



Audit Report



OIG-20-041

BILL AND COIN MANUFACTURING

Mint Human Resources Practices Need Improvement

July 17, 2020

**Office of Inspector General
Department of the Treasury**

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Abbreviations

ARC	Bureau of the Fiscal Service’s Administrative Resource Center
DASHR/CHCO	Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer
e-OPF	electronic Official Personnel Folder
EEO	equal employment opportunity
GRS	General Records Schedule
GS	General Schedule
HCAAF	Human Capital Assessment and Accountability Framework
HCD	Human Capital Directorate
HCF	Human Capital Framework
IRS	Internal Revenue Service
Mint	United States Mint
NDAAs	National Defense Authorization Act

NARA	National Archives and Records Administration
OIG	Office of Inspector General
OPM	Office of Personnel Management
SES	Senior Executive Service
SF	standard form
Treasury	Department of the Treasury
WSD	Workforce Solutions Department

*The Department of the Treasury
Office of Inspector General*

July 17, 2020

David J. Ryder, Director
United States Mint

This report presents the results of our audit of human resources practices at the United States Mint (Mint). We initiated this audit in response to four complaints received by our office that alleged, among other things, unethical and unfair hiring and promotion practices at the Mint.

The objectives of this audit were to (1) determine whether the Mint conducted its human resources activities with respect to hiring for General Schedule (GS)-14, GS-15, and Senior Executive Service (SES)¹ positions in accordance with federal and Department of the Treasury (Treasury) requirements and Mint policies and procedures and (2) assess the Treasury OIG Hotline complaints, alleging among other things, unfair and unethical human resource practices at the Mint.

To accomplish our objectives, we (1) reviewed laws and regulations as well as Treasury and Mint policies and procedures related to human resources practices; (2) interviewed management and staff responsible for the hiring process; and (3) reviewed records of personnel actions, including files and other documentation maintained for recruiting and promotions.

¹ Under the Civil Service Reform Act of 1978, SES members "...ensure that the executive management of the Government of the United States is responsive to the needs, policies, and goals of the Nation and otherwise is of the highest quality." They serve in the key positions just below the top presidential appointees and are the major link between these appointees and the rest of the federal workforce. SES members operate and oversee nearly every government activity in approximately 75 federal agencies. Office of Personnel Management (OPM) manages the overall federal executive personnel program, providing the day-to-day oversight and assistance to agencies as they develop, select, and manage their federal executives.

We performed our fieldwork from August 2014 through March 2015 with subsequent follow up through July 2018. Appendix 1 provides a more detailed description of our audit objectives, scope, and methodology.

Results in Brief

Although the Mint generally conducted its human resources activities in accordance with federal and Treasury requirements, some improvements are needed. Specifically, we found that the Mint (1) misassigned a reemployed annuitant when it hired an annuitant for one position but then assigned the employee to another role outside the scope of the reemployed annuitant hiring authority, and (2) did not consistently maintain documentation of personnel actions and the related decision-making processes for new appointments and reassignments/realignments.

The four complaints received by our office contained 16 allegations, including human resources violations in the hiring and promotion processes, inappropriate assignment of a properly appointed reemployed annuitant, and general cronyism. Some complaints alleged poor communication from managers in the Workforce Solutions Department (WSD), which was responsible for the Mint's human resources activities. During our audit scope period—October 1, 2011 through June 30, 2014—WSD restructured its workforce three times. Several WSD staff told us that they did not understand the reasoning behind the reorganizations. We have summarized the allegations and our audit dispositions in appendix 2.

We recommend that the Mint Director take action to: (1) ensure the Mint assigns reemployed annuitants in a manner consistent with the scope and limitations of the applicable appointment authorities, (2) ensure all required records are included in the electronic Official Personnel Folders (e-OPFs),² and (3) establish internal controls to properly manage and maintain all records related to the hiring and promotion processes.

² The e-OPF system is maintained by the OPM as the electronic version of each federal employee's official personnel folder.

In its response, Mint management concurs with our findings and recommendations. They are currently taking the necessary actions to address the recommendations outlined in this report. Management's planned corrective actions meet the intent of our recommendations. The Mint's management response, in its entirety, is provided in appendix 3.

Background

The Mint's principal mission is to produce the nation's circulation coinage for trade and commerce. The Mint also produces commemorative and investment products for collectors and investors. In addition to its headquarters in Washington, DC, the Mint has four production facilities located in Philadelphia, Pennsylvania; West Point, New York; Denver, Colorado; and San Francisco, California. It also maintains the U.S. bullion depository at Fort Knox, Kentucky.

