



OFFICE OF INSPECTOR GENERAL

U.S. Department of Energy

AUDIT REPORT

OAI-M-17-08

July 2017

**REVIEW OF TRAINING EXPENSES AT
THE DEPARTMENT OF ENERGY'S
OFFICE OF FOSSIL ENERGY**



Department of Energy
Washington, DC 20585

July 10, 2017

MEMORANDUM FOR THE ACTING ASSISTANT SECRETARY, OFFICE OF FOSSIL
ENERGY
DIRECTOR, OFFICE OF MANAGEMENT AND FIELD
OPERATIONS

A handwritten signature in cursive script that reads "Sarah B. Nelson".

FROM: Sarah B. Nelson
Assistant Inspector General
for Audits and Administration
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on "Review of Training Expenses at
the Department of Energy's Office of Fossil Energy"

BACKGROUND

The Department of Energy's Office of Fossil Energy (Fossil Energy) is responsible for Federal research, development, and demonstration efforts on advanced fossil energy technologies, as well as management of the Nation's Strategic Petroleum Reserve. Fossil Energy is committed to providing its Federal workforce with learning opportunities required to ensure success within their current positions, while supporting their Program office's mission critical goals and objectives. As part of a well-rounded continuing education program, Fossil Energy has created numerous training assistance programs to provide its employees with opportunities to enhance their skills and competencies through advanced degrees and college-level courses. Department Order 360.1C *Federal Employee Training*, and its predecessor Order 360.1B, required that training be mission oriented. Additionally, the Department's *Federal Employee Training Desk Reference* specified that academic courses obtained through the use of agency training funds must be job related, and required a continued service agreement be signed and submitted with training requests for each training activity that exceeds 180-training hours. Further, Fossil Energy issued additional guidance in 2014 that required training expenditures align with employees' duties and responsibilities as well as increase individual performance.

In May 2016, the Office of Inspector General received a Hotline Complaint alleging that Fossil Energy had paid for an employee's college degree that was unrelated to his current position. We initiated this review to examine the facts surrounding the allegation.

RESULTS OF AUDIT

We substantiated the allegation that Fossil Energy officials approved training for one employee that was not applicable to his official workplace responsibilities, as required by Departmental

regulations. This employee left the Department for work in the private sector shortly after receiving his law degree in May 2013. Additionally, we found that Fossil Energy had not considered the use of a continued service agreement for this employee despite the fact that he had taken extensive training at considerable cost to the Department. Finally, we identified a separate instance where Fossil Energy spent funds for another employee to participate in a training course; however, prior to the completion of the training he departed the agency. The Department was unable to recover the training funds expended on the course.

Training Unrelated to Official Duties

We found that from 2009 through 2013, Fossil Energy paid for 29 college courses, totaling approximately \$138,000, for a general engineer to obtain a law degree. This employee enrolled in three to four law-related courses a semester at the American University in Washington, DC. Based on our review, we concluded that a majority of the courses taken by the employee were unrelated to his position at the Department. For example, while working as an engineer for Fossil Energy, the employee completed courses including Pre-Trial Civil Litigation, Evidence, Criminal Law, and Torts. Department Orders 360.1B and 360.1C, in place at the time, required training be applicable to workplace responsibilities and be mission-oriented. Further, the Department's *Federal Employee Training Desk Reference* specified that for funds spent on academic courses to be considered allowable, the courses must be job-related to the employee's official duties.

We found that although Fossil Energy had sufficient review/approval policies and procedures in place, in this instance, these controls were overridden by senior management officials in the approval chain at the time, including the Chief Operating Officer and Principal Deputy Assistant Secretary. Specifically, training approval officials told us that when they questioned the applicability of the law-degree courses for a general engineer, senior management officials verbally directed them to approve the training requests. Although the applicability of training courses had been questioned on a number of occasions (and by a number of reviewers), no documentation existed to explain why senior management officials directed training officials to approve the courses. Further, we were unable to interview these management officials because they had left the agency.

Subsequent to 2013, Fossil Energy implemented numerous changes to its training program. Specifically, Fossil Energy hired additional staff to serve as training specialists to assist in overseeing its training process. Fossil Energy also performed an informal assessment of its training program and issued interim guidance in 2014 to address immediate concerns regarding oversight of the training approval process, followed by the development and issuance of a more detailed, formal training policy in 2015. In issuing its formal policy, Fossil Energy created competitive academic and leadership programs as well as clarified requirements for other trainings. However, the training specialists stated that while they oversee the training process, senior management retains the final approval authority with respect to training requests. Ultimately, given that senior management retains final approval authority, a best practice would be to properly document and/or provide support for any decision falling outside of those prescribed in policy.

