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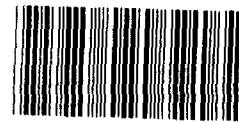
GAO

Report to the Chairman, Committee on  
Post Office and Civil Service, House of  
Representatives

November 1987

# FEDERAL WORKFORCE

## OPM's Approach for Conducting Personnel Management Evaluations



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**General Government Division**

B-204941

November 4, 1987

The Honorable William D. Ford  
Chairman, Committee on Post Office  
and Civil Service  
House of Representatives

Dear Mr. Chairman:

This report responds to your request for information on the approach followed by the Office of Personnel Management (OPM) in conducting personnel management evaluations of federal agencies. These evaluations are OPM's principal means of obtaining the information it needs to manage and oversee agency personnel programs. OPM substantially changed its personnel management evaluation approach in October 1983. As agreed with your office, our objectives were to determine (1) why and how the approach was changed, (2) whether the revised approach is consistent with OPM's responsibilities under the Civil Service Reform Act, (3) the implementation status of the revised approach, and (4) the perceptions of agency personnel managers on the revised and former personnel management evaluation approaches.

We conducted our review primarily at OPM's central office in Washington, D.C., where we reviewed reports, concept papers, plans, and methodologies, and interviewed OPM officials focusing on the revised approach. We also interviewed personnel managers at nine judgmentally selected federal agencies whose installations had been reviewed by OPM under both the revised and former personnel management evaluation approaches to obtain their perceptions of both of these approaches. We did not examine the approaches used by individual federal agencies to review their own personnel management practices. The results of our review are discussed below. Our objectives, scope, and methodology are detailed in appendix I.

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**Revised Approach's  
Rationale, Methods,  
and Compliance With  
OPM's Statutory  
Responsibilities**

Under the Civil Service Reform Act of 1978 (Public Law 95-454), OPM, as the government's central personnel agency, is responsible for executing, administering, and enforcing civil service laws, rules, and regulations. OPM also is to advise the President on actions it believes are needed to promote an efficient civil service and a systematic application of merit system principles, including recommending policies relating to the selection, promotion, transfer, performance, pay, conditions of service, tenure, and separation of employees. In those cases where OPM has

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delegated authority for personnel management functions to the agencies, OPM also is to establish standards for agency performance and an oversight program to ensure that the authority delegated is administered in accordance with merit system principles and the OPM standards.

Neither the Civil Service Reform Act nor any regulatory requirements specify how OPM should manage and oversee agency personnel programs. Thus, it is OPM's prerogative how its statutory responsibilities are to be achieved.

Before October 1983, OPM's approach centered primarily on performing detailed case study reviews to assess agency compliance with laws, rules, and regulations and seeking corrective actions on any problems discovered. The October 1983 change represented a complete restructuring of the approach. The new methodology emphasized the collection and review of governmentwide data to identify systemic federal personnel problems. Whereas the former approach consisted of detailed reviews at about 200 agency installations each year, the revised methodology initially involved the compilation of computerized data bases from a variety of personnel data sources and 1- or 2-day visits, over a 5-year period, to all 4,100 agency installations with 50 or more employees. OPM subsequently changed its methodology in 1986 and now plans to visit installations with 100 or more employees over the remainder of the 5-year period. According to OPM officials, the 5-year period will involve about 3,500 Installation Assessment Visits and will cover about 90 percent of the total federal workforce.

According to a concept paper prepared by OPM in February 1983 the change was made for the following reasons:

- Staff and money committed by OPM to the former approach did not permit the thorough evaluation of personnel management in major governmental components; only certain aspects of personnel management were examined in segments of the large components.
- The findings in any one agency did not necessarily provide information on the general effectiveness of personnel programs governmentwide. Installation studies offered some potential for local improvement, but did not provide a basis for generalizing beyond the installation or contributing to governmentwide policy determinations.
- Many changes in personnel management and administration resulting from the former approach were primarily long, drawn out individual case corrections, not systemwide improvements.