Personnel Management

In the Federal Government, the Office of Personnel Management (OPM) has the authority to (1) manage personnel functions, which may be delegated by the Director of OPM to the heads of executive branch agencies that employ individuals in the competitive service; (2) establish standards that will apply to the activities of OPM or any delegated agencies; and (3) establish and maintain an oversight program to ensure that personnel management activities are carried out in accordance with the Merit System Principles.³

The United States Merit Systems Protection Board is an independent, quasi-judicial agency in the executive branch that serves as the guardian of federal merit systems. The board's mission is to "protect the Merit System Principles and promote an effective federal workforce free of Prohibited Personnel Practices." The Merit System Principles are nine basic standards governing the management of the executive branch workforce to ensure that the Federal Government is able to recruit, select, develop, and maintain a high-quality workforce to reduce

³ 5 U.S.C. 1104, *Delegation of authority for personnel management* (November 19, 1995)

staffing costs and improve organizational results. The Prohibited Personnel Practices are specific behaviors that undermine the Merit System Principles and limit the effectiveness and efficiency of the federal workforce.

Treasury Human Resources and Chief Human Capital Officer

Treasury Directive 12-31 delegates the authority for decisions on personnel management matters to the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO).⁴ The DASHR/CHCO is responsible for Treasury-wide policy and oversight in all areas of human capital management.⁵ The DASHR/CHCO's mission is to develop and manage innovative human capital business practices to help supervisors, managers, and employees with workforce productivity, diversity, leadership effectiveness, and individual development.

The DASHR/CHCO is also responsible for implementing policies governing the creation, development, maintenance, processing, use, dissemination, and safeguarding of personnel records detailed in federal statute.⁶ OPM requires agencies to (1) maintain personnel records in the personnel management or personnel policy setting process, and (2) recognize the format of the official personnel folder as the official record in either paper or electronic format.⁷ The e-OPF system should, among other things, be thoroughly documented and able to produce legible paper copies of all records.

⁴ Treasury Directive 12-31, *Delegation of Personnel Authority to Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer* (December 15, 2009, Reaffirmed January 27, 2017)

⁵ Human capital management includes employment and staffing, compensation, benefits, executive resources, succession planning, labor and employee relations, workforce development, performance management, diversity management, equal employment opportunity, and other human capital functions.

⁶ 5 CFR 293.101, *Purpose and scope* (November 9, 1979)

⁷ Office of Personnel Management Operating Manual, *The Guide to Personnel Recordkeeping, Update 13* (June 1, 2011)

Workforce Solutions Department

During the scope of this audit, WSD performed the human resources activities at the Mint.⁸ In addition to overseeing recruitment, hiring, and promotion activities, WSD was responsible for administering the full range of human resource programs available to Mint employees.

Administrative Resource Center

The Mint uses the Bureau of the Fiscal Service's Administrative Resource Center (ARC) for human resources services. The services include, among other things, payroll accounting services, payroll processing, employee benefits services, personnel recordkeeping, position classification services, and staff acquisition services.

Audit Results

Finding 1 The Mint Misassigned a Reemployed Annuitant Outside the Scope and Limitations of the Appointment

The Mint improperly reassigned a reemployed annuitant appointed under the National Defense Authorization Act (NDAA) for Fiscal Year 2010.⁹ Under this law, agencies may reemploy federal retirees to meet mission-critical needs, assist with emergency hiring and difficult recruiting, and retain individuals with a unique skill set or who serve on a critical project. When an annuitant is reemployed, either the annuity terminates or the annuity continues and the individual's salary is offset by the amount of the annuity. A dual compensation waiver, allowing the retiree to retain their annuity and receive a full salary, may be granted by OPM on a case-by-case basis.¹⁰ During the scope of our audit, the Mint properly requested three dual compensation waivers.

⁸ WSD transitioned to become the Human Capital Directorate (HCD) in 2017.

⁹ Public Law 111-84, National Defense Authorization Act for Fiscal Year 2010, Title XI, Civilian Personnel Matters, Subtitle B, *Provisions Relating to Reemployment of Annuitants* (October 28, 2009)

¹⁰ 5 CFR 553.201, *Requesting OPM approval for reemployment without reduction or termination of annuity in individual cases* (September 19, 2007)

In one of the three cases in which the Mint hired an annuitant, according to the complaints, the Mint hired the annuitant as a senior advisor to assist in policy writing. This employee was later assigned to serve as an acting director, a role outside of the scope of their reemployed annuitant status and the initial intended use of the annuitant's skill set. This action was contrary to the intent of the reemployed annuitant hiring authority, which outlines the circumstances in which an annuitant may be hired—namely, to fill an emergency hiring need or for unique projects. The acting director position to which the reemployment was assigned following the original appointment did not meet any of these criteria.

