



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

**The Federal Acquisition Service Needs a
Comprehensive Human Capital Plan
for its Contract Specialist Workforce**

*Report Number A150033/Q/9/P16002
July 22, 2016*



Office of Audits
Office of Inspector General
U.S. General Services Administration

REPORT ABSTRACT

OBJECTIVE

The objective of our audit was to determine if the Federal Acquisition Service (FAS) developed and implemented a comprehensive human capital plan for its contract specialist workforce.

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The Federal Acquisition Service Needs a Comprehensive Human Capital Plan for its Contract Specialist Workforce

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WHAT WE FOUND

Our audit found that although GSA has human capital plans for its acquisition workforce, FAS does not have a comprehensive human capital plan to address hiring, retention, and succession planning for its contract specialist workforce. Without such a plan, FAS may be hiring contract specialists without assessing needs and hiring costs; considering turnover rates; and preparing for upcoming retirements.

We identified the following during our audit:

Finding – FAS does not have a comprehensive human capital plan for its contract specialist workforce placing it at risk for inadequate staffing to fulfill its mission.

WHAT WE RECOMMEND

Based on our audit finding, we recommend that the FAS Commissioner:

1. Develop and implement a comprehensive human capital plan that addresses the hiring, retention, and succession planning of FAS's contract specialist workforce. When developing its comprehensive human capital plan, FAS should collaborate with other GSA offices, including the Office of Government-wide Policy and the Office of Human Resources Management.
2. Evaluate and update the comprehensive human capital plan on an annual basis.

GSA COMMENTS

The FAS Commissioner agreed with our finding and recommendations. Management's written comments are included in their entirety as **Appendix B**.



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

DATE: July 22, 2016

TO: Thomas A. Sharpe, Jr.
Commissioner, Federal Acquisition Service (Q)

FROM: 
Perla Corpus
Audit Manager, Pacific Rim Region Audit Office (JA-9)

SUBJECT: The Federal Acquisition Service Needs a Comprehensive Human
Capital Plan for its Contract Specialist Workforce
Report Number A150033/Q/9/P16002

This report presents the results of our audit of FAS's hiring, retaining, and succession planning for its contract specialist workforce. Our finding and recommendations are summarized in the Report Abstract. Instructions regarding the audit resolution process can be found in the email that transmitted this report.

Your written comments to the draft report are included in **Appendix B** of this report.

If you have any questions regarding this report, please contact me or any member of the audit team at the following:

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On behalf of the audit team, I would like to thank you and your staff for your assistance during this audit.

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Introduction

We performed an audit of FAS's hiring, retention, and succession planning for its contract specialist workforce.

Purpose

This audit was included in the GSA Office of Inspector General's *Fiscal Year (FY) 2015 Audit Plan*.

Objective

Our objective was to determine if FAS developed and implemented a comprehensive human capital plan for its contract specialist workforce.

Background

GSA has a fundamental mission to create efficiency for the federal government's acquisition of goods and services. As an integral part of GSA, FAS offers a wide range of acquisition vehicles to assist federal agencies to procure goods and/or services in areas such as information technology, transportation, travel, office supplies, and professional services. FAS's acquisition workforce plays a critical role in GSA's efforts to procure these products and services at best value for the federal government.

Since FY 2014, we have identified the hiring and retention of the acquisition workforce as one of GSA's major management challenges.¹ Specifically, we reported GSA should take steps to ensure it has a sufficient staff of qualified contracting officers and acquisition professionals necessary to fulfill GSA's mission of providing innovative solutions in support of increasingly complex customer requirements.

The Office of Management and Budget (OMB) defines the acquisition workforce as positions that include contract specialists, project and program managers, and contracting officer representatives. In addition, according to the Government Accountability Office (GAO), the Chief Human Capital Officers Council Working Group – a group established to identify and mitigate critical skills gaps in the federal workforce – identified contract specialists and the competency of negotiating as being critical to the federal government's mission.² For purposes of our audit, we focused on FAS's contract specialists.

The Office of Personnel Management defines the contract specialist occupational group as positions that manage, supervise, perform, or develop policies and procedures for

¹ *The Office of Inspector General's Assessment of GSA's Major Management Challenges*, dated November 2013, November 2014, and October 2015.

² *High-Risk Series, An Update* (GAO-13-283), February 2013.

professional work involving the procurement of supplies, services, construction, or research and development using formal advertising or negotiation procedures; the evaluation of contract price proposals; and the administration or termination and close out of contracts.

