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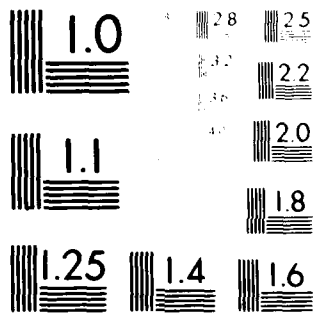
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UNITED STATES GENERAL ACCOUNTING OFFICE
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B-204579

The Honorable Max Baucus
United States Senate

Dear Senator Baucus:

Subject: Management Training Seminars Sponsored by the
National Institutes of Health (FPCD-81-75)

This report responds to your April 7, 1981, request and
later discussions with your office. We reviewed management
training seminars sponsored by the National Institutes of
Health (NIH) including the procedures NIH used to determine:

- the need for specific management training seminars;
- who attends these seminars;
- who conducts these seminars;
- the locations of the seminars; and
- whether competitive procurement practices are followed
when consultants conduct training.

We reviewed available documents relating to management
training seminars identified by NIH as having been conducted
during fiscal years 1979, 1980, and 1981 and interviewed
cognizant agency training and procurement officials. These
seminars represented approximately 20 percent of NIH's train-
ing effort. The remaining 80 percent was professional, tech-
nical, and clerical-type training. We also discussed with
training officials in the Office of Personnel Management (OPM)
the policy guidance OPM provides agencies for procuring
training.

The enclosure responds to the specific questions in your
request letter. As the enclosure shows, the procedures used

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do not meet the requirements of applicable governing regulations in the areas of determining the need for seminars, selecting students to attend seminars, and procuring the services of contractors to conduct seminars.

BACKGROUND

The Government Employees Training Act of 1958 and Executive Order 11348 assign OPM responsibility for planning and promoting the development, improvement, coordination, and evaluation of Federal training programs. OPM uses the Federal Personnel Manual (FPM), chapter 410--"Training"--to govern these programs. FPM defines policy guidance and requirements for managing training in the Government.

While OPM is responsible for providing leadership and guidance to insure that training policies are carried out, heads of departments and agencies are responsible for managing and operating their organizations' training programs. Departments and agencies generally develop their own instructions which supplement FPM. For example, the Department of Health and Human Services has developed supplementing instructions which state the Department's requirements and policy on general management of all formal training for its employees. NIH has tailored this departmental policy to fit its specific needs.

The following section identifies a problem relating to contracting for training, which OPM is in the process of correcting.

UNCLEAR GUIDANCE HAS CAUSED CONFUSION

NIH obtained competition in procuring management training from contractors in only 1 out of 24 instances during fiscal year 1980. We discussed this matter with an OPM training policy official who informed us that many agencies are not complying with competitive contracting procedures when purchasing training.

The Federal Procurement Regulations state that all purchases, whether by formal advertising or by negotiation, be made on a competitive basis to the maximum extent practicable. It further states that, when a proposed procurement appears to be noncompetitive, the procuring activity is responsible for insuring that competition is not feasible and for justifying its rationale for going sole source.

FPM states that training through non-Government facilities is exempt from competitive bid procedures. This FPM policy guidance exempting training from competitive bid procedures has caused confusion among Federal agencies. The OPM official told us that many agencies have misinterpreted this policy guidance to mean there is no requirement to obtain competition when feasible. He said FPM is currently being revised to fully explain that, although training is in fact exempt from formally advertised bid procedures, it is not exempt from the requirement to obtain competition in negotiated procurements and that all purchases are to be made on a competitive basis whenever feasible.

GAO's ONGOING AND PLANNED
WORK IN THE TRAINING AREA

Your office apprised us of your interest in other work we are doing or are planning to do regarding Federal employee training. We have initiated several reviews of the Government's management of employee training programs because of increased congressional interest and the high costs associated with Federal training programs. Including trainee salaries, about \$680 million was spent on these programs during fiscal year 1980. The objectives of our work are to insure that the Government is paying only for employee training that is necessary and job related and that the training programs are carried out effectively and efficiently.