Additionally, an evaluation conducted by the Office of the DASHR/CHCO reported the same misassignment.¹¹ The report focused on the Mint's talent management by assessing the effectiveness of recruitment and retention of qualified employees. As part of the evaluation, 22 delegated examining positions were reviewed, including two reemployed annuitants. The Human Capital Assessment and Accountability Framework (HCAAF)¹² evaluation found that the Mint only "Partially Met" the critical assessment that:

Recruitment, hiring, and merit promotion processes adhere to the merit system principles in 5 U.S.C. 2301 and follow other pertinent legal and regulatory requirements, including other congressionally mandated enabling legislation.

Specifically, one of the reemployed annuitants reviewed, who is also referenced above, was being used "in a supervisory capacity outside of the scope of the NDAA and contradictory to guidance received by the Mint from Treasury Headquarters." The annuitant had been listed as the Acting Chief within WSD on quarterly workforce documents distributed to managers Mint-wide. Mint management claimed during the HCAAF audit; however, that "the annuitant did not perform in a supervisory capacity."

¹¹ Treasury DASHR/CHCO, *Human Capital Assessment and Accountability Framework (HCAAF) Evaluation*, (October 15, 2014)

¹² OPM replaced the HCAAF with the Human Capital Framework (HCF) on April 11, 2017.

Mint management reasserted, for our audit, that the annuitant did not act in any supervisory capacities. They stated that administrative duties previously performed and authorized by the former department director had been designated to upper management, not to the annuitant. However, we found that management had appointed the annuitant to acting director, reported the role in the human resources system, and communicated the role to the staff who report to the acting director. In addition, emails imply that the annuitant conducted performance appraisals for at least two subordinate employees while serving as the acting director.

In changing the reemployed annuitant's duties, the Mint was non-compliant with the requirements of the NDAA for Fiscal Year 2010 and 5 CFR Part 553.201. The placement of the annuitant in the supervisory role also caused confusion among the WSD employees because the annuitant's role was not properly communicated to them. Initially it was communicated that the annuitant was a policy specialist but shortly after she was hired, she became their de facto supervisor.

Recommendation

We recommend the Director of the Mint:

1. Ensure that reemployed annuitants are assigned to positions consistent with the scope and limitations of the authority under which they are appointed. If future use of reemployed annuitants is sought, we recommend that the Mint ensure employees appointed under the current NDAA are assigned consistent with the scope and limitations of those requirements.¹³

¹³ On December 20, 2019, President Trump signed the NDAA for Fiscal Year 2020, Public Law 116-333, which re-extended the reemployed annuitant hiring authority under the NDAA for Fiscal Year 2015, Public Law 111-291, effective October 28, 2014 through December 31, 2019. The reemployed annuitant hiring authority was established under the NDAA for Fiscal Year 2010, Public Law 111-84, effective October 28, 2009 through October 27, 2014.

Management Response

Mint management concurs with this finding and reaffirms its commitment to ensuring that appropriate hiring authorities are consistently and uniformly utilized in accordance with all laws, regulations, and policies. The Mint has recently appointed a new executive who has begun the process of evaluating the current Human Capital Directorate (HCD) and is fully engaged in making further improvements to ensure greater efficiencies and effectiveness in all hiring and staffing processes.

In addition, the HCD will ensure human resources employees responsible for appointing reemployed annuitants are trained in the scope and limitations of how these reemployed annuitants may be assigned following appointment. The Mint will also ensure that annual Human Capital Framework (HCF) evaluations will include a thorough review of appointments in which the reemployed annuitant hiring authority was utilized for compliance with the NDAA.

OIG Comment

Mint management's response meets the intent of our recommendation.

Finding 2 The Mint Did Not Consistently Maintain Documentation of Personnel Actions

The Mint did not consistently maintain documentation of personnel actions. OPM provides guidance to federal agencies on how to process personnel actions¹⁴ in accordance with federal statute.¹⁵ Furthermore, OPM requires that each agency ensure that the e-OPF system, among other things, be

¹⁴ Office of Personnel Management Operating Manual, *The Guide to Processing Personnel Actions, Update 54* (March, 1, 2011). The Guide to Processing Personnel Actions was revised by OPM subsequent to the scope of our audit. The updates reflected through the last revision issued March 5, 2017, do not change the results of our audit.

¹⁵ 5 CFR 250.101, *Standards and requirements for agency personnel actions* (December 27, 2001)

thoroughly documented and able to produce legible paper copies of all records.¹⁶

We reviewed the personnel actions for the GS¹⁷-14, GS-15, and SES positions initiated from October 1, 2011 through June 30, 2014. We used a non-statistical methodology and selected 73 personnel actions, excluding bargaining employees because of different criteria and requirements. For these personnel actions, we tested 65 e-OPF¹⁸ records, which included 24 new appointments, 4 promotions, 16 demotions,¹⁹ 1 termination, and 20 reassignments/ realignments as well as recruiting records from 36 CareerConnector²⁰ files. We reviewed the applicable e-OPFs, CareerConnector, and other hiring documentation, which was not sufficient to provide a complete understanding of some of the personnel decisions.