- The former approach did not attempt to generate information systematically and specifically relevant to potential future OPM policy development.

According to the current OPM Director, the revised approach addresses the administration and enforcement of personnel management requirements on a governmentwide basis, a function that the individual federal agencies are not equipped to do. The revised approach relies on the agencies to examine compliance with personnel management requirements through case-oriented reviews in their own internal personnel management evaluations. The Director said the revised approach was expected to result in an improved OPM/agency partnership.

## Implementation Status of the Revised Approach

The revised approach was initially designed to include seven major components that are described in detail in appendix II. Table I shows the number of reviews conducted for each of the seven components for fiscal years 1984, 1985, and 1986.

**Table 1: Number of Reviews Conducted for Fiscal Years 1984, 1985, and 1986**

Major component	1984 Reviews	1985 Reviews	1986 Reviews
Installation Assessment Visit	872	794	572
Issue Analysis	4	0	<sup>b</sup>
Regional Probe Study	11	<sup>a</sup>	<sup>a</sup>
Compliance Oversight Review	0	0	<sup>a</sup>
Targeted Installation Review	3	7	23
Agency-led Review	18	31	16
Personnel Management Indicators Report	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>

<sup>a</sup>Discontinued.

<sup>b</sup>This report is based on Installation Assessment Visits and other personnel data sources; no separate review is conducted

According to an OPM official, two components—Regional Probe Studies and Compliance Oversight Reviews—were discontinued after the revised approach was implemented because staff and money were redirected to other workload requirements or because the work envisioned could be done under other components. (See p. 13.) He also said that the number of Installation Assessment Visits was reduced from the 4,100 originally planned to about 3,500 primarily because of reductions in staff and money. During fiscal years 1984 through 1986 the number of visits declined from 872 to 794 to 572. During this same period the OPM

staff years spent on all evaluation activities declined from 181 to 160 to 131, compared to 217 and 201 staff years, respectively, spent in 1982 and 1983. (See pp. 10.)

We also noted that OPM did not provide specific, uniform criteria for its evaluators to use in the Installation Assessment Visits until fiscal year 1987, and that the sample of installations selected caused the sampling margin of error in agencywide generalizations to vary widely. (See pp. 14-17.)

## Perceptions of Nine Agencies Personnel Managers

Personnel managers at two of the nine agencies we contacted were satisfied with OPM's revised approach citing the increased number of installations reviewed, the lesser disruption of agency operations caused by the shorter visits and better communication with OPM. The other seven agencies expressed concerns about the revised approach.

For example, at all seven agencies, personnel managers said that the Installation Assessment Visits are insufficient to make meaningful assessments of program conditions. They also said that the scope of the visit, a 1- to 2-day visit by generally one OPM evaluator, is too shallow and short. At all seven agencies, they said the feedback they received from OPM was of limited use. Generally, their concerns included (1) the reports provide information that the installation already knows since the installation earlier had provided the information to OPM evaluators, (2) the Installation Assessment Visit findings are unsubstantiated and only represent OPM's impressions of the status of the installation's personnel programs, (3) the reports do not specifically discuss problems and their causes, and (4) OPM's capability to ensure agency compliance with applicable laws, rules, and regulations has decreased. Five of the seven agencies who were concerned about OPM's revised approach had some positive comments. These positive comments generally involved the increased number of installations reviewed and the lesser disruption of agency operations caused by the shorter term visits.

As requested by your office we did not obtain official comments from OPM on this report. However, we discussed the report with agency officials who offered certain suggestions to improve the report's clarity and technical accuracy which have been incorporated. The officials also advised us that the program is an evolving one and improvements must continue to be made before OPM or agency managers will receive maximum benefit from the revised approach. They said that changes made since fiscal year 1984, such as additional emphasis on rebuilding agencies' internal personnel management evaluation programs and investigations of major problems through the Targeted Installation Reviews will allow the new approach to be responsive. They also said that more resources have been allocated in 1988 to improve OPM's ability to implement the revised approach.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time we will provide copies of this report to OPM and the other agencies where we did our work, and to other interested parties at their request.