In one review, we are examining external short-term training provided to employees by non-Government sources. This training involves, for the most part, employees taking college courses and attending professional conferences. In another review, we are evaluating the status of Federal agencies' executive development programs to determine whether they are complying with regulations. We are now beginning work on two additional reviews. One will be an examination of long-term training programs where employees are sent to colleges and other educational institutions on a full-time basis for periods greater than 120 days. The other study will examine the off-campus training provided to Federal employees by colleges and universities. We will send you copies of all our reports on employee training when they are available for release.

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The information included in this report was discussed with NIH officials at the conclusion of our review. However, at

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the request of your office, we did not obtain official comments from NIH, and unless you publicly announce its contents earlier, we will not distribute this report until 30 days from its issue date. At that time, we will send copies to interested persons and make copies available to others upon request.

Sincerely yours,

Clifford I. Gould
Clifford I. Gould
Director

Enclosure

ANSWERS TO QUESTIONS IN SENATOR BAUCUS' REQUESTQUESTION 1

What criteria does NIH use to determine the need for a seminar? Are those criteria effective in assuring only essential seminars are held?

Policy guidance

FPM prescribes the guidelines to be used in determining training needs. ^{1/} It states that the identification of training needs should begin with identifying knowledges, skills, and abilities required for maximum effectiveness in agency positions at all levels and then identifying ways to acquire them. Each agency should review, at least annually, its program to identify training needs to bring about more effective performance at the least cost.

Department of Health and Human Services (HHS) Personnel Instruction 410-1 which supplements FPM, states the Department's requirements and policy on general management of all formal training of employees. It calls for a systematic, planned annual review to identify existing and foreseeable employee and organizational training needs. This review is intended to provide a realistic basis upon which to plan, program, and direct training activities toward achieving departmental and organizational objectives. The annual review of training needs should include, not only elements cited in FPM, but also

- types of training needed and objectives of the training;
- number of employees needing training;
- effect upon mission accomplishment if training is delayed; and
- method and area of coverage in determining needs.

^{1/}The seminars discussed in this report were vehicles used by NIH to provide management training to employees. Accordingly, the FPM guidelines for determining training needs apply to these seminars.

This instruction requires that the review include a determination of both direct mission-related training needs and employees' long-term developmental needs.

NIH's Manual on Training Policy outlines the responsibilities for determining the NIH training needs and for establishing programs to meet these needs.

NIH implementation

To identify training needs, NIH surveyed all managers and supervisors in 1978 to get information on their interests in attending various management and supervisory courses then available at the agency. No subsequent survey was conducted.

We discussed with NIH officials the need for some of the fiscal year 1980 seminars. They said that, in addition to the 1978 survey, they determined needs by discussing training informally with NIH management, analyzing post seminar critiques and continuing to offer those seminars that received positive responses, and assuming that seminars that are continuously oversubscribed meet needs.

Since the policy guidance was not followed and documentation not maintained on the informal discussions, we cannot determine whether only essential seminars were conducted. According to NIH training officials, training offered at NIH does meet established needs, but they agreed that without performing the extensive type of needs assessment outlined in FPM, they cannot be sure that only essential training is given.

QUESTION 2

What criteria does NIH use to determine who will attend a specific seminar? Are those criteria effective in assuring only essential personnel attend the seminar?

Policy guidance

FPM requires each agency to establish procedures to insure fair and equitable treatment in selecting and assigning employees for training. These procedures must insure that there is no discrimination because of factors unrelated to the need for training. In selecting employees for training, agencies are encouraged to choose those who will benefit most from the training and who can be expected to make the greatest contribution to the Government in the years ahead. The agency also

should insure that eligible employees are given a reasonable opportunity for consideration in selections for training which are to result in promotion.

