At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We assessed the capability of the U.S. Environmental Protection Agency's (EPA's) human resources (HR) management system to provide the information technology (IT) support necessary for successful implementation of EPA's shared service center (SSC) initiative.

Background

In June 2008, EPA began consolidating HR transactional services under three EPA SSCs. EPA expected the consolidated SSCs to provide better results at a lower cost. EPA had documented the necessity of upgrades to its HR management system to achieve these efficiencies. The Office of Management and Budget (OMB) has mandated that agencies migrate to an Office of Personnel Management (OPM)-certified shared service center (certified SSC) unless an agency can show that it can maintain its own operations at a lesser cost.

**For further information,
Contact our Office of
Congressional, Public Affairs
and Management at
(202) 566-2391.**

**To view the full report,
click on the following link:
www.epa.gov/oig/reports/2009/
20090811-09-P-0206.pdf**

EPA's Human Resources Management System Did Not Deliver Anticipated Efficiencies to the Shared Service Centers

What We Found

The EPA SSC initiative lacked the necessary management controls to achieve efficiency and effectiveness. In our draft report, we noted that EPA's Office of Administration and Resources Management (OARM) lacked necessary cost analysis and OMB approval to upgrade PeoplePlus with an automated workflow feature in support of the establishment of the EPA SSCs. These actions were contrary to OARM's own 2007 Business Case Study (*Shared Service Center for Human Resources*) that stated EPA needed to upgrade its HR management system to make the SSCs successful. EPA launched the SSCs in June 2008 before obtaining the necessary upgrades. Subsequent to the release of our draft report in April 2009, EPA changed its approach to achieving anticipated efficiencies at its SSCs. EPA has determined that it is not cost-effective to update PeoplePlus. Further, EPA's testing of an automated workflow feature to help improve HR processing in support of EPA SSCs has proven unsuccessful, causing the Agency, in part, to abandon the project.

EPA now looks to find an OPM-certified HR Line of Business (LoB) provider who can provide the required HR IT support. This decision would be in agreement with the previous recommendation included in our draft report pending a detailed cost analysis for migration. However, EPA spent considerable time and funds pursuing the former options. We concur with the Agency's decision to migrate to a certified HR-LoB provider since it cannot justify upgrading PeoplePlus. However, we believe that EPA must seek approval from OMB regarding its current hybrid approach whereby the Agency would retain its current HR personnel who would use an OPM-certified provider's HR system.

What We Recommend

Going forward, EPA needs to have the appropriate analysis, actions and approvals in place to ensure the effective management of the Agency's HR function. Therefore, we recommend that the Assistant Administrator for OARM: (1) obtain approval from OMB for the level of migration intended by EPA; (2) develop a baseline cost estimate to determine and secure necessary funding for migration to a certified SSC; (3) establish realistic milestones with OMB for migration to a certified SSC; and (4) document the risk of using PeoplePlus until EPA migrates to a certified SSC.