequately process employees' pay, PARs, and benefits; and (3) utilize an issue tracking system that accurately tracks and monitors service and support tickets issued in response to delays and errors with the processing of employees' pay, PARs, and benefits.

## Background

ES was established within the Office of the Secretary in November 2016. ES provides multi-functional shared services across human resources (HR), acquisition, information technology (IT), and financial management services under the oversight of the Departmental Management Council. The Acquisition Division administers and issues U.S. Department of Commerce-wide (Department-wide) managed services and is responsible for ordering and managing strategic sourcing contracts for all bureaus.

From July 2016 through December 2019, ES was responsible for contract administration of approximately \$829 million in obligated contract actions. Approximately \$62 million of the funded amount was obligated for the Accenture contract, which was awarded on August 9, 2016. This is a BPA that provides human resources support through the Department's Enterprise Services HR Service Center (ESHRSC).

In February 2020, we initiated an audit in response to multiple allegations made to the Office of Inspector General (OIG) Hotline<sup>2</sup> pertaining to issues with employees' pay, PARs, and benefits processing, which is handled through the Accenture BPA.

## Our Observation(s) to Date

### Employee Pay, PARs, and Benefits Complaints Were Not Resolved in a Timely Manner

During our fieldwork, we reviewed 12 complaints that were reported to the OIG Hotline between July 17, 2019, and October 3, 2019. We found that Accenture did not resolve delays and errors in processing of employees' pay, PARs, and benefits in a timely manner in those instances. According to ES, in order to resolve an incident in a timely manner, the service-level agreement in Accenture's statement of work requires that incidents must be resolved within 3 business days and service requests must be closed within the pay period of its effective date. Table 1 provides a summary of the 12 complaints we reviewed and the timeframes in which they were resolved.

**Table 1. Summary of Hotline Complaint and Number of Days to Resolution**

Complaint No.	Date Received	Summary of Complaint	No. of Days to Resolution
1	07/17/2019	Employee did not receive pay for 12/22/2018.	129
2	07/17/2019	Employee received a debt notice for 12/22/2018, which resulted in a negative thrift savings plan (TSP) deduction.	358
3	07/17/2019	Employee was missing 2,000 hours of sick leave.	10
4	07/17/2019	Employee did not receive pay for 12/22/2018.	106
5	07/19/2019	Employee was missing 1,000 hours of sick leave and 8 hours of annual leave.	58
6	07/18/2019	Employee was missing 2,000 hours of sick leave.	20
7	07/18/2019	Employee's annual and sick leave (262 hours) did not transfer to new federal job.	232
8	07/19/2019	Employee reported that between 1,000–3,000 hours of sick leave have been removed from multiple employee accounts during 2019.	N/A
9	07/21/2019	Employee was disenrolled from insurance due to nonpayment of premiums.	3
10	08/12/2019	Employee did not receive pay for 12/22/2018.	98
11	09/04/2019	Employee did not receive payout for annual leave after separation and it took 67 days to receive separation letter, which rendered them ineligible for the Affordable Care Act.	133
12	10/03/2019	Employee was wrongfully paid and taxed for administratively uncontrollable overtime.	Not Resolved

Source: Analysis of OIG Hotline complaints reported to our office between July 17, 2019, and October 3, 2019

<sup>2</sup> OIG maintains a hotline for receiving allegations of fraud, waste, abuse, and gross mismanagement in Department programs or operations, including any organization or entity receiving Department funds.

We noted the following:

- 8 out of 12 hotline complaints took more than 30 days to resolve<sup>3</sup>
- Customers received incorrect Standard Form (SF)-50s and SF-1150s<sup>4</sup>
- The communication, follow-up, and interaction between Accenture and the customers is inconsistent
- The escalation process did not expedite the resolution of delays and errors
- Accenture repeated delays and errors rather than resolving them

This occurred because ES is not adequately performing its contract management and oversight duties to monitor that Accenture is providing staff who possess the knowledge, skills, and abilities needed to perform the requirements as outlined in the statement of work.