FPM further states that when training is to be given to some, but not all employees, certain factors should be considered, including the relative degree of employees' need for training; the relative potential of employees for advancement; the relative extent to which employees' knowledges, skills, abilities, or performance are likely to be improved by training; and the relative length of time and degree to which the agency expects to benefit from the employees' improved knowledge, skill, ability, and performance.

Department of Health and Human Services and NIH instructions on the selection of employees for training parallel the FPM guidance and are contained in the departmental Personnel Instruction 410-1 and NIH Manual, chapter 2300.

NIH implementation

NIH's Executive and Management Development Branch establishes eligibility requirements for attending training seminars. These are a minimum grade-level requirement and/or a prerequisite of a basic course. Attendance at some training is required by law; for example, 80 hours of supervisory training is required for all supervisors. Also, some training is called for by the organization's equal employment opportunity affirmative action plan. Employees can nominate themselves for training, subject to supervisors' approval, or supervisors can initiate the training action. In any case, the immediate supervisor must approve all training requests. The training branch at NIH assumes that if an individual has been recommended by his/her supervisor, the individual needs the training.

Since employees are assigned to training without recognition of formal selection criteria, there is no assurance that only essential personnel attend training seminars.

QUESTION 3

What criteria does NIH use to determine whether Federal employees or private consultants will conduct the seminar? Are those criteria effective in assuring NIH chooses the most cost-effective instructors?

Policy guidance

FPM provides that the head of each agency is authorized to enter into agreements for training employees by, in, or through non-Government facilities. The agency head must have determined that

- existing training programs within its own organization will not adequately meet the need, new programs cannot be established in time to meet the need effectively, and reasonable inquiry has failed to disclose the availability of suitable and adequate programs elsewhere in Government; or
- use of Government facilities would be more expensive than would use of non-Government facilities.

The departmental instruction and the NIH policy manual essentially reiterate the FPM guidance.

NIH implementation

The Executive and Management Development Branch responsible for management-type training at NIH is staffed with five professional employees--four full time and one part time. The chief of the branch informed us that this group does not have the quality and quantity of expertise needed to develop and conduct most executive and management training. Exceptions to this are courses concerning basic supervision, writing and classification of position descriptions, and a few other general courses which are developed and conducted by the branch. The branch's goal is to contract for many of the executive and management training seminars and function principally as the manager and coordinator of the overall executive and management training program.

As discussed in the next section, NIH records do not show that the procedures employed to select seminar instructors assure that the most cost-effective instructors were chosen.

QUESTION 4

When consultants are used, are competitive contracting practices used whenever possible?

Policy guidance

The Federal Procurement Regulations state that all purchases, whether by formal advertising or by negotiation, be made on a

competitive basis to the maximum extent practicable. It further states that when it is proposed that a procurement be made on a noncompetitive basis, the procuring activity is responsible for insuring that competition is not feasible and for justifying its rationale for going sole source. The Government Employees Training Act states that the head of an agency, without regard to section 5 of title 41 (formal advertising procedures) may make training arrangements by, in, or through non-Government facilities. FPM states that training through non-Government facilities is exempt from competitive bid (formally advertised) procedures. This exemption does not remove the requirement that all purchases are to be made on a competitive basis.

The NIH Procurement Branch issued guidelines outlining criteria to be followed when justifying noncompetitive procurements. The guidelines state that all procurements must be competitive unless compelling and convincing reasons or circumstances justify a noncompetitive procurement. All justifications must contain information on why more than one source cannot meet the procurement requirements.

Examples of criteria include:

- There is only one source in existence which can perform the contract requirements.
- One source or individual has a truly unique idea, approach, or equipment which has no equal, and this represents the only known item which can meet the Government's needs.

The NIH guidelines specify that the rationale supporting the selection of a particular contractor on a sole-source basis must be in writing and provided with all requisitions sent to the Procurement Branch.