- A Standard Form (SF)-52, *Request for Personnel Action*,²¹ was not in the e-OPF for 14 of the 65 (22 percent) personnel actions.

¹⁶ Office of Personnel Management Operating Manual, *The Guide to Personnel Recordkeeping, Update 13* (June 1, 2011)

¹⁷ The GS classification and pay system covers most civilian white-collar federal employees in professional, technical, administrative, and clerical positions and has 15 grades. Agencies establish the grade of each job series based on the level of difficulty, responsibility, and qualifications required. Each grade has 10 steps, and within-grade or step increases can be given at intervals of 1, 2, or 3 years.

¹⁸ Eight (3 terminations and 5 reassignments/realignments) of the 73 e-OPFs were not available for review because the Mint employees transferred to another federal agency or resigned. Therefore, we tested 65 personnel actions.

¹⁹ The 16 demotions reflected employees who returned to lower grade positions at the end of temporary promotions.

²⁰ CareerConnector is Treasury's talent acquisition solution, providing Federal hiring software and associated services purchased through Monster Government Solutions. With Career Connector, Federal agencies can recruit, evaluate, assess, review, select, and on-board candidates received from USAJobs. The CareerConnector files we reviewed related to 24 new hires, 4 promotions, and 8 reassignments/realignments.

²¹ Supervisors and managers use the SF-52 to request (1) position actions, such as the establishment of a new position or the reclassification of an existing position; (2) employee actions, such as an appointment or promotion; and (3) actions involving both a position and an employee, such as the establishment and filling of a position or the reclassification of a position and reassignment of an employee to the reclassified position.

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- The SF-50, *Notification of Personnel Action*,²² was not in the e-OPF for 6 of the 65 (9 percent) of the personnel actions.
 - The evaluation panel records for 9 of the 24 (38 percent) new appointments and 5 of the 20 (25 percent) reassignments/realignments were not available.
 - The selection memoranda were not available for 18 of the 24 (75 percent) new appointments.

According to Treasury guidance,²³ bureaus must use the General Records Schedule (GRS), issued by National Archives and Records Administration (NARA), for administrative records, but can request deviations. The heads of bureaus must ensure that their respective bureaus and offices develop, implement, and maintain a continuous record disposition program consistent with the provisions of federal records regulations.

Although, Mint management told us that they follow NARA for record disposition, the Mint did not comply with the following requirements of the NARA GRS:

- Schedule number²⁴ N1-GRS-79-2, Item 1, which requires that records related to the promotion of an individual (and that document qualification standards, evaluation methods, selection procedures, and evaluations of candidates) be destroyed after an OPM audit or 2 years after the personnel action is completed, whichever is sooner.
- Schedule number NC1-64-77-10, Item 8, which requires that correspondence related to interviews should be destroyed 6 months after the separation or transfer of an employee.

²² The SF-50 documents a personnel action that affects the federal employee's position or pay.

²³ Treasury Directive Publication TD P 80-05, *Records and Information Management Manual* (June 27, 2002). TD P 80-05 was revised by Treasury subsequent to the scope of our audit. The updates reflected through the last revision issued January 31, 2018, do not change the results of our audit.

²⁴ NARA assigns a unique identifier to a category of records indicating that their disposition has been approved by NARA. This is also known as the schedule number.

Mint management told us that:

- ARC, the Mint’s service provider, is responsible for uploading documents into the e-OPFs; however, according to OPM, the Mint is responsible for maintaining the e-OPFs.
- They do not maintain paper copies of the SF-52 and SF-50 after providing them to ARC to upload to the e-OPFs.
- Evaluation panel records were not maintained because there was no clear policy for record retention. The selection memoranda were not available because of an oversight (1) in records management or (2) during the hiring process.

The DASHR/CHCO HCAAF Evaluation referenced in finding 1, also reported that the Mint was not reviewing its e-OPFs. As part of the evaluation, 3 case files were reviewed. The HCAAF evaluation found that several Mint employees either did not have e-OPFs or the personnel documentation included in the e-OPFs was not complete or accurate. Consequently, the HCAAF evaluation determined that the Mint had “Not Met” the “Personnel action (SF-50) processing, Official Personnel Folder maintenance, and other administrative activities conform to regulatory and legal requirements” portion of the review.

Because Mint management did not ensure that the e-OPFs were complete and documentation of personnel actions was properly maintained, there is not an adequate audit trail of the hiring and promotion processes. Additionally, for a new appointment, such documentation may be needed if an unsuccessful job applicant files a complaint.

