U.S. Department of Energy
Office of Inspector General
Office of Inspections and Special Inquiries

Inspection Report

Concerns Regarding Academic Programs at the Bonneville Power Administration and the Savannah River Operations Office

DOE/IG-

December 2004

CONCERNS REGARDING ACADEMIC PROGRAMS AT THE BONNEVILLE POWER ADMINISTRATION AND THE SAVANNAH RIVER OPERATIONS OFFICE

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Overview

INTRODUCTION AND OBJECTIVE

The Office of Inspector General (OIG) initiated a review at two U.S. Department of Energy (DOE) sites in response to allegations involving improper education and tuition reimbursement of Federal employees. It was alleged that two Bonneville Power Administration (BPA) employees were having their college education paid for in full with Federal funds because they were relatives of BPA officials. Additionally, it was alleged that a Savannah River Operations Office (SRO) official used his/her position to establish a master's degree program paid in full with Federal funds. The courses were allegedly being taught in a location convenient to the Savannah River Site (SRS) to accommodate this official's participation in the program.

The objectives of the inspection were: (1) to review the specific allegations involving the BPA and SRO employees; and (2) to determine if BPA and SRO were following Federal regulations related to employee training programs.

OBSERVATIONS AND CONCLUSIONS

We found that the two BPA employees identified in the allegation were receiving Federal funds for their college tuitions and were part of an established student training program along with over 90 other BPA employees. Our inspection did not reveal that the two employees received any preferential treatment. Both employees complied with BPA policies and procedures by reporting they were relatives of BPA officials.

During the inspection, we identified an issue that we believe warrants further review by BPA officials. Specifically:

- At BPA, student employee training is not being fully documented in the established management information system as required by BPA procedures.

Also, we found that SRO had a sole-source contract with the University of Georgia (UGA) to provide master's degree-level courses near the Savannah River Site in response to the DOE-SRS 5-Year Staffing Plan, which forecasts significant attrition in critical professional skill areas. We determined that the official identified in the allegation participated in the program and was involved in the approval process for the contract; however, we did not substantiate any inappropriate influence by the official in establishing the program or placing the course site at a location convenient to the official.

During the inspection, we identified other issues that we believe warrant further review by SRO officials. Specifically:

- SRO officials lacked documentation of how they identified UGA as the sole-source contractor;

- The costs associated with the sole-source contract between SRO and UGA appear excessive when compared to courses provided by local accredited universities; and

- SRO officials did not execute continued service agreements that obligate employees to additional Federal service in return for paid training as required in DOE Manual 360.1.1-B, Federal Employee Training Manual.

This report complements an OIG audit report entitled *"Management Controls over Contractor Tuition Reimbursements for Courses Leading to Degrees at Non-Accredited Educational Institutions" (OAS-M-04-07, September 2004)*. In the audit report, the OIG observed that certain DOE contractors reimbursed employees for courses and degree programs without ensuring that the institutions offering the courses provided legitimate academic training that would benefit the Department.

Details of Findings

BPA STUDENT TRAINING PROGRAM

We found that the two individuals identified in the allegation complied with BPA policies and procedures by reporting they were relatives of BPA officials. The two individuals attend college and work at BPA under the Student Career Experience Program (SCEP), one of two sub-programs of the BPA Student Educational Experience Program (SEEP). Under the SCEP, BPA recruits students to meet business challenges, achieve diversity goals, and solve long-term and short-term staffing needs.

BPA policies and procedures allow individuals to participate in the SEEP program if they are a relative of another BPA employee by satisfying certain nepotism restrictions. We found that both individuals adhered to the "nepotism" restrictions as outlined in BPA policies and procedures.

Training Documentation

We found, however, that student employee training is not being fully documented in the Human Resource Management Information System (HRMIS) in accordance with BPA Personnel Letters 213-1 and 410-1. We noted that this was a problem with respect to SCEP participants who were required to sign continued service agreements and whose tuitions were paid by BPA.