Sincerely yours,



Rosslyn S. Kleeman  
Senior Associate Director

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Table 1: Number of Reviews Conducted for Fiscal Years  
1984, 1985, and 1986

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## Abbreviations

OPM	Office of Personnel Management
PME	Personnel Management Evaluation
IAV	Installation Assessment Visit
PMIR	Personnel Management Indicators Report





# Objectives, Scope, and Methodology

The Chairman, House Committee on Post Office and Civil Service, asked us to review the revised Personnel Management Evaluation (PME) program adopted by the Office of Personnel Management (OPM) in October 1983. In subsequent meetings with the Chairman's office we agreed that our objectives would be to determine (1) why and how the approach was changed, (2) whether the revised approach is consistent with OPM's responsibilities under the Civil Service Reform Act, (3) the implementation status of the revised approach, and (4) the perceptions of agency personnel managers on the revised and former PME approaches.

We conducted our review primarily at OPM's central office in Washington, D.C. We reviewed and analyzed

- PME reports produced under both the former and revised approaches;
- OPM guidance, reports, directives, and other data concerning the approaches;
- OPM's concept paper and written plans for implementing the revised approach; and
- the methodologies OPM used in selecting a sample of agency installations for review under the revised approach and in preparing the Personnel Management Indicators Report.

We interviewed OPM central office officials responsible for the PME program to develop a clear understanding of why and how the approach was changed and to update and document the current status of the program. We also talked with officials at each of OPM's regional offices about the revised approach.

To obtain agencies' views we discussed the PME approaches with the personnel managers of nine judgmentally selected federal agencies whose installations had been reviewed by OPM under both the former and revised PME methods. These agencies were the Departments of Agriculture, Army, Commerce, Energy, the Interior, Justice, Navy, and the Treasury and the Veterans Administration. Our selection of agencies was made to include a cross-section of civil and defense departments and an independent agency. The agencies ranged in size from a low of about 17,000 civilian employees to a high of 395,000 civilian employees as of May 1987.

Our review work was directed primarily to developing information on the revised PME approach. We focused our review on those aspects concerning OPM's revised PME methodology, excluding evaluation activities (such as handling personnel complaints and classification appeals) that

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**Appendix I**  
**Objectives, Scope, and Methodology**

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were conducted under both PME programs. Also, we did not examine the individual federal agencies' internal PME programs.

Most of our field work was done during the period from August 1985 through June 1987. Our work was performed in accordance with generally accepted government auditing standards.

# Description and Status of the Seven Major Components of the PME Approach Adopted in October 1983

## 1. Installation Assessment Visit (IAV)

The IAV, the basic component of OPM's PME program, involves a 1- or 2-day visit to an installation<sup>1</sup> by generally one OPM evaluator. The IAV is intended for the collection and analysis of data and is not an in-depth, case oriented review.

Before visiting an installation, the OPM evaluator obtains data from the installation on its position management, position classification, staffing, performance management, and personnel administration practices.

The OPM evaluator then visits the installation to check and augment the precollected data, consult with installation officials, and identify any possible problems. After the visit, a report is issued to the installation and agency heads on the results of the review. A checklist is also prepared and attached to the report which rates the installation's performance in the various areas of personnel management. According to OPM, it uses the checklists for all installations covered in an agency to generalize the agency's overall personnel management program. The checklists provide the evaluators' impressions of the general status of personnel management at the installations and generally do not document specific case findings.

According to OPM, each IAV in fiscal year 1985 required an average of about 71 staff hours. An OPM official estimated that, on average,

- 20 staff hours were required to plan the review;
- 16 staff hours were required at the installation<sup>2</sup>; and
- 35 staff hours were required for data analysis, report preparation, and entering data into OPM's computer data base.