Recommendations

We recommend the Director of the Mint work with ARC to:

2. Ensure all required records are included in the e-OPFs.

Management Response

Mint management concurs with this finding and will continue to work with ARC to ensure required records are included in employees' e-OPF files.

OIG Comment

Mint management's response meets the intent of our recommendation.

3. Establish internal controls to ensure all records related to the hiring and promotion processes are properly managed and maintained.

Management Response

Mint management concurs with this finding and is committed to establishing more effective communication with ARC to ensure all appropriate personnel documentation is submitted timely for processing. The Mint looks to ARC as an important business partner and will explore additional efforts to effectuate improvements to include audits of e-OPFs during HCF Talent Management evaluations.

The HCD has also established a policy that requires all supervisors record selections in CareerConnector, currently utilized by Treasury, to include documentation of the interview process. These records will be reviewed during HCF Talent Management evaluations.

OIG Comment

Mint management's response meets the intent of our recommendation.

* * * * *

We appreciate the cooperation and courtesies extended to our staff during the audit. If you wish to discuss the report, you may contact me at (202) 927-8783. For major contributors to this report, see appendix 4, and for report distribution, see appendix 5.

/s/
Katherine E. Johnson
Audit Director

Appendix 1

Objectives, Scope and Methodology

The objectives for this audit were to (1) determine whether the United States Mint (Mint) conducted its human resources activities with respect to hiring for General Schedule (GS)-14, GS-15, and Senior Executive Services (SES) positions in accordance with federal and Department of the Treasury (Treasury) requirements and Mint policies and procedures and (2) assess the Treasury OIG Hotline complaints, alleging among other things, unfair and unethical human resource practices at the Mint.

To accomplish our objectives, we identified the legal authorities used by the Mint to conduct its human resources operations. We reviewed the following laws, regulations, and guidance associated with personnel actions, including recruitment, promotions, demotions, reassignments/realignments, and separations:

- 5 U.S.C. 1104, *Delegation of authority for personnel management* (November 19, 1995)
- 5 U.S.C. 2301, *Merit systems principles*
- 5 U.S.C. 2302, *Prohibited personnel practices*
- Public Law 107-174, Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (May 15, 2002)
- Public Law 111-84, National Defense Authorization Act for Fiscal Year 2010, Title XI, Civilian Personnel Matters, Subtitle B, *Provisions Relating to Reemployment of Annuitants* (October 28, 2009)
- Public Law 113-291, Carl Levin and Howard P. "Buck" McKeon, National Defense Authorization Act for Fiscal Year 2015, Title XI, Civilian Personnel Matters, Section 1107, *Extension of part-time reemployment authority* (December 19, 2014)
- Public Law 116-333, National Defense Authorization Act for Fiscal Year 2020, Title XI, Civilian Personnel Matters, Section 1117, *Extension of Authority for Part-Time Employment* (December 20, 2019)

Appendix 1

Objectives, Scope and Methodology

- 5 CFR 293.101, *Purpose and scope* (November 9, 1979)
- 5 CFR 250.101, *Standards and requirements for agency personnel actions* (December 27, 2001)
- 5 CFR 553.201, *Requesting OPM approval for reemployment without reduction or termination of annuity in individual cases* (September 19, 2007)
- National Archives and Records Administration General Records Schedules, Transmittal 22 (April 2010)
- Office of Personnel Management Operating Manual, *The Guide to Processing Personnel Actions, Update 54* (March 1, 2011).
- Office of Personnel Management, *The Guide to Personnel Recordkeeping, Update 13* (June 1, 2011)
- Treasury Directive Publication TD P 80-05, *Records and Information Management Manual* (June 27, 2002)
- Treasury Memorandum for United States Mint Human Resources Specialists, *United States Mint Staffing Policies* (November 14, 2008)
- Treasury Directive 12-31, *Delegation of Personnel Authority to Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer* (December 15, 2009, Reaffirmed January 27, 2017)
- Treasury Directive 12-41, *Delegation of Authority Concerning Equal Employment Opportunity (EEO) Programs and Treasury Complaint Center (TCC)* (June 8, 2010)
- Treasury Directive 67-01, *Collection and Safeguard Requirements for Ethnicity, Race, and Disability Data* (May 6, 2014)
- Treasury Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO), *Human Capital Assessment and Accountability Framework (HCAAF) Evaluation* (October 15, 2014)

Appendix 1

Objectives, Scope and Methodology

- Mint-Wide Policy Memo HR-40, *Disciplinary or Adverse Action for Employees Who Violate Antidiscrimination and Whistleblower Protection Laws* (February 12, 2010)
- Mint Directive 335.B, Chapter 6, Human Resources Management, *Promotion and Internal Placement for Bargaining and Non-Bargaining Unit Positions* (October 2001)
- Mint Directive 337.C, Chapter 6, Human Resources Management, *Competitive Examining–Category Rating* (October 2010)
- Mint Directive 1614-002, Chapter 5, Equal Employment Opportunity, *Prevention of Unlawful Harassment* (September 2013)
- Mint Directive 1614-003, Chapter 5, Equal Employment Opportunity, Part A Management, *Prevention of Unlawful Sexual Harassment* (September 2013)

We interviewed Mint management and staff responsible for Mint personnel actions. During these interviews, we obtained an understanding of the hiring and promotion processes and the overall Mint work environment.