We determined that over 90 percent of the SCEP participants did not have the training that was paid by BPA entered into the HRMIS system. We were told by an official in the DOE Headquarters Office of Corporate Policy and Career Development that if BPA pays for training and requires a continued service agreement, a record needs to be generated in BPA's human resources management information system. As required by BPA procedure, SCEP participants execute continued service agreements, obligating them for additional service in return for paid training. The DOE Headquarters official said that the official training record is important because BPA might need the record if an employee who had signed a continued service agreement broke the agreement.

GRADUATE LEVEL COURSES AT SRO

We found that SRO has a sole-source contract with UGA to provide master's degree-level courses near SRS in response to the DOE-SRS 5-Year Staffing Plan, which forecasts attrition in many critical business professional skill areas such as contracts management, human resources management, and financial management. We determined that the official identified in the allegation participated in the program and was involved in the approval process for the contract; however, we did not substantiate any inappropriate influence by the official in establishing the contract. In addition, there were a number of reviews and approvals of the contract at levels of authority higher than this particular official, to include the SRO Manager.

SRO employees were made aware of the availability of the UGA courses through a blanket electronic mail message to all SRO personnel in March 2001. The program is able to accommodate a maximum of 15 students. The participants can take one or all of the courses under the SRO program contingent upon their supervisor's approval. Completion of the full four-year program could qualify the employee for a master's degree. It is, however, the employee's responsibility to apply directly to UGA under its graduate admissions program, and pay any application fees or other fees required by UGA.

According to Title 5 of the Code of Federal Regulations, degree producing programs are normally prohibited except under certain recruitment and retention conditions, which are specifically identified in the regulations. According to an SRO Human Resources official, the courses are only intended to provide training to SRO employees in response to the DOE-SRS 5-Year Staffing Plan, even though the courses are taught at the graduate level and could result in a degree.

Documentation Supporting SRO Sole-Source Contract

We determined that SRO officials lacked documentation of how they identified UGA as the sole-source contractor to provide master's degree-level courses. An SRO Human Resources official stated that he conducted "market research" by meeting with and/or sending electronic mail messages to five prospective universities to determine their ability to perform the training, but that only UGA was responsive. The other four universities either did not respond or did not demonstrate a willingness or ability to provide the courses. The SRO Human Resources official who contacted the universities could not provide us with records of the contacts and responses from all the universities.

We determined that there are other universities in the local area that could provide the training, some of which have previously offered courses to SRS employees. We contacted one of these universities, Troy State University, and learned that they could provide a similar program to UGA's program, and at less than one-half the cost of the UGA program. Troy State University is currently providing undergraduate courses on-site at SRS facilities, primarily to SRS Wackenhut Services, Incorporated, employees.

Costs of SRO Sole-Source Contract

The costs associated with the sole-source contract between SRO and UGA appeared to be excessive when compared to costs of similar courses provided by local accredited universities. SRO entered into a sole-source contract with UGA to provide four master's degree-level courses per year at an annual cost of $140,000, including travel and lodging expenses for the professor as well as all tuition, activity fees and book expenses for the students. The series of courses was originally expected to last four years.

SRO officials acknowledged that they did not compare the costs UGA quoted for the tuition, fees and other expenses to those charged by other universities. In addition, we learned that the usual out-of-state tuition for UGA graduate students, including the costs of all activity and associated fees and books for all attendees, was almost one-third less than the $140,000 being charged to SRO by UGA under the contract.

CONTINUED SERVICE AGREEMENTS

Participants in the UGA courses at SRO were not required to sign continued service agreements. DOE Manual 360.1.1-B, however, requires a continued service agreement for each training activity that exceeds 160 training hours. The continued service agreement must be signed prior to the employee's participation in the covered training. Each of the four courses provided at SRO involves 4 hours each week covering a span of 11 weeks for a total of 176 hours of training per year. Therefore, any student who completes a year of the program would receive training in excess of 160 hours, and any student who completes the entire four year program would have received training far exceeding the number of training hours requiring an agreement. DOE Manual 360.1.1-B identifies five exemptions for the continued service obligation. The exemptions involve single work assignments; mentoring/on-the-job training; correspondence courses; training for the purpose of installation of equipment; or training under a performance improvement plan. The UGA courses funded by SRO do not fall into any of the exemption areas identified in DOE Manual 360.1.1-B.