FAS's contract specialists evaluate and process new offers, modifications, and options to extend existing contracts in the Multiple Award Schedules (Schedules) Program. In addition, FAS contract specialists issue and award task orders on behalf of customer agencies through FAS's Office of Assisted Acquisition Services, and establish and administer government-wide acquisition contracts. The total amount of all sales under FAS contract vehicles in FY 2015 was \$50 billion, of which \$33 billion was under the Schedules Program.

In January 2015, there were 880 contract specialists located in FAS Central Office and throughout GSA's 11 regions. At that same time, there were 111 vacant contract specialist positions projected to be filled during FY 2015. Of these, 96 were new positions and the remaining 15 were positions to replace employees who left the Agency. In addition, 264 of the 880 contract specialists (30 percent) are either eligible or will be eligible to retire within the next 5 years.

Government-Wide Guidance and Reports for Acquisition Workforce Planning

Given the important role of the acquisition workforce in the federal government, OMB has issued policy and guidance highlighting the need to address the hiring, retention, and succession planning of the federal acquisition workforce.

In October 2009, OMB's Office of Federal Procurement Policy issued a memorandum entitled, *Acquisition Workforce Development Strategic Plan for Civilian Agencies – FY 2010-2014* (OMB Plan). Under the OMB Plan, which was issued to implement the requirements of the National Defense Authorization Act of 2009, each civilian agency was required to submit an annual Acquisition Human Capital Plan (AHCP) to OMB. Agencies' AHCPs must address the growth and development needs of entry-, mid-, and senior-level members of its acquisition workforce.

In response to the OMB Plan, GSA submitted AHCPs in March 2012, 2013, and 2014.³ In its March 2014 submission, GSA's Office of Government-wide Policy (OGP) identified the Agency's acquisition workforce succession planning as a critical challenge.⁴ The AHCP also stated that although GSA has concerns regarding retention of its acquisition workforce, it has undertaken minimal succession planning efforts. Furthermore, the AHCP also stated a skill gap and workforce analysis is necessary to identify the skills needed by contract specialists to perform their duties and evenly distribute their workload.

³ According to an official in GSA's Office of Government-wide Policy, plans for March 2010 and 2011 could not be located.

⁴ OGP is responsible for consolidating policy and planning functions for the Agency. Our audit primarily focused on issues and goals identified in the March 2014 AHCP.

In May 2015, OGP developed an agency-wide *Acquisition Workforce Professional Development Proposal*, approved by the GSA Administrator, which included recommendations for GSA to improve its hiring and staffing practices. GSA's Office of Human Resources Management (OHRM) is in the process of developing a plan based on these recommendations. OHRM's plan will address long-term hiring, retention, and succession planning for GSA's acquisition workforce and is expected to be completed by September 30, 2016.

See **Appendix A** – Scope and Methodology for additional details.

Results

Although GSA has agency-wide plans and a proposal designed to improve the hiring and staffing practices of its acquisition workforce, FAS has neither developed nor implemented a comprehensive human capital plan for its contract specialist workforce. Absent such a plan, FAS may be hiring contract specialists without assessing needs and hiring costs; considering turnover rates; and preparing for upcoming retirements.

Finding – FAS does not have a comprehensive human capital plan for its contract specialist workforce placing it at risk for inadequate staffing to fulfill its mission.

FAS lacks a comprehensive human capital plan to address hiring, retention, and succession planning for its contract specialist workforce. Although GSA has an AHCP and an agency-wide *Acquisition Workforce Professional Development Proposal*, FAS has not developed a plan to specifically address its hiring, retention, and succession planning needs. Given the absence of a FAS comprehensive human capital plan, FAS may not be adequately managing its current contract specialist workforce or planning for future hiring needs.

OMB, GSA, and GAO have stressed the importance of a comprehensive human capital plan. On September 19, 2012, GAO reported that human capital planning is essential for ensuring that agencies have the talent, skills, and experience necessary to cost-effectively execute their mission and program goals.⁵ In addition, GAO noted that it has made numerous recommendations to agencies to improve succession planning efforts in order to address the effect of retirements and turnover to minimize internal skill gaps.

GSA's AHCP states that concerns exist over the retention of and minimal succession planning for the Agency's acquisition workforce. In addition, OGP's May 1, 2015, agency-wide *Acquisition Workforce Professional Development Proposal* includes a cost benefit analysis that determined that GSA would save \$1 million over the next 5 years if employee turnover was reduced by 5 percent. In its *GSA Top to Bottom Review of Acquisition Action Plan*, dated April 2014, OGP recommended that GSA develop a plan to reduce the vacancy rate of contract specialists.