To address the four complaints of unethical and unfair hiring and promotion practices at the Mint received by our office, we reviewed the personnel actions for the GS-14, GS-15, and SES positions initiated during our audit scope period—October 1, 2011 through June 30, 2014. We used a non-statistical methodology and selected 73 personnel actions, including 24 new appointments, 4 promotions, 16 demotions, 4 terminations, and 25 reassignments/realignments. This selection excluded bargaining employees because of different criteria and requirements.

Appendix 1

Objectives, Scope and Methodology

For these personnel actions, we reviewed 65 electronic Official Personnel Folders (e-OPFs)²⁵ records, as well as recruiting records from 36 CareerConnector files.²⁶ Specifically, we reviewed the e-OPF documentation, including the vacancy announcements, certificates of eligibility, the Standard Form (SF)-50 and SF-52, and other supporting documentation. In CareerConnector, we reviewed job announcement data, position descriptions, job applications, candidate evaluation criteria, and candidate selection data. Mint management also provided the approving officials' and evaluation panels' records for all hiring and reassignment actions, as well as the personnel management advisory committee and/or hiring freeze waivers for all hiring, permanent promotion, reassignment, and realignment personnel actions.

We also reviewed all Equal Employment Opportunity (EEO)²⁷ and Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act)²⁸ complaints alleging unfair Mint hiring and promotion practices. Mint employees in GS-14 positions and above filed 12 EEO complaints from October 1, 2011 through June 30, 2014. None of the EEO complaints we reviewed involved improper hiring practices at the Mint.

We assessed the reliability of the Mint's data by (1) performing electronic testing of required data elements, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials

²⁵ Eight (3 terminations and 5 reassignments/realignments) of the 73 e-OPFs were not available for review because the Mint employees transferred to another federal agency or resigned. Therefore, we tested 65 personnel actions.

²⁶ The CareerConnector files we reviewed related to 24 new hires, 4 promotions, and 8 reassignments/realignments.

²⁷ A federal employee or job applicant, who believes that a federal agency has discriminated against them, has a right to file a complaint, generally within 45 days from the day the discrimination occurred.

²⁸ Public Law 107-174, the No FEAR Act became effective on October 1, 2003 and imposes additional duties upon Federal agency employers intended to reinvigorate their longstanding obligation to provide a work environment free of discrimination and retaliation.

Appendix 1

Objectives, Scope and Methodology

knowledgeable about the data. In addition, we traced data provided to us back to source documents.

Although we could not independently verify the reliability of all this data due to some missing documentation (see finding 2 for details), we compared it with other available supporting documents to determine data consistency and reasonableness. For these efforts, we believe the information we obtained is sufficiently reliable for this report.

We performed our fieldwork from August 2014 through February 2015 at the Mint Headquarters in Washington, DC. We also conducted a subsequent follow up through July 2018.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2

Summary of Complaints and Audit Results

The results of our audit of the 16 allegations made in the 4 anonymous complaints are as follows:

Allegation	Results
Leaders do not communicate effectively.	The United States Mint (Mint) employees told us that Mint leadership does not communicate well. For example, the Mint staff did not understand (1) the Workforce Solutions Department (WSD) reorganizations and (2) why certain managers were removed from their positions. Although poor communication is not effective leadership, we did not find evidence of any violation of federal or Department of the Treasury (Treasury) regulations or of intent by management to create a hostile working environment.
Senior management is aware of, but does not resolve, staff complaints.	Although Mint senior management acknowledged the complaints, the employees told us that the issues are not resolved because of a lack of communication.
Telework policies are unsatisfactory.	Several WSD employees told us that they were upset when the telework policy was changed. Full-time telework was previously available, but under the revised policy, employees are required to come into the office at least 1 day per week. They believed the policy change was unfair because some long-distance employees were still allowed to work remotely on a full-time basis. However, we found no violation of federal or Treasury regulation. Telework is an employee privilege and is available at management's discretion.