RECOMMENDATIONS

We recommend that the Administrator, BPA:

1. Ensure all training that requires a continued service agreement is documented in HRMIS, as required by BPA procedures.

We recommend that the Manager, SRO:

2. Ensure that the steps taken to identify prospective sole-source contractors are documented in the procurement file.

3. Determine the reasonableness of the costs associated with the UGA sole-source training contract compared to training available from other accredited universities.

4. Ensure that continued service agreements are signed in accordance with DOE Manual 360.1.1-B.

MANAGEMENT COMMENTS

In comments on our draft report, management concurred with our recommendations and stated that corrective actions are underway.

INSPECTOR COMMENTS

We found managements' comments to be generally responsive to our report. SRO management stated that the requirement to sign continued service agreements in accordance with DOE Manual 360.1.1-B did not apply to the UGA training activities because the UGA contract was structured as separate training events and did not constitute a "program." However, the SRO course advertisement that we reviewed during the inspection identified the courses provided by UGA as an MBA (Masters in Business Administration) program. Also, both SRO and UGA officials advised us that the courses were an MBA program. Therefore, the continued service agreement requirements appear to have been applicable to those individuals who received in excess of 160 hours of training.

Appendix A

SCOPE AND METHODOLOGY

This inspection was conducted in accordance with the "Quality Standards for Inspections" issued by the President's Council on Integrity and Efficiency. As part of our inspection, we interviewed DOE officials at BPA and SRO. We reviewed pertinent records and documents pertaining to training and payment of tuition for Federal employees. Further, we reviewed applicable policies, procedures, guidelines, regulations, and published reports.

The Government Performance and Results Act (GPRA) of 1993 was enacted to improve Federal program effectiveness and public accountability by promoting a new focus on results-oriented management. As part of our inspection, we evaluated the Department's implementation of GPRA as it applied to the programs we reviewed.

United States Government

Department of Energy
Bonneville Power Administration

DATE: NOV 0 4 2004

REPLY TO ATTN OF: CHD - 1

SUBJECT: Response to Draft Report on "Concerns Regarding Academic Programs at the Bonneville Power Administration (BPA) and the Savannah River Operations Office"

Alfred K. Walter, Office of the Inspector General
Assistant Inspector General for Inspections and Special Inquiries (IG-40)

Thank you for the opportunity to comment on the draft report noted above. While the audit did not find any improprieties at the Bonneville Power Administration (BPA) regarding allegations that two BPA student employees were improperly receiving tuition assistance or find any improprieties related to employee training programs, the audit did note that not all Student Career Experience Program (SCEP) employee training is being entered into the BPA Human Resources Management Information System (HRmis) in accordance with BPA internal policy.

The audit recommends that the Administrator:

"Ensure all training that requires a continued service agreement is documented in HRMIS, as required by BPA procedures."

We concur with the recommendation. The audit revealed that while training is documented in individual student files, the information is not also being recorded in HRmis. To correct this oversight BPA will require the Student Education Employment Program Coordinator (SEEP Coordinator) to confirm that training paid for under a continuing service agreement for SCEP students is entered into the HRmis system. BPA Managers of non-SCEP students, who approve training under a continuing service agreement, will be responsible for confirming that the training is entered into HRmis.

We will update BPA Personnel Letters 213-1 and 410-1 to reflect this change as well as further educate managers and administrative staff on the important of having the training entered into HRmis.

Thank you for allowing us the opportunity to comment on the draft report. If you have any questions please contact Guy Kyle at (503) 230 – 4670.

