

AGENCY RESPONSE TO DRAFT REPORT

U.S. Department of Labor

Office of the Assistant Secretary
for Administration and Management
Washington, D.C. 20210



SEP 20 2007

MEMORANDUM FOR ELLIOT LEWIS

Assistant Inspector General for Audit

A handwritten signature in black ink, appearing to read "Edward Hugler", written over the typed name.

FROM:

EDWARD HUGLER
Deputy Assistant Secretary for Operations

SUBJECT:

Audit of a Complaint Involving DOL's Competitive Sourcing of
Finance and Accounting Positions;
Draft Report No. 03-07-002-07-711

This responds to the Office of the Inspector General's audit of a complaint about the process of DOL's A-76 competition involving finance and accounting positions.

By way of background, the competition of DOL finance and accounting positions was initiated in December, 2005. In July, 2006 OIG initiated this audit with the Office of the Assistant Secretary for Administration and Management (OASAM) and Office of the Chief Financial Officer (OCFO)—the lead agency for the competition of finance and accounting positions.

It is my understanding that the complaint originated with a particular DOL agency. The nature of the complaint was that FTE in the FY 2005 DOL FAIR Act inventory were being examined for re-classification in the preliminary planning process for the competition of finance and accounting positions. Notably, seven of this same agency's FTE were subsequently properly re-classified from inherently governmental—and thus not subject to competition—to commercial activities, which are appropriate for inclusion in A-76 competitions. These corrections to the agency's FAIR Act Inventory were completed, in accordance with the formal process of revising the Inventory, and the FTE were subsequently included in competition of finance and accounting positions. In May, 2007 legislative action (PL 110-28) eliminated this agency's positions from A-76 competitions.

In addition to finding that the OCFO did not use the FAIR Act Inventory as the starting point in the initial phase of the preliminary planning process, the OIG concluded that OASAM's Office of Competitive Sourcing (OCS) did not have an explicit policy that position classifications in the FAIR Act Inventory "must" be used as the starting point for competition studies. Instead, OCS guidance specified that the Inventory "can" be used as the starting point.

On the strength of this finding, the OIG recommended that the Assistant Secretary for Administration and Management establish and implement a policy that requires that agencies performing competitive sourcing studies use the position classifications in the FAIR Act Inventory as a starting point, unless it is changed through approved processes—the same process the Department followed to re-classify the agency FTE discussed above.

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For clarification, the Department's policy and practice is that inherently governmental functions are not subject to A-76 competitions. With this in mind, OASAM accepts the OIG's recommendation and has issued the attached policy, effective September 13, 2007. This policy will be incorporated in DLMS-3, Chapter 900, Performance of Commercial Activities.

Attachment

cc: Patrick Pizzella, ASAM
Lisa Fiely, CFO