Continued Service Agreements

We found that Fossil Energy had not considered obtaining a continued service agreement for the employee, even though he had taken extensive training at considerable cost to the Department. Current Departmental regulations including Department Order 360.1C and the Department's *Federal Employee Training Desk Reference* require employees participating in training that exceeds 180 hours in duration, sign a written continued service agreement. Department regulations further state that training may be a single activity or a group of concurrent or sequential activities with a common purpose, obtained from the same source. While no single course attended by this employee exceeded the 180-hour requirement, the aggregate of the courses taken at American University totaled approximately 1,000 hours. As such, a continued service agreement should have been completed.

While the Department regulation only requires continued service agreements for training activities that exceed 180-training hours, it allows Department elements, such as Fossil Energy, to establish a lesser hour threshold for continued service agreements, if applied equitably to all participants. Further, given the significant investment expended by Fossil Energy, consideration of additional factors when determining continued service agreement requirements may be prudent to help ensure training funds are efficiently and effectively utilized. For instance, Fossil Energy's training policy lacked additional criteria, such as a monetary threshold, for determining when continued service agreements were necessary. Refining its training policies to allow for an expansion in the consideration of continued service agreement requirements would help to ensure that Department funds are expended efficiently and effectively.

Other Matters

During our review, we identified an instance where Fossil Energy approved another employee for training, however, prior to completion of the course, the employee resigned from his position with the Department. Specifically, Fossil Energy paid approximately \$15,000 for a 6-month training course for an employee from December 2014 to May 2015. However, in February 2015 prior to completion of the course, the individual left the Department for a position in the private sector. According to a program official, in this case, a continued service agreement was not required because the course did not meet the 180-hour threshold. Program officials stated that because a continued service agreement was not signed, Fossil Energy did not have the ability to recover the funds, despite the fact that the training had approximately 3 months remaining at the time the employee left the Department.

EFFECT

Without ensuring that funds are spent on training related to job responsibilities, the Department may not receive the maximum benefit of training funds spent and enhance the capabilities of the Federal workforce at Fossil Energy. Further, taxpayer funds may not be put to the most beneficial use in support of the Program's mission. Finally, by not considering the use of continued service agreements, Fossil Energy may not fully benefit from enhancing its workforce's capabilities over time.

RECOMMENDATIONS

To ensure that Fossil Energy obtains the maximum benefit from training its employees with taxpayer dollars, we recommend that the Acting Assistant Secretary, Office of Fossil Energy require the Director, Office of Management and Field Operations, to:

1. Ensure that the established training approval process is adhered to, and that deviations to the process are fully documented, reviewed, and approved; and
2. Consider additional criteria to aid in determining if a continued service agreement is required, such as establishing a monetary threshold.

MANAGEMENT RESPONSE

Management generally concurred with the report's recommendations and identified a number of actions that were either completed or planned to address our recommendations. Specifically, management agreed to adhere to the established training approval process and developed a Decision Document template to capture the approval of deviations from the formal process. Further, management agreed to review the current policy and consider including a training cost element to the continued service agreement evaluation process. Management's formal comments are included in Attachment 3.

AUDITOR COMMENTS

We consider management's comments and corrective actions, taken and planned, to be responsive to our recommendations.

Attachments

cc: Deputy Secretary
Chief of Staff
Acting Under Secretary for Science and Energy

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The objective of this audit was to examine the facts surrounding an allegation that the Department of Energy's Office of Fossil Energy (Fossil Energy) paid for an employee's college degree that was unrelated to his current position.

SCOPE

This audit was conducted between June 2016 and July 2017 at Department Headquarters in Washington, DC and Germantown, Maryland; and the National Energy Technology Laboratory, a Fossil Energy field site, in Pittsburgh, Pennsylvania and Morgantown, West Virginia. The audit was conducted under Office of Inspector General project number A16PT047.

METHODOLOGY

To accomplish our audit objective, we:

- Reviewed applicable laws, regulations, policies, and procedures pertaining to the review and approval of employee training expenses;
- Reviewed prior reports and assessments issued by the Office of Inspector General and the Government Accountability Office;
- Obtained and analyzed emails from current and former employees to substantiate the allegation;
- Held discussions with officials to obtain an understanding of the overall training process, the request and approval process of training requests, and the process to identify the applicability of continued service agreements at Fossil Energy and the National Energy Technology Laboratory;
- Held discussions with officials responsible for reviewing and approving training requests for the individuals in our sample; and
- Obtained a universe of training records for Federal employees at Fossil Energy Headquarters and the National Energy Technology Laboratory from October 2009 to June 2016.