Based on the above referenced documents, FAS needs a comprehensive human capital plan that includes a plan of action for developing the FAS acquisition workforce. The plan of action should include a process to support knowledge transfer and succession planning. In addition, the plan should include an assessment of:

- Critical skills and competencies of the existing FAS acquisition workforce;
- Critical skills and competencies that will be needed in the future; and
- Gaps between the critical skills and competencies of the existing and projected acquisition workforce.

⁵ *Human Capital Management: Effectively Implementing Reforms and Closing Critical Skill Gaps are Key to Addressing Federal Workforce Challenges* (GAO-12-1023T).

During the course of our audit, officials in FAS's Office of Acquisition Management stated that FAS should have its own comprehensive human capital plan, because of the specific needs of FAS's contract specialist workforce. Due to the number of major FAS initiatives underway, including the modernization of the Schedules Program, increased reliance on data to evaluate pricing, and expanded customer services, FAS will require a robust and well-qualified contract specialist workforce. With a comprehensive human capital plan in place, FAS may be better positioned to effectively implement these initiatives.

When developing its comprehensive human capital plan, FAS may want to consider the Northwest/Arctic Region's implementation of its human capital plan. In 2014, the FAS Commissioner of the Northwest/Arctic Region collaborated with regional OHRM personnel and developed a regional comprehensive human capital plan. The purpose of the plan was to document the process through which the region's workforce (including contract specialists) could be managed, from hiring to retirement. The plan was based on feedback from surveys completed by regional staff and management. The human capital plan addressed the following:

- Workforce Planning – The plan identified the competencies needed for the region's contract specialist workforce.
- Recruitment Strategy – The plan addressed what the region should do to attract strong applicants that are prepared to perform successfully on the job.
- Retention Plan – The plan addressed using techniques designed to retain good employees, thus reducing costs spent hiring and training new employees to replace employees that leave.
- Succession Management – The plan addressed the region's three levels of readiness for the retirement of key supervisory and technical positions.

The level of detail included in the Northwest/Arctic Region's plan ranges from how the hiring official should coordinate with OHRM when filling a position, to assessing the region's preparedness for retirements. The Northwest/Arctic Region's plan can serve as a model for FAS in developing its comprehensive human capital plan.

Recommendations

We recommend that the FAS Commissioner:

1. Develop and implement a comprehensive human capital plan that addresses the hiring, retention, and succession planning of FAS's contract specialist workforce. When developing its comprehensive human capital plan, FAS should collaborate with other GSA offices, including the Office of Government-wide Policy and the Office of Human Resources Management.
2. Evaluate and update the comprehensive human capital plan on an annual basis.

GSA Comments

The FAS Commissioner agreed with our finding and concurred with our recommendations. Management's written comments are included in their entirety as **Appendix B**.

Conclusion

FAS's contract specialist workforce has an integral role in supporting its mission of "making agencies more effective at what they do by providing expertise, management, and optimal acquisition solutions." However, FAS does not have a comprehensive human capital plan for its contract specialist workforce. With 30 percent of its contract specialist workforce eligible to retire within the next 5 years, FAS needs to develop and implement a comprehensive human capital plan, in collaboration with OGP and OHRM, to recruit, hire, and retain the contract specialists necessary to fulfill its mission. The plan should be designed to ensure FAS evaluates hiring costs across its regions, reduces turnover, and prepares for upcoming retirements for its contract specialist workforce.

Appendix A – Scope and Methodology

Scope and Methodology

We conducted our site visits at FAS Regions 4, 7, 9, and 10; FAS business portfolios⁶ in Central Office; and GSA's OGP and OHRM. Our audit scope was limited to FAS's hiring, retention, and succession planning for the period January 1, 2014, and May 30, 2015.

To accomplish our objective, we:

- Obtained and analyzed hiring, retention, and termination data for contract specialists for FYs 2014 and 2015;
- Analyzed GSA reports on human capital planning;
- Analyzed OMB memoranda, policy, and guidance on hiring, retention, and succession planning for the acquisition workforce and federal government workforce;
- Analyzed GAO reports on hiring, retention, and succession planning for the acquisition workforce and federal government workforce;
- Conducted interviews with management officials in OGP and OHRM regarding human capital planning;
- Conducted interviews with management officials in FAS Regions 4, 7, 9, and 10; and in the four FAS business portfolios; and
- Conducted an interview with a budget analyst regarding FAS's staffing, which includes hiring of contract specialists, for the period October 1, 2014, through September 30, 2019.

