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United States General Accounting Office
Washington, DC 20548

October 20, 2000

The Honorable Susan M. Collins
Chairman
Permanent Subcommittee on Investigations
Committee on Governmental Affairs
United States Senate

Subject: Training at the Environmental Protection Agency's Office of
Inspector General

Dear Ms. Chairman:

Your letter of February 4, 2000, asked us to provide information about certain activities of the Environmental Protection Agency's Office of Inspector General (EPA IG). As agreed with your staff we focused on the training provided to the IG staff during fiscal years 1998 and 1999. Specifically, we agreed to provide information regarding (1) EPA IG's compliance with professional standards for continuing professional education, (2) the cost of the training, (3) EPA IG's reasons for providing four new training courses, and (4) EPA IG's plans for future training.

Scope and Methodology

To review EPA IG's compliance with standards we obtained the results of the recently completed peer review¹ of the IG's audit activities performed by the Department of Health and Human Services' Office of Inspector General (HHS IG). We also obtained data regarding the cost of training for fiscal years 1998 and 1999, as reported by EPA IG's budget office. As a benchmark, we compared the fiscal year 1998 EPA IG costs to those in the American Society for Training and Development's (ASTD) report entitled *The 2000 ASTD State of the Industry Report*, which provided information on the training activities of 1,200 organizations for fiscal year 1998. ASTD had not yet developed comparable data for fiscal year 1999. The cost information reported by EPA IG and ASTD included the costs for contractors, tuition, and travel and did not include the salaries of employees taking the training. Because the organizations surveyed by ASTD vary widely in purpose and in the size of their budgets, their training costs are compared as a percentage of their payrolls. In order

¹Peer review, as required by Government Auditing Standards, is an external quality control review performed at least once every 3 years by an organization not affiliated with the organization being reviewed. The peer review should determine whether the organization's internal quality control system is in place and operating effectively to provide reasonable assurance that established policies and procedures and applicable auditing standards are being followed.

to gain a similar perspective regarding EPA IG's training costs, we obtained the EPA IG's payroll cost for fiscal year 1998, calculated the percentage of training cost to payroll, and compared this percentage to the average calculated by ASTD. We requested the IG's rationale for the training provided, obtained descriptions of the four new training courses, and ascertained the IG's training plans for fiscal years 2000 and 2001, through interviews with the IG and the training staff. We did not audit the training information or cost data provided by EPA IG nor did we validate the results of the ASTD report.

We conducted our work from May through August 2000 at EPA headquarters in accordance with generally accepted government auditing standards.

Results in Brief

EPA IG provided training to the staff, which, as a recent peer review concluded, is part of a system of quality control that provides reasonable assurance that staff conform with professional standards. The reported cost of this training was about \$630,000 in fiscal year 1998 and about \$970,000 in fiscal year 1999. For fiscal year 1998, EPA IG's reported training costs were about 2 percent of its payroll costs, which is in line with the 2 percent average reported by ASTD for public and private sector organizations. For fiscal year 1999, EPA IG's reported training costs rose to 3 percent of payroll costs. Included in the training costs were four new courses provided to all IG staff. The new courses covered topics such as leadership, quality, effectiveness, and performance. Also, the IG plans to include additional management-related and technical training courses for the staff over the next 2 years and to conduct a skills inventory of the staff to identify any gaps that can be addressed by training.

Compliance With Standards

Auditors conducting audits of government organizations, programs, activities, and functions are required to comply with the Comptroller General's *Government Auditing Standards*. These standards state that audit staff should collectively possess adequate professional proficiency for the tasks required. To meet these standards the audit organization is required to maintain professional proficiency through continuing education and training. The audit organization is responsible for (1) establishing and implementing a program to ensure that auditors meet the continuing education and training requirements and (2) maintaining documentation confirming that the requirements were met.