As stated in the staffing plan requirements in the contract, the service provider shall develop and implement a staffing plan to include the following:

Provide Workforce Analysis which assesses current and future workforce needs, skill levels, experience requirements, by individual work package, identifies gaps, and develop strategies to ensure staffing, knowledge, skills, and abilities needs are met in the dynamic, cyclical, and changing [Support Services Initiative-Human Resources] environment,

The staffing plan must be updated yearly upon the occurrence of significant staffing changes or reorganization or as requested.

ES stated that they do not monitor, test, or otherwise engage with Accenture employees regarding their knowledge or skills, as it is an inherent responsibility of the contractor—under any contract—to ensure they have properly trained employees to deliver on the contract requirements. However, ES states that they indirectly monitor staff training as an element of performance output. If performance output is ES's measure of whether contractor staff is adequately trained, we conclude that, based on the issues we have noted during this review, the contractor's staff may not be properly trained in order to meet the performance standards.

Additionally, ES has been aware of Accenture's long-standing issues with hiring staff with the experience and skills required to perform the tasks outlined in the contract. To illustrate, from November 2018 to February 2019, ES implemented an improvement plan for Accenture, with an emphasis on the timely resolution of incidents and improved customer communications. As a result of Accenture not meeting the goals of the improvement plan, ES committed to rotating its HR staff to support day-to-day activities and to serve in a subject matter expert capacity. Although there have been marginal improvements noted, the performance issues are not fully resolved.

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<sup>3</sup> Although one hotline complaint is not resolved, the associated issues were first reported to ES on March 25, 2019. As a result, it has been 463 days as of June 30, 2020.

<sup>4</sup> (1) Office of Personnel Management, July 1991. *Notification of Personnel Action*, SF-50. Washington, DC: OPM, and (2) OPM. *Record of Leave Data*, SF-1150 (Rev. 12-77). Washington, DC: OPM.

Lastly, we noted that the ESHRSC ticketing system does not provide the proper tiered support necessary for tracking issues with HR processing services. For example:

- The ticketing system process is comprised of opening and closing multiple tickets for the same issue. This results in several tickets being classified as “closed” when in actuality, the issue was not resolved, but instead was re-directed for another staff member to work on.
- The ticketing system allows one service ticket to be opened for multiple customers with the same issue. As a result, it is difficult to track a customer’s issue from creation to resolution.
- Unlike the issue ticketing system, the escalation process is not automated. Instead each escalation is tracked individually by the ESHRSC through an Excel file. Escalations are tickets in which customer dissatisfaction has occurred in some way. A customer will submit an escalation if they have an existing service request or incident in which they have not received a response within 3 business days, or if the customer is dissatisfied with the resolution or time it took to resolve their ticket. Tracking tickets through a combination of manual and automated systems is inefficient and burdensome.

An efficient issue tracking (ticketing) system aids in the creation, routing, and tracking of issues or requests. When the process does not function properly, end-users can struggle to effectively resolve requests and may regularly face challenges that hinder or slow down the workflow, thus creating bottlenecks and delays in processing. To illustrate, one hotline complainant had more than 40 tickets assigned with no resolution.

If the contractor’s staff is not properly trained and qualified to address and resolve errors and delays in the processing of employees’ pay, PARs, and benefits, and if the ESHRSC does not have an efficient issue tracking (ticketing) system in place, there is a high risk that there will be continued delays in resolving these matters and Department employees will unnecessarily experience loss of pay and benefits or other financial hardships.

## **Our Future Work**

The findings presented in this memorandum and any action taken by the Department’s Office of the Secretary as a result of this management alert will be considered in our ongoing audit of ES Acquisition Office’s management and oversight of the Accenture BPA DOCSS130116BU0004 and subsequent call orders. We are not requesting a formal response to this memorandum. This management alert will be posted to our public website.