Appendix 2

Summary of Complaints and Audit Results

Allegation	Results
Internal Revenue Service (IRS) affiliates were preselected. ²⁹	In our testing, we found that IRS affiliates, including reemployed annuitants, were selected for (1) non-competitive positions and (2) non-competitive, temporary appointments. For Senior Executive Service (SES) positions, lateral transfers are allowable on a non-competitive basis. We also noted that, in several of the competitive positions, evaluation panel records and other documentation was not available to evaluate candidate rankings. Finding 2 in the report discusses the lack of documentation in detail.
WSD leadership hired IRS employees without competition to fill new Mint positions.	The Mint used its reemployed annuitant hiring authority to fill temporary positions. Under the National Defense Authorization Act for Fiscal Year 2010, the Mint may fill certain non-competitive, limited-term positions by sending justifications to the senior management advisory committee. Finding 1 in the report discusses the inappropriate assignment of a properly appointed reemployed annuitant in detail.
Selection of IRS officials hurt morale and productiveness.	Based on our Mint staff interviews, employee morale has been impacted by the hiring of former IRS officials. However, we did not find evidence of any violation of federal or Treasury regulations.
Equal Employment Opportunity (EEO) complaints are not handled by the Mint until they become formal EEO filings.	Based on our review of the 12 EEO complaints from October 1, 2011 through June 30, 2014, we found that the Mint handled complaints in the informal process prior to the complainants filing formal EEO complaints through the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO). However, in all 12 cases, alternative dispute resolutions offered in the informal process were either rejected by the complainants or had failed and the complainants elected to file formal complaints, or the complainant simply filed a formal complaint.

²⁹ Preselection is defined as knowing in advance who they are going to select and following through regardless of the qualifications of other applicants. (*Preserving the Integrity of the Federal Merit Systems: Understanding and Addressing Perceptions of Favoritism*, December 2013). Preselection is unlawful where a decision maker intentionally grants an unauthorized preference or advantage to a candidate. Preselection requires evidence that the hiring process was manipulated with the intent of improving or injuring a particular person's chances of selection.

Appendix 2

Summary of Complaints and Audit Results

Allegation	Results
Unqualified individuals were hired into senior leadership positions.	Our testing showed that qualified candidates were selected for some non-competitive positions. However, for several competitive positions, evaluation panel records and other documentation was not available to evaluate candidate qualifications. Finding 2 in the report discusses the lack of documentation in detail.
Executive core qualifications (ECQs) were written for a Mint SES employee before joining the Mint.	Based on our review of the Office of Personnel Management (OPM) guidance, we found (1) OPM, not the Mint, prescribes the ECQs based on the position, and (2) no evidence that the ECQ requirements were revised by the Mint to favor a SES candidate.
Mint employees have not had the opportunity to compete or advance for any of the General Schedule (GS)-15 positions because positions were offered to IRS candidates.	Our testing showed that at least three GS-15 positions were announced during our audit scope period (October 1, 2011 through June 30, 2014), and non-IRS candidates were competitively selected for all of them.
Employees were improperly demoted.	The complaints alleged that two non-WSD managers were demoted because of their involvement in a specific contract. We found that one manager left the Mint and the other manager was laterally transferred within grade, which is not a demotion. In addition, a GS-15 WSD manager was also laterally transferred to a GS-15 position with different job responsibilities after completing a detail at another agency.
A disproportionate number of African American leaders have been demoted.	We found that none of the Mint employees named in the complaints were demoted. Instead, one manager left the Mint and two other managers were laterally transferred to new positions. Two of the three managers were African Americans; however, we found no evidence that the transfers were motivated by racial discrimination.

Appendix 2

Summary of Complaints and Audit Results

Allegation	Results
Complaints made by Caucasian employees are resolved more quickly than those made by African Americans.	We found no evidence to support this allegation. The only correlations we noted were based on the circumstances of the cases. Such as, if the EEO complainant elected to request an Equal Employment Opportunity Commission hearing, the timeline for resolution was longer than if a settlement was reached. However, our testing was limited to positions at the GS-14 level and above. We are not making any assertion for positions at the GS-13 level or below. Furthermore, if no EEO complaint was filed we did not receive information on the details of how complaints were resolved so we would not have insight into any informal complaints.
Unfair advantage was given in the promotion of an employee to GS-14.	The complaints stated that an employee was given an unfair advantage to fill a GS-14 vacancy in WSD. Specifically, because the employee was not qualified to fill the vacancy, another GS-14 employee's responsibilities were given to the named GS-13 employee prior to the announcement to allow the GS-13 employee to be more competitive for the GS-14 vacancy. However, we found insufficient evidence that the employee was given an unfair advantage.
The Mint has an excessive number of GS-15 and SES level managers given its small size.	During our audit, we did not analyze job classifications so we cannot assess the appropriate level of leadership positions. However, the Mint justified its WSD reorganizations by attempting to streamline and reduce the number of leadership positions. Ultimately, the total number of GS-15 and SES positions did not decrease.
Many EEO complaints center on discrimination.	From October 1, 2011 through June 30, 2014, 9 of the 12 complaints tested alleged discrimination based on age, sex, race, color, or some combination of those factors.