Specifically, among other requirements, each auditor is required to complete at least 80 hours of continuing education and training every 2 years, which contributes to the auditor's professional proficiency. At least 20 hours are to be completed in any one year of the 2-year period, and those responsible for planning, directing, reporting, or conducting substantial portions of the audit are required to complete at least 24 of the 80 hours in training directly related to government issues. EPA IG provides technical training to keep the auditors' skills current (see enclosure I) and recently added four new courses for all IG staff (see enclosure II).

A peer review performed by the HHS IG, which included a test of compliance with continuing education requirements, concluded that EPA IG's system of quality control for the year ended September 30, 1999, provided reasonable assurance that EPA IG staff conformed with professional standards. However, the peer review also concluded that documentation of the completed training was not consistently maintained. For example, in a test of individual training records, HHS IG found that not all auditors were able to provide documentation of the training they had received and that complete records of training were not always maintained. To address this issue, EPA IG has agreed to improve continuing professional education documentation through a tracking system that will ensure proper documentation of all training.

EPA IG investigators follow the training guidelines in the *Quality Standards for Investigations* developed by the President's Council on Integrity and Efficiency.² As with the standards for auditors, investigators are required to collectively possess professional proficiency for the tasks required. However, no specific amount of training is specified for the investigators' professional development. Therefore, investigator training is intended to be a continuing process to develop professionally qualified investigators and supervisors. While the investigators acknowledged that they have no requirement to obtain a specified number of training hours, they have been included in the IG's additional training classes and continue to attend technical training courses. (See enclosure I.)

IG Reported Training Costs for Fiscal Years 1998 and 1999

As shown in table 1, EPA IG's reported training costs were \$629,688 in fiscal year 1998 and \$967,804 in fiscal year 1999.

Table 1: EPA IG Fiscal Year 1998 and 1999 Reported Training Costs

Training provided	Fiscal year 1998	Fiscal year 1999
Technical training costs	\$613,660	\$567,089
Cost of four new courses	\$ 16,028	\$400,715
Total training costs	\$629,688	\$967,804

Note: Training costs include costs for contractors, tuition, and travel.

Source: Unaudited EPA IG budget information.

We compared the EPA IG's reported training costs with the costs reported in *The 2000 ASTD State of the Industry Report*. For fiscal year 1998, the training costs of the organizations surveyed by ASTD averaged 2 percent of their payrolls. Likewise, EPA IG's reported training costs were 2 percent of payroll costs. While there is no comparable data from ASTD for fiscal year 1999, EPA IG's reported training costs increased to 3 percent of payroll.

EPA IG added four new training courses during fiscal years 1998 and 1999, to address its changing mission and role. The IG referred to the four courses as high-

²The President's Council on Integrity and Efficiency is an interagency council principally composed of IGs, and is charged with promoting the integrity and effectiveness of federal programs. It was established by Executive Order No. 12301 in 1981, and revised by Executive Order No. 12805 in 1992 to reflect changes that had been made in the Inspector General Act (Public Law 95-452), as amended.

performance organization (HPO) training, which is intended to provide the IG staff with an understanding of why the mission of the office must change and how the staff can contribute to the new oversight role. The IG explained that this new role will require the staff to work more closely with EPA managers in order to better understand program controls and activities that are not working effectively, develop solutions that will correct long-standing problems, and assist EPA in agencywide efforts to measure performance.

The IG hopes that with HPO training, the staff will not only identify matters of fraud, waste, and abuse that have traditionally been the subject of IG reports, but also provide meaningful recommendations that can ultimately eliminate these and other systemic problems that have been reported repeatedly by IGs over the years. To achieve this, the training is intended to instruct the staff in how to prepare informed reviews and assessments that are aimed at improving the performance of EPA's activities, operations, and offices.

