

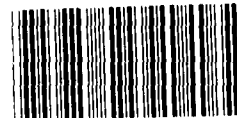
GAO

Briefing Report to the Chairwoman,  
Subcommittee on Civil Service, House  
Committee on Post Office and Civil  
Service

June 1986

# SENIOR EXECUTIVE SERVICE

## Investigating Distinguished Rank Award Nominees



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United States  
General Accounting Office  
Washington, D.C. 20548

General Government Division

B-223219

June 19, 1986

The Honorable Patricia Schroeder  
Chairwoman, Subcommittee on Civil Service  
Committee on Post Office and  
Civil Service  
House of Representatives

Dear Madam Chairwoman:

In April 1986, your office requested that we obtain certain information on the Office of Personnel Management's (OPM) newly instituted practice of charging agencies \$450 to investigate each senior executive whom the agencies nominate for a distinguished rank award under the Presidential Rank Awards Program.

This report provides the preliminary results of our work on this issue. To obtain this information, we talked with OPM officials who manage the awards program and reimbursement process, and we collected background data on rank awards. We also obtained the views of individuals who manage the awards program in each of four agencies--the Departments of Defense, Health and Human Services, and Treasury and the Securities and Exchange Commission.

The Civil Service Reform Act of 1978 provides the statutory basis for rank awards, which recognize career members of the Senior Executive Service (SES) for superior accomplishment. The act specifies two types of rank awards, including (1) a \$10,000 meritorious rank award for sustained accomplishment; and (2) a \$20,000 distinguished rank award, presented by the President for sustained extraordinary accomplishment. Each year, up to 5 percent of SES executives may receive meritorious rank awards, and up to 1 percent may receive distinguished rank awards.

Although OPM investigates all distinguished rank award nominees, it eventually recommends fewer than half of them to the White House for awards. To assist it in making recommendations, OPM convenes a panel to evaluate the qualifications of all nominees. Recommendations on which nominees should receive awards are made by the OPM Director after considering the results of the panel's evaluations.

According to OPM, the purpose of its investigation is to screen out any distinguished rank award nominee whose conduct or background may prove embarrassing to the President. An OPM investigator interviews three to five of the nominee's coworkers, whom the agency identifies for OPM, and consults the agency's Office of the Inspector General. The investigator verifies the support for the award nomination and checks on the nominee's character and reputation. According to an OPM official, its

investigators have found problems with an estimated 10 to 15 of the 474 nominees for distinguished rank awards since the President first granted these awards in 1980. As an illustration, OPM officials said that one nominee was found to be performing unofficial duties during working hours.

OPM did not require agency reimbursement for its investigations until 1986. OPM officials explained that the \$450 fee was initiated because of budgetary pressure created by the Balanced Budget and Emergency Deficit Control Act of 1985. They indicated that the fee covers the actual cost of an investigation. Three of the four agencies we contacted were displeased that they had to pay for the OPM investigations. Agency officials felt that the fee is reimbursement for an activity that is the responsibility of OPM, not the agencies. They also suggested that the investigations were unnecessary since agency heads certify the qualifications of each nominee on the basis of agency investigations. The fourth agency preferred not to pay the fee, but felt that paying it was not a significant problem.

In our opinion, OPM does not have the authority to require agencies to reimburse it \$450 for conducting distinguished rank award investigations. The responsibility for reviewing agency recommendations for awards of rank of Meritorious Executive or Distinguished Executive is by law vested in OPM by 5 U.S.C. §4507(b)(1982). Nothing in the law requires or even authorizes OPM to be reimbursed by other agencies for performing this review function. To seek such reimbursements from other agencies, even if OPM should find its own appropriations inadequate, would constitute an unauthorized augmentation of OPM's appropriations. (61 Comp. Gen. 419 (1982) and 59 Comp. Gen. 415 (1980)).

The reimbursement requirement appears to have had little impact on agency nominations in 1986 because OPM did not notify agencies of the requirement until near the end of the nomination period. OPM issued a memorandum announcing the reimbursement requirement on March 31, 1986 (see app. I); the nomination period ended April 15. Because of the timing of this notification, three of the four agencies we contacted were not aware of the requirement until after they had submitted their nominations.

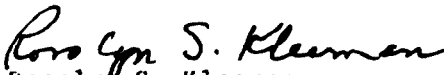
Nonetheless, agency officials raised two possible effects if they should be required to reimburse OPM for these investigations in the future. First, they said the \$450 cost for the investigation of each nominee may cause some agencies to nominate fewer SES members for distinguished rank awards. Because of the prestige associated with these awards, however, agency representatives hope to avoid withholding nominations. Second, the agency officials were unsure of the budgetary source that they would use to pay the fees and stated that payments may come from the agencies' awards accounts. Subtracting the fees from this account may reduce the number and/or size of awards granted to other employees.

Given OPM's concern about the effect of the Deficit Control Act, a change in OPM's investigative practices may be warranted. One alternative is to investigate only those nominees whom OPM decides to recommend to the White House for distinguished rank awards. Since fewer than half of the nominees are recommended, OPM could significantly reduce the number of investigations it conducts.

As you requested, we did not obtain agency comments on this report. As arranged with your office, we are sending copies of this report to interested parties. We also will make copies available to others upon request.

If you have further questions about this issue, please call me on 275-6204.

Sincerely yours,

  
Rosslyn S. Kleeman  
Senior Associate Director



Office of the Director

UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, D.C. 20415

MAR 31 1986

**MEMORANDUM TO DIRECTORS OF PERSONNEL**

**Subject: Reimbursement of Inquiry Costs for Agency Nominations For the Presidential Rank Award of Distinguished Executive**

*For the past six years, the Office of Personnel Management has conducted inquiries into the professional qualifications of nominees for Distinguished Rank in the Senior Executive Service. These inquiries are used to verify the career achievements and qualifications necessary to support nominations for this very high Presidential honor.*

*Beginning this year, OPM will require reimbursement for the cost of these inquiries from nominating agencies. Reimbursement will be for actual costs, which is estimated to be approximately \$450.00 for each nomination. Enclosed for completion is a "Reimbursement or Advance of Funds Agreement Between Federal Agencies", (AM Form 27), which should be submitted with this year's Distinguished nominations. Under "Services to be performed," please list the names of each of your nominees for the Distinguished Rank Award on the attached form. Attached is a sample copy and a copy for your submission.*

*We expect that reimbursement for these services will continue to be required in the future.*

*For all inquiries concerning the reimbursement to OPM, please contact Lura Johnson at 632-6200.*

*Charles K. Dutcher*  
Charles K. Dutcher  
Director, Office of  
Executive Administration

(966257)

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