Appendix 3

Management Response



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

MEMORANDUM FOR KATHERINE E. JOHNSON
AUDIT DIRECTOR
DEPARTMENT OF THE TREASURY
OFFICE OF INSPECTOR GENERAL

FROM: David J. Ryder 
Director, United States Mint

SUBJECT: Management Response to Office of Inspector General Draft Report,
Audit of Human Resources Practices at the United States Mint

BACKGROUND

On July 18, 2014, the Office of Inspector General (OIG) sent the United States Mint (Mint) an Engagement Memorandum initiating an audit of human resources activities with respect to hiring for senior level positions at the Mint. The objectives of the audit were a) to determine whether the Mint conducts its human resources activities with respect to GS-14 positions and higher in accordance with Federal requirements and Mint policies and procedures, and b) to assess the validity of Treasury OIG Hotline complaints, alleging, among other things, unfair and unethical human resources practices at the Mint.

On January 30, 2020, the OIG provided the Mint with the draft audit report entitled, "*Audit of Human Resources Practices at the United States Mint.*" The draft report (report) contained two findings:

1. The Mint misassigned a reemployed annuitant outside the scope and limitations of the appointment.
2. The Mint did not consistently maintain documentation of personnel actions.

ANALYSIS

The Mint has thoroughly reviewed the attached Report and concurs with all the findings and recommendations. We are currently taking the necessary actions to address the recommendations outlined in the OIG's Report.

MANAGEMENT RESPONSE TO FINDINGS AND RECOMMENDATIONS

Finding 1: The Mint misassigned a reemployed annuitant outside the scope and limitations of the appointment.

Recommendation 1: We recommend the Director of the Mint ensure that reemployed annuitants are assigned to positions consistent with the scope and limitations of the authority under which they are appointed. If future use of reemployed annuitants is sought, we recommend that the Mint ensure employees appointed under the current National Defense Authorization Act (NDAA) are assigned consistent with the scope and limitations of those requirements.

Management Response: The Mint concurs with this audit finding and reaffirms its commitment to ensuring that appropriate hiring authorities are consistently and uniformly utilized in accordance with all laws, regulations, and policies. The Mint has recently appointed a new executive who has begun the

Appendix 3

Management Response

process of evaluating the current Human Capital Directorate (HCD) and is fully engaged in making further improvements to ensure greater efficiencies and effectiveness in all hiring and staffing processes.

In addition, the HCD will ensure all Human Resources employees responsible for appointing reemployed annuitants are trained in the scope and limitations of how these reemployed annuitants may be assigned following appointment. We will also ensure that annual Human Capital Framework (HCF) evaluations will include a thorough review of appointments in which the Reemployed Annuitant Hiring Authority was utilized for compliance with the NDAA.

Finding 2: The Mint did not consistently maintain documentation of personnel actions.

Recommendation 2: We recommend the Director of the Mint work with the Administrative Resources Center (ARC) to ensure all required records are included in the e-OPFs.

Management Response: The Mint concurs with this finding and will continue to work with ARC to ensure required records are included in employees' e-OPF files.

Recommendation 3: We recommend the Director of the Mint work with ARC to establish internal controls to ensure all records related to the hiring and promotion processes are properly managed and maintained.

Management Response: The Mint concurs with this finding and is committed to establishing more effective communication with ARC to ensure all appropriate personnel documentation is submitted timely for processing. The Mint looks to ARC as an important business partner and will explore additional efforts to effectuate improvements to include audits of e-OPFs during HCF Talent Management evaluations.

The HCD has also established a policy that requires all supervisors record selections in the Career Connector System currently utilized by the Department of the Treasury to include documentation of the interview process. These records will be reviewed during HCF Talent Management evaluations.

SUMMARY

The Mint is committed to continuous improvement to ensure compliance with Federal requirements and Mint policies and procedures in our hiring processes. The recommendations provided will assist us in improving our overall hiring practices and strengthening our internal controls related to maintaining requisite documentation for hiring processes.

I want to thank the OIG for its review of Mint hiring practices. Your recommendations will assist the Mint in improving our operations and achieving our mission of connecting America through coins.

Appendix 4

Major Contributors to This Report

Kiira M. Jones, Auditor-in-Charge
Justin D. Summers, Program Analyst
Justin M. Walker, Auditor
Shaneasha Edwards, Referencer

Appendix 5

Report Distribution

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