The IG explained that the training plan for fiscal years 2000 and 2001 includes additional courses that address EPA IG's changing mission and role. Specifically, the IG plans training that will address the needs of new employees, team building for all employees, project management for senior managers, program evaluation, activity-based costing, process management, benchmarking, and reengineering. Over the next 2 years, the IG plans to spend as much as \$2.4 million on training, which is almost a 50 percent increase over the combined training costs for fiscal years 1998 and 1999. The IG recently studied our internal knowledge and skills inventory process,³ which is designed to determine the available competencies and skills, as well as evidence of any gaps, at GAO. Using this process, the IG intends to develop a knowledge and skills inventory that can be used to help plan training in the future.

At the end of our fieldwork, EPA IG officials reviewed a draft of this letter and concurred with our results.

³GAO Knowledge and Skills Inventory System.

We are sending copies of this letter to Senator Carl Levin, Ranking Minority Member of your Subcommittee, and to Senator Fred Thompson, Chairman, and Senator Joseph I. Lieberman, Ranking Minority Member, Senate Committee on Governmental Affairs. We are also sending copies to the Honorable Nikki L. Tinsley, Inspector General of the Environmental Protection Agency. If you have any questions, please contact me at (202) 512-2600; Jeanette Franzel, Acting Director, at (202) 512-9406; or Jackson Hufnagle, Assistant Director, at (202) 512-9470.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jeffrey C. Steinhoff". The signature is fluid and cursive, with a large initial "J" and a long, sweeping tail.

Jeffrey C. Steinhoff
Managing Director
Financial Management and Assurance

Enclosures

Technical Training Provided to EPA IG Staff, Fiscal Years 1998 and 1999

Auditor training	
Fiscal year 1998	Fiscal year 1999
New Auditor-in-Charge Writing Value-Added Audit Reports Intergovernmental Audit Forum Professional Development Conference Federal Financial Auditing Contract and Procurement Fraud Contract Auditing Acquisition Training Auditing GPRA Governmental Financial Accounting Basic Auditor Training Effective Briefing Techniques	Fraud Symposium Introductory Auditor Training Assessing Controls – Performance Audits Surveys: Concept and Development Audit, Consulting, and Advisory Services Government Audit: Planning to Reporting How to Handle People With Tact and Skill Troubleshooting and Maintaining PCs Assessing Reliability of Computer Data Budget Formulation Advanced Auditing Tools and Techniques Focusing First on Performance Results

Investigator training, fiscal years 1998 and 1999
Suspension and Debarment National Intelligence Academy Executive Conference Budget Technical Workshop Blacks in Government National Training Conference Criminal Investigator's Legal Training Street Survival Firearms Training Fraud Awareness National Organization of Black Law Enforcement Conference Women in Federal Law Enforcement Conference Barretta Armorers School Training Conference on Environmental Crime National and State Asbestos Seminar LAN Administrator Training

Other training, fiscal years 1998 and 1999
Position Description Symposium Developing Audit Reports Freedom of Information Act Course Budget Execution PC Certification Microsoft Support Preparation and Review of Personnel Actions Microsoft Front Page Strategic Compensation Appropriation Law Seminar Personnel Security Review Training

Information on Four New Training Courses

The following table provides the IG's description of four training courses that were added during fiscal years 1998 and 1999 to prepare EPA IG staff for a changing mission and oversight role.

The Science of Leadership and the Art of Gaining Followers This course is intended to enhance staff members' knowledge and understanding of the leadership role and to further develop individual leadership skills and abilities.
Malcolm Baldrige National Quality Award Criteria The course presents the model of an effective business, which includes an analysis of the seven categories in the Baldrige quality award criteria and their application for organizational improvements.
The 7 Habits of Highly Effective People The course offers principles of human effectiveness, describes the seven habits of effective people, and discusses their relationship. The course is intended to instruct staff members on how to effectively use the seven habits to solve problems, maximize opportunities, and continually learn and integrate other principles for growth.
Building High-Performance Organizations for the Twenty-First Century This course addresses the theory and practice of large-scale organizational change. It also illustrates why some organizations are high performers and how to move an organization toward higher performance.