In fiscal years 1984, 1985, and 1986, OPM performed IAVs for 872, 794, and 572 installations. This was a marked increase over previous years; 215 and 165 installations were reviewed in fiscal years 1982 and 1983. However, during fiscal years 1984 through 1986 the staff years spent on all evaluation activities declined from 181 to 160 to 131, as compared to 217 and 201 staff years spent in 1982 and 1983.

<sup>1</sup> As defined by OPM, an installation is a separate, identifiable unit where (1) a designated organizational head/ administrative supervisor is not subject to on-site supervision by a higher level installation head and (2) the authorities delegated to the installation head permit some degree of and variation in the performance of personnel management functions.

<sup>2</sup> About 5 of the 16 staff hours were required for security/ suitability and A-76 reviews.

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**Appendix II**  
**Description and Status of the Seven Major**  
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**in October 1983**

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Some of the IAVs substituted telephone calls for on-site visits. Such off-site reviews were relied upon where several agency installations within the same OPM region had similar structures and missions or reported to the same agency office. In these cases, according to OPM, at least one on-site review was made and off-site reviews were done for the others. Forty, 85, and 39 off-site reviews were done in fiscal years 1984, 1985, and 1986, respectively.

Because the focus of the IAV is to enable OPM to generalize the results of its installation evaluations agencywide or governmentwide, OPM headquarters directs a statistical sampling of agency installations. When the program started in 1983, it was to include about 4,100 installations with 50 or more civilian employees. OPM's plan was to review about one-fifth of the installations each year and, thus, cover all installations over a 5-year cycle. This sampling methodology was followed in fiscal years 1984 and 1985. However, according to OPM, primarily because of a reduction in staff and money the size criterion was increased to 100 employees. This change reduced the number of installations to be covered by the program to about 3,500 over the 5-year cycle.

In fiscal year 1985, OPM increased the scope of the installation assessment by adding personnel security/suitability reviews and A-76 reviews to the five personnel management areas previously covered. Security/suitability reviews assess whether installations are in conformance with OPM guidance on employment and security clearances. A-76 reviews assess their implementation of Office of Management and Budget Circular A-76 on whether commercial functions should be performed by the government or by a contractor.

Security/suitability reviews were started in January 1985, but were discontinued at the end of fiscal year 1986. OPM officials said they were discontinued because most of the records were centrally located at agencies headquarters level and OPM's program office could obtain them more effectively at that level. During fiscal years 1985 and 1986, OPM did, in conjunction with the IAVs, 712 and 572 security/suitability reviews, respectively.

OPM conducted 31 A-76 reviews in fiscal year 1985 and 16 in fiscal year 1986. According to an OPM official, A-76 reviews were discontinued in March 1986 because OPM found the installations were conducting few A-76 studies.

## **2. Issue Analysis**

An Issue Analysis is a comprehensive study of a governmentwide personnel management issue. The agenda for Issue Analysis was to be developed jointly by OPM headquarters and regional offices. Each analysis could involve visits to 100 to 125 agency installations and required 1 to 3 days beyond the basic time required for the IAV. Issue Analysis reports were to be provided to the Director of OPM and other managers to assist them in determining whether changes were needed in government personnel policies and programs.

OPM initially planned to analyze four issues each year (one in each quarter) over a 5-year period. At the end of the 5-year period, a comprehensive evaluation of the entire federal personnel system would have been made. After the first year of the program, OPM reduced the number of planned Issue Analyses to two in fiscal year 1985 and one in fiscal year 1986. However, no analyses were done after fiscal year 1984.

In fiscal year 1984, OPM analyzed four issues as planned at 468 installations, generally in conjunction with the IAVs. In November and December 1985, OPM provided the four reports to the agencies. OPM officials advised us in October 1987 that the reports' findings were used by OPM management in program planning beginning in fiscal year 1986.

According to OPM officials, Issue Analyses were discontinued after fiscal year 1984 at the direction of the then OPM Director. Although no Issue Analyses have been done since the first year of the program, an OPM official said that it is still considered to be a part of the PME program.