We conducted our audit between November 2014 and February 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

Internal Controls

The scope of our work was limited to addressing the objective of this audit. Thus, our assessment and evaluation of internal controls was restricted to those issues identified in the Results section of this report.

⁶ The four business portfolios for FAS are the: Office of Assisted Acquisition Services; Office of Travel, Motor Vehicle, and Card Services; Office of General Supplies and Services; and Office of Integrated Technology Services.

Appendix B – GSA Comments



GSA Federal Acquisition Service

MEMORANDUM FOR PAULA N. DENMAN
REGIONAL INSPECTOR GENERAL FOR AUDITING
GREATER SOUTHWEST REGION AUDIT OFFICE (JA-7)

FROM THOMAS A. SHARPE, JR. *TS* 7/7/2016
COMMISSIONER
FEDERAL ACQUISITION SERVICE (Q)

SUBJECT: MANAGEMENT COMMENTS TO DRAFT AUDIT REPORT
150033 -THE FEDERAL ACQUISITION SERVICE NEEDS A
HUMAN CAPITAL PLAN FOR ITS CONTRACT
SPECIALIST WORKFORCE

Thank you for the opportunity to respond to the finding identified in the Office of Inspector General (OIG) draft Audit Report Number A150033, The Federal Acquisition Service Needs a Human Capital Plan for its Contract Specialist Workforce, dated June 10, 2016.

Please be advised that the FAS Office of Acquisition Management, the Office of Government Wide Policy, and the Office of Human Resources Management have reviewed the subject draft report.

While officially in compliance with the relevant acquisition workforce mandates, FAS acknowledges and concurs with the IG finding regarding the lack of a human capital strategic plan and its impacts. Based on the draft report's recommendations, FAS is already in the process of developing the content to feed the corrective action plan (see attached) and looks forward to submitting the formal action plan in response to the final audit report.

Should you have any questions, please contact Mary Barnes at mary.barnes@gsa.gov or 571.340.1059 or Magdy.Bastawrous@gsa.gov or (703) 605-9442.

cc: Wayne Williams (H1ABA)
Claudia Davis (H1ABA)

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Appendix B – GSA Comments (cont.)



U.S. General Services Administration, Federal Acquisition Service
FAS Response to IG Draft Report # A150033

Management Response to Audit Report 150033–

The Federal Acquisition Service Needs a Human Capital Plan for its Contract Specialist Workforce

For your consideration below please find FAS's response to each of the draft audit's findings and recommendations

Finding 1

FAS does not have a comprehensive human capital plan for its contract specialist workforce placing it at risk for inadequate staffing to fulfill its mission

Management Response:

FAS acknowledges and concurs with the IG findings regarding the lack of a human capital strategic plan and its impacts. We are already in the process of developing such a plan and launching the action plan at the start of FY2017. Below provides additional insight into the background of the FAS Human Capital Strategy and the proposed approaches to respond to the IG recommendations.

1.0 Background and Context

FAS created a five-year Human Capital Strategic Plan in 2008 and used that strategic plan to guide annual human capital action planning. Identifying human capital needs was part of the annual budget cycle.

When the CXO consolidations took place in 2012-2013, the people and functions responsible for strategic human capital planning were consolidated into OHRM. While there was an organization within the Office of Acquisition Management that remained (Acquisition Career Management Division), they were not historically responsible for strategic human capital planning; that was done at the FAS and higher levels. They were only responsible (and resourced) for professional development and guidance on FAC certifications, resolving Clinger-Cohen compliance issues, operating the FAS Warrant Board for central office, and running an 1102 rotational program. Since the consolidations, we have been coordinating with OHRM and fully participating in all agency-wide human capital efforts.

However, FAS recently came to some of the same conclusions outlined in the IG report, creating a Workforce Transformation Division, reporting to the FAS Chief of Staff, to address the gaps identified post CXO Consolidation.

One of these gaps was a strategic human capital plan for FAS – one that aligned with agency- and government-wide plans and continued to collaborate on, and leverage work from, agency- and government-wide project teams.

Appendix B – GSA Comments (cont.)



U.S. General Services Administration, Federal Acquisition Service
FAS Response to IG Draft Report # A150033

2.0 Talent Management Framework



As the Workforce Transformation Division develops the Human Capital Strategic Plan and annual action plans, they will be using the same framework FAS used successfully for years in the past. This framework represents the position/employee life-cycle and provides a meaningful organizing principle for the annual initiatives.