NIH implementation

NIH identified 44 management seminars it sponsored for its employees during fiscal year 1980. Twenty-four of the seminars were procured from private contractors. NIH records show that only one of the procurements was made on a competitive basis. NIH officials stated that competition was sought and documented for this procurement because of its anticipated high cost. The other 23 seminars were obtained on a sole-source basis, and none of the applicable procurement records contained the required justification for noncompetitive procurement. The following 3 examples illustrate these 23 cases.

<u>Course title</u>	<u>Purchase cost</u>	<u>Justification attached to request for noncompetitive procurement</u>
Building Confidence and Self-esteem	\$1,000	A statement of the contractor's qualifications.
Behaviorial Strategies for Supervisors and Managers	2,500	A resume of the contractor.
Communication Issues	2,490	A resume of the contractor and a statement that he had presented a number of courses for NIH.

The above justifications do not answer the critical question of why the opportunity to meet a training requirement could not have been made available to more than the source selected. They support the fact that the contractor is highly qualified, but ignore the fact that equally qualified contractors may exist at a better price. NIH training officials informed us that they always checked to see if other contractors were available to develop and conduct the seminars, but they did not make these activities a matter of record.

NIH procurement officials stated that these purchases, without adequately documented justification for noncompetitive procurements, should not have been approved. They assured us that any sole-source procurements in the future will be adequately documented.

QUESTION 5

What criteria does NIH use to determine the location of a seminar? To what extent are "resort" locations being used to hold seminars that could be held at Government-owned facilities? What additional costs are involved in holding seminars at "resort" locations? What are the benefits of holding seminars at "resort" locations?

Policy guidance

OPM regulations state that training of employees by, in, or through a non-Government facility may be authorized if the head of the agency determines that adequate training by, in, or through a Government facility is not reasonably available.

HHS and NIH regulations prescribe policy and procedures concerning the selection of meeting sites (includes training seminars). Circumstances outlined in policy guidance in which meetings may be held outside the duty area are

- when differences in travel time and cost are slight,
- when another location provides needed facilities or equipment not available (or available only at high cost) in the immediate area, or
- when isolation of the participants from the immediate area is necessary to accomplish the meeting's goal.

Under the provisions of the Federal Property Management Regulations, agencies are required to use Government-controlled space if available in the desired area. Government agencies may contract for short-term use of conference and meeting facilities only if the General Services Administration (GSA) determines that suitable Government facilities are not available. In the Washington, D.C., area, the Washington Facilities Division of HHS is responsible for contacting GSA to determine the availability of Government-owned space to meet HHS needs.

Final approval of meeting sites must be given by the Assistant Secretary for Health. The approval process must include consideration of cost, and the request for approval should provide evidence that the site is the most economical one in the area.

The NIH Manual establishes specific procedures for acquiring temporary space away from NIH facilities. Whenever NIH or other Government space is available and adequate for the requirements, it must be used. When Government-controlled space is not available, commercial space must be requested. The proposed arrangements must be the most economical and effective in terms of total cost to the Government for travel, per diem, rooms, conference space, etc. The sponsoring NIH organization must provide cost comparisons supporting such requests, with a justification for the need for space away from the agency's facilities.

NIH implementation

NIH adheres to the policy guidance in selecting offsite locations.

- During fiscal year 1980, NIH held 12 of 44 management seminars away from NIH facilities. There is no indication in NIH records that any of these seminars could have been held at Government-owned facilities. Examples of locations where the fiscal year 1980 seminars were held away from NIH facilities include Harpers Ferry, West Virginia, and Airlie, Virginia.
- Additional costs of holding seminars away from Government facilities include the expenses of travel and per diem. In most cases, the host facility provides training facilities to NIH at no cost to the Government.
- NIH's reasons for conducting the 12 seminars away from the agency's facilities were that (1) adequate facilities were not available at NIH and (2) there was a need to isolate the participants from outside distractions.

All requests for space away from NIH were approved, and the required justifications and certifications were obtained. However, according to an HHS Washington Facilities Division official, GSA was not contacted. This official said there was no need to contact GSA because it cannot fill requests for space with overnight accommodations.