We then judgmentally selected a sample of 10 employees to determine whether they received training unrelated to their duties. In making our selections, we included the employee identified in the allegation, as well as other employees that completed high-dollar training and took academic courses from colleges/universities. For the employees selected in our sample, we performed an analysis of official training records from the Department's Information System; the

official training request form, Standard Form 182, from the Corporate Human Resource Information System; and continued service agreements, where applicable. In some instances, we additionally requested and analyzed performance appraisals and documentation regarding detail-assignments (both within the Department, and other Federal agencies). Because we did not use a statistical sample, we could not project our results to the population.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. Accordingly, the audit included tests of controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed compliance with the *GPRA Modernization Act of 2010* and found that the Department had established performance measures in accordance with the Act. We relied on computer-processed data to achieve our audit objective. We conducted a limited reliability assessment of computer-processed data which included comparing the data to source documents for accuracy and we deemed the data to be sufficiently reliable for the purposes of our review. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit.

Management officials waived an exit conference on June 22, 2017.

RELATED REPORTS

Office of Inspector General

- Audit Report on [*National Nuclear Security Administration's Site Office Training and Staffing*](#) (OAS-L-10-05, June 2010). This report found that the National Nuclear Security Administration had not always ensured that staff training requirements were defined nor had it fully planned to meet staffing needs. Specifically, the audit found that the National Nuclear Security Administration had not determined the continuing education training requirements for site office personnel who provide assistance, guidance, direction, oversight, or evaluation of contractor activities that could affect the safe operation of defense nuclear facilities. The audit also identified that site offices had not always prepared succession plans to ensure the effective transfer of knowledge that would be necessary if the National Nuclear Security Administration was to successfully address potential retirement losses.

Government Accountability Office

- Report on [*A Guide For Assessing Strategic Training and Development Efforts in the Federal Government*](#) (GAO-04-546G, March 2004). This report acted as a guide for agencies in developing an effective training process. As such, the report stated that agencies should establish and implement continued service agreements to allow for employee development while also protecting agency interests. The report stated that the use of training agreements and continued service agreements are tools for fully utilizing employees to meet organizational and staffing needs.

MANAGEMENT COMMENTS



Department of Energy
Washington, DC 20585

June 20, 2017

MEMORANDUM FOR SARAH B. NELSON
ASSISTANT INSPECTOR GENERAL FOR AUDITS AND ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

FROM: ALARIC SOTO, DIRECTOR 
OFFICE OF MANAGEMENT & FIELD OPERATIONS
OFFICE OF FOSSIL ENERGY

SUBJECT: Management Response to the Office of Inspector General Draft Report Titled
Review of Training Expenses at the Department of Energy's Office of Fossil Energy

Thank you for the opportunity to review and comment on the subject draft report. Fossil Energy (FE) is in general agreement with the findings presented in the report. Fossil Energy is deeply committed to creating and maintaining a properly trained workforce capable of accomplishing our critical mission. As noted in the report, in 2015, FE implemented a professional development and training policy and associated programs that provide employees with opportunities to enhance their skills and competencies within compliance to federal and departmental training policies and regulations. The Fossil Energy Professional Development and Training Policy is posted on the FE intranet, accessible to FE staff. The following is in response to the two recommendations in the Report.

Recommendation 1 – Ensure that the established training approval process is adhered to, and that deviations to the process are fully documented, reviewed, and approved.

Response: Fossil Energy will continue to adhere to the established training approval process. In addition, the Office of Management & Field Operations (FE-6) developed a one-page Decision Document template (attached) to document the approval of deviations from the training approval process. Use of the template will commence immediately.

Recommendation 2 – Consider additional criteria to aid in determining if a Continued Service Agreement (CSA) is required, such as establishing a monetary threshold.

Response: Fossil Energy will review the current policy relating to CSAs for Non-Program, Tuition Assistance Program, and the Academic Degree Program to consider revisions that include a training cost element. Changes to the existing policy would be implemented following the completion of applicable bargaining obligations under the HQ and NETL Collective Bargaining Agreements. The estimated completion date is September 29, 2017.

If you have any questions regarding this response, please contact me at 202-586-4100.

Attachment

cc: Kimberly D. Rasar, DAS for Operations
Margaret Schaus, Acting Chief of Staff
Alaric Soto, Director, Office of Management & Field Operations

FEEDBACK

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Washington, DC 20585

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