This framework has six life-cycle components, starting from workforce planning and going through leadership development & succession management (represented by the blue arrows), and two areas that are important throughout the entire life-cycle of a position, organizational culture and business processes.

The areas that require attention each year will be determined through a thorough data analysis, including both quantitative human capital data and a qualitative needs assessment from across FAS. The initiatives for the year will then be defined and prioritized, sorted into the eight components of the talent management framework.

Mission Critical Occupations (like the 1102 and other acquisition workforce members in FAS) will receive special attention in the strategic human capital plan to make sure FAS is set up for future success in a comprehensive way.

Appendix B – GSA Comments (cont.)



U.S. General Services Administration, Federal Acquisition Service
FAS Response to IG Draft Report # A150033

3.0 Direct Response to Recommendations

3.1 Action: Develop a comprehensive human capital plan for developing the FAS acquisition workforce

Response. We are working to create and finalize a strategic human capital plan for the entire FAS workforce for FY17. There will be special attention paid to the acquisition workforce, since they are a Mission Critical Occupation for FAS, and a large part of our workforce. However, to be truly comprehensive, we are focusing on the FAS workforce as a whole and not just one series.

Additionally, we are working on initiatives in this fiscal year that directly support the development of the 1102 workforce. We are participating in an OPM-led initiative to conduct a root cause analysis specifically focused on the 1102 workforce where the end deliverable will be an RCA Report with recommended action items based on the findings. We are also leading a FAS-wide 1102 working group to build a development curriculum "developed for 1102s by 1102s" to address potentially FAS-specific development needs not sufficiently addressed through other means.

3.2 Action: Process for Knowledge Transfer

Response. We are in the process of a business process initiative that will define several business processes that are currently not done consistently across the organization and/or have no defined process, even though there is an identified need for one. While not specifically related to the 1102 workforce, several of the processes will help provide clear expectations and processes for documenting and retrieving information moving forward.

Additionally, the existing 1102 rotational program, led out of the Acquisition Career Management Division in the Office of Acquisition Management, as well as their other acquisition workforce development initiatives should help support knowledge transfer as well.

3.3 Action: Process for Succession Planning

Response. GSA OHRM is leading a succession planning initiative that FAS is fully participating on. As one of FAS' most populated series, the 1102 workforce will be a large part of that succession planning initiative where key positions are identified and strategies are put in place to ensure easy backfilling of those key positions.

Not all 1102s will be considered a "key position", even though 1102 is identified as a Mission Critical Occupation series. In this case, the strategic recruitment of the Mission Critical Occupation positions will be part of the strategic recruitment efforts to reduce hiring costs and leverage common needs wherever possible. This is already done on a small scale through a revamped standing register process for 1102s.

Appendix B – GSA Comments (cont.)



U.S. General Services Administration, Federal Acquisition Service
FAS Response to IG Draft Report # A150033

3.4 Action: Skill Gap Analysis

Response. A comprehensive (i.e. mandatory) skill gap analysis has several labor relations implications and is a large undertaking. While this still might be the appropriate action to take, there are several other less costly ways to potentially get to the same outcomes.

The issue does not seem to be the lack of understanding of the problem. Instead, it is that the problem is large and there is a lack of understanding on how to transform an entire workforce while also having them continue to successfully complete their day-to-day obligations.

The OPM-led root cause analysis working group will provide data-driven root cause issues and recommended actions that individual agencies and/or OPM can take to address those issues. Additionally, FAS-led working groups of 1102 members, with a vested interest in setting themselves and their peers up for success, are identifying skills gaps and needs based on their varied experience and then creating a curriculum/training plan to address those gaps.

By tracking baseline and subsequent data points as metrics for success, these efforts can be monitored and adjusted as needed to continue to evolve the acquisition workforce.

Finally, other change management initiatives and trainings from a result of the various business changes implemented or soon-to-be-implemented will provide another avenue for the skills gaps to close.

Appendix C – Report Distribution

GSA Administrator (A)

Commissioner (Q)

Deputy Commissioner (Q1)

Chief of Staff (Q)

Assistant Commissioner, Office of Acquisition Management (QV)

Program Management Officer (QV0E)

Financial Management Officer, FAS Financial Services Division (BGF)

FAS Account Manager (CAF)

Director of General Services Acquisition Policy, Integrity and Workforce (M1V1A)

Chief Administrative Services Officer (H)

GAO/IG Audit Management Division (H1G)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)