## **3. Regional Probe Studies**

A Regional Probe Study is an in-depth review of a specific personnel issue conducted by an OPM regional office within its regional area. The studies were to be limited in scope, completed within 180 days, and used by OPM managers to determine whether changes were needed in personnel policy and programs.

OPM planned to do 11 Regional Probe Studies in fiscal year 1984, 5 in fiscal year 1985, and 1 in fiscal year 1986. The 11 studies were completed as planned in fiscal year 1984 through visits to 90 installations.<sup>3</sup>

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<sup>3</sup>According to OPM, questionnaires were sent to a total of 492 installations in all regions to obtain information for these studies.

No Regional Probe Studies were conducted afterwards. Synopses of the study reports for fiscal year 1984 were released to agency officials in October 1985. An OPM official said further studies were discontinued because staff and money were redirected to other workload requirements.

#### **4. Compliance Oversight Reviews**

Compliance Oversight Reviews assess agency compliance with personnel laws, rules, and regulations. These reviews were to be directed by OPM's Compliance Division on the basis of the results of its analysis of data from other evaluation work in the agency.

OPM planned to conduct up to five Compliance Oversight Reviews in fiscal year 1984. However, no reviews were conducted. An OPM official said that the Compliance Oversight Review continued to be included as a PME program component until fiscal year 1986, when OPM decided that the type of work it was to cover was being done through other PME program components.

#### **5. Targeted Installation Reviews**

Targeted Installation Reviews are done at the discretion of each OPM regional office director. These reviews deal with personnel areas of particular concern to the region primarily based on the findings of the IAV. Staff and money for these reviews were to be limited to 5 percent of each region's PME budget. According to OPM officials, this limitation was discontinued beginning in 1986.

OPM conducted a total of 33 Targeted Installation Reviews in fiscal years 1984 through 1986. In fiscal year 1984, two OPM regional offices conducted a total of 3 reviews; in fiscal year 1985, five regional offices conducted a total of 7 reviews; and in fiscal year 1986, six regional offices conducted 23 reviews. An OPM official advised us that not all regions conducted Targeted Installation Reviews because (1) regions were not required to conduct such reviews, (2) the regions lost staff because of an impending reorganization, and (3) other workload requirements intervened. The official also said that another reason may have been that regions did not identify any areas that warranted review.

## **6. Agency-Led Reviews**

Agency-led Reviews are conducted by an agency with participation by OPM evaluators, and are evaluations of the agency's own personnel management programs and practices. Reports are prepared by the agency conducting the review. Participating OPM evaluators submit an evaluation of the agency's PME process to OPM headquarters. This evaluation is used by OPM to assess the agency's personnel management evaluation efforts.

In fiscal years 1984, 1985, and 1986, OPM participated in 18, 31, and 16 Agency-led Reviews.

## **7. Personnel Management Indicators Report (PMIR)**

The PMIR, the principal mechanism OPM uses to notify agencies of their overall personnel management performance, is prepared for the 22 largest agencies. The PMIR consists of two principal parts. Part 1 of the 1986 PMIR included 45 personnel management indicators covering position classification and management, staffing, and performance management. The indicators included employee turnover, removals and downgrades, and special emphasis programs such as handicapped employees. These indicators are developed from OPM's Central Personnel Data File<sup>4</sup>, agencies' personnel management information systems, and OPM program offices' data bases. Part 2 of the 1986 PMIR included 27 regulatory compliance indicators; also covering position classification and management, performance management, and staffing. The indicators included whether performance appraisals are timely and in accordance with agency instructions. Information for the compliance indicators is obtained during the IAVs. According to OPM officials, their objective is to issue the PMIR no later than 9 months following the fiscal year being rated.

The fiscal year 1984 PMIR was issued on July 9, 1986; the fiscal year 1985 PMIR was issued on October 2, 1986; and the 1986 PMIR was issued on October 6, 1987.

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<sup>4</sup>The Central Personnel Data File is an automated information system maintained by OPM. It contains data, such as pay grade and position, on most of the federal civilian workforce.