Roger E. Seifert for

Jeffrey K. Stier,
Vice President, Office of National Relations

DOE F 1325.8

United States Government | Department of Energy (DOE)

memorandum

Savannah River Operations Office (SR)

DATE: NOV 1 8 2004

REPLY TO ATTN OF: OHCM (Wright, 803/952-8123)

SUBJECT: Draft Inspection Report "Concerns Regarding Academic Programs at the Bonneville Power Administration and the Savannah River Operations Office"

TO: Alfred K. Walter, Acting Assistant Inspector General for Inspections and Special Inquires (IG-44), HQ

This memo serves to provide the Department of Energy's (DOE) Savannah River Operations Office (SR) comments on the subject Draft Office of Inspector General (OIG) Report. On September 28, 2004, Office of Human Capital Management personnel met with members of the OIG to discuss the Draft Report concerning the administration of a series of on site graduate-level courses by the University of Georgia. The OIG initiated this investigation based on the allegation that a DOE-SR official used his position to establish a master's degree program for personal benefit. The OIG found no evidence supporting this allegation. However, the Draft OIG Report contains recommendations to which we provide the following review input.

Recommendation #1 – Not applicable to DOE-SR

Recommendation #2 – Ensure that the steps taken to identify prospective sole-source contractors are documented in the procurement file.

CONCUR - The file in question was properly and adequately supported by a formal Justification for Other Than Full and Open Competition as required by Federal Acquisition Regulation (FAR) 6.303. Further, a Notice of Intent to contract on a sole source basis was publicized in the Commerce Business Daily (CBD Net) as required by FAR 5.2, and no responses were received from other interested companies/institutions. However, as noted by the OIG, the contract file did not contain adequate documentation of the market research performed. The names of personnel contacted at the five institutions solicited or the date of the contacts were not included. Contract specialists have been reminded of the requirement to adequately document the results of market research in the contract files.

Recommendation #3 – Determine the reasonableness of the costs associated with the UGA sole-source training contract compared to training available from other accredited universities.

CONCUR (no longer applicable) - As was discussed with the OIG representatives on September 28, 2004, the University of Georgia (UGA) contract was terminated by DOE-SR in July 2004. Consequently, no additional analysis concerning the reasonableness of future costs associated with this contract is necessary.

Recommendation #4 – Ensure that continued service agreements (CSA) are signed in accordance with DOE Manual 360.1.1B.

CONCUR – DOE-SR ensures CSAs are obtained when applicable. However, with regard to the UGA training activities, the requirement for CSAs did not apply. Specifically, each of the courses administered under the UGA contract were structured as separate training events and were not subject to the CSA mandates defined in DOE Manual 360.1.1B. As specified in Attachment 2, UGA courses were advertised

to the DOE-SR workforce as separate training events and separate official record packages were processed for each course. Therefore, the series of separate courses did not constitute a "program" as asserted by the Draft Report. Specifically, each UGA course involved a maximum of 44 hours (11 sessions x 4 hours per session) of training and students were authorized to attend each specific course based on individual competency development needs. As such, a CSA was not required for attendance at any of the UGA courses since each training event was well below the 160 hour threshold established by the DOE Manual. Had the UGA courses been administered as part of a "program," separate training approval and documentation processing for each course would not have been necessary, and students would have been required to participate in all of the courses that were presented.

In addition to the information referenced above, SR recommends the following comments regarding report:

Page 2, Second paragraph

First sentence should be revised as follows: "...in response to the DOE-SRS 5-Year Staffing Plan which forecasts significant attrition in critical business professional skill areas."

Second sentence should be revised as follows:
"... we did not substantiate any inappropriate influence by the official in establishing the program or placing the course site at a location convenient to the official".

Page 4, First paragraph

First sentence should be revised as follows:
"... in response to the DOE-SRS 5-Year Staffing Plan, which forecasts attrition in many critical business professional skill areas such as contracts management, human resource management, and financial management."

If you have any questions, please contact me or have your staff contact Gary Little at 803-952-9319.

Jeffrey M. Allison
Manager

HRMDD:GBL:mlg

HRMDD-05-1024

2 Attachments:
1. Draft Inspection Report
2. Email Advertising EDG 021 – Financial Analysis and Cost Management

IG Report No.

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