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Because we wanted to track the use of the IAV data—the basic data used in the PMIR to measure regulatory compliance—through the PMIR process, we focused our work on the methodology used to prepare part 2 of the PMIR, which includes regulatory compliance indicators.

We observed certain technical matters concerning the methodology OPM used to prepare part 2 of the PMIR. We noted that

- no common written criteria were provided to IAV evaluators to rate agencies' personnel management performance until fiscal year 1987 and
- the degree of statistical precision of performance ratings varied considerably among the agencies.

For fiscal years 1984 through 1986, OPM's headquarters did not provide specific, uniform written criteria for its regional offices to use in interpreting and applying the checklist rating scales during IAVs.

In December 1985, we asked officials in OPM's 10 regional offices if they had issued guidance to their evaluators. Officials in three regional offices had developed written guidelines for use during the IAVs. The guidelines developed by one of these regions were also used in another region, and the guidelines developed by a second region were modified and used in another region. The remaining five regions had not issued written instructions or guidance, although one region said that other regional offices' guidelines were available for use during the IAVs.

The effect of not having uniform guidelines became evident when OPM analyzed the 1985 IAV data to see if there were significant differences in evaluators' ratings. OPM found that one region tended to give installations high scores and two regions tended to give installations low scores. OPM concluded that differences in performance scores could be dealt with more effectively with the aid of guidelines.

The 1987 checklist included, for the first time, guidelines for the evaluators' use in interpreting and applying the rating scale. OPM believes these guidelines will ensure that all regions assess installations based on the same criteria.

Also, we noted that in some agencies, the fiscal year 1984 through 1986 evaluations were done at fewer installations than the number required to achieve OPM's stated statistical objective of an overall sampling margin of error of plus or minus 10 percent. In other agencies, more IAVs were conducted than required to achieve OPM's statistical objective. As a

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result, the degree of confidence that could be placed in agencywide scores on regulatory compliance varied considerably.

To achieve its goal of evaluating every installation over a 5-year period, OPM had determined the number of agency installations it had to cover each year. OPM also considered this number of installations to be sufficient to make governmentwide analyses of agencies' personnel management programs.

When OPM changed its initial focus and decided that the IAV data would be used to make agencywide, rather than governmentwide, analyses, it computed the number of installations to be covered so that agencywide analyses could be made within an overall sampling error of plus or minus 10 percent. However, in most cases, OPM did not follow the required sample for making agencywide analyses. Rather, OPM generally continued to use the installation sampling plan developed for governmentwide analyses.

In the 20<sup>5</sup> agencies included in the PMIRs in fiscal years 1984 and 1985, the number of IAVs conducted fell short of the stated statistical parameters for 12 agencies in 1984 and 13 agencies in 1985. The number of IAVs exceeded the parameters for the other agencies in both years. In fiscal year 1986, of the 22 agencies reviewed, the number of IAVs conducted fell short of the required parameters for 16 agencies and exceeded the required number for 5 agencies. In one agency, the required number of IAVs was conducted.

To illustrate, in fiscal year 1985 the required sample for one agency was 53 installations. OPM, however, conducted IAVs at 82 installations. As a result, the scores for this agency could have had an error range as little as plus or minus 7.7 percent, which is better than the expected plus or minus 10.0 percent. On the other hand, the required sample for one agency was 20 installations, but only 9 installations were reviewed. As a result, the scores for this agency could have had an error range as great as plus or minus 22.3 percent.

An OPM official said the required number of IAVs was not made primarily because of insufficient staff and because, if all required IAVs were done, some smaller agencies' installations would be reviewed more than once

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<sup>5</sup>Part 2 of the fiscal years 1984 and 1985 PMIRs included information on 20 of the 22 largest federal agencies. In 1984, one agency was not visited and only a limited sample was made at another agency. In 1985, two agencies (including one excluded in 1984) were not included in the PMIR because a limited sample of these agencies' installations was reviewed.

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during the 5-year cycle. The official said more IAVs were done than required for the other agencies in order to cover all the agencies' installations during the 5-year cycle.



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