



U.S. Department of the Interior Office of Inspector General

Follow-up Evaluation of the Department of the Interior's Policies and Procedures Related to the Rural Development Act of 1972

Report No. E-EV-MOA-0073-2004

July 2004



United States Department of the Interior

Office of Inspector General

Eastern Region Audits
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Evaluation Report

To: Assistant Secretary, Policy, Management and Budget

From: William J. Dolan, Jr. *William J. Dolan, Jr.*
Regional Audit Manager, Eastern Region

Subject: Final Report, "Follow-up Evaluation of the Department of the Interior's Policies and Procedures Related to the Rural Development Act of 1972", (No. E-EV-MOA-0073-2004)

This report presents the results of our follow-up evaluation of the Department of the Interior's (DOI) policies and procedures related to the Rural Development Act of 1972 (RDA). We prepared the report in accordance with Section 636 of the Consolidated Appropriation Act of 2004, Public Law 108-199. Section 636 requires that no later than 6 months after the date of enactment of the Act, the Inspector General of each applicable department or agency shall submit to the Committee on Appropriations a report detailing what policies and procedures are in place for each department or agency to give first priority to the location of new offices and other facilities in rural areas, as directed by the RDA.

Background

The RDA required the heads of all executive departments and agencies of the Government to establish and maintain departmental policies and procedures giving first priority to the location of new offices and other facilities in rural areas. In May 2002, Congress enacted the Farm Security and Rural Investment Act of 2002 (Public Law 107-171), which clarified the definitions of "rural" and "rural area" to mean: "any area other than (i) a city or town that has a population of greater than 50,000 inhabitants; and (ii) the urbanized area contiguous and adjacent to such a city or town." The purpose of this definition was to eliminate the confusion between interpretations of the existing language.

We completed similar reports in 2002 and 2003.¹ In our 2003 report (No. 2003-I-0060, dated August 20, 2003), we recommended that the Assistant Secretary, Policy, Management and Budget (1) update the Department Manual (DM) to reflect the revised definitions of “rural” and “rural area” as found in the Farm Security and Rural Investment Act of 2002 and (2) develop or direct the bureaus to develop procedures for implementing the policies related to the RDA.

Scope

We reviewed the DM, interviewed officials in DOI’s Office of Acquisition and Property Management, and sent inquiries to 53 DOI locations to identify new or revised policies regarding the establishment of new offices in rural areas. We prepared our report in accordance with the President’s Council on Integrity and Efficiency Quality Standards for Inspections, as applicable.

Discussion

We found that DOI updated Part 101, Chapter 3, of the DM (Attachment) to reflect the new definitions of “rural” and “rural area” as found in the Farm Security and Rural Investment Act of 2002. Based on our inquiries during the preparation of this report, DOI also directed its bureaus and offices to provide, by August 31, 2004, an implementation plan for ensuring that first priority is given to locating new offices and facilities in rural areas². Based on these actions, we consider the recommendation from our prior report to be implemented.

A response to this report is not required. The report will be listed in our semiannual report to the Congress, as required by Section 5(a) of the Inspector General Act.

Attachment

¹ The Treasury and General Government Appropriations Act of 2002 (Public Law 107-67) and the Consolidated Appropriations Act of 2003 (Public Law 108-7) contained the same reporting requirement for Inspectors General as the Consolidated Appropriations Act of 2004.

² 2004 Memorandum from the Director of the Office of Acquisition and Property Management, to heads of bureaus and offices.

Department of the Interior
Departmental Manual

Effective Date: 3/16/04

Series: Organization

Part 101: Organization Management

Chapter 3: Planning and Approval for Headquarters and First-Level Field Offices

Originating Office: Office of Planning and Performance Management

101 DM 3

3.1 Purpose. This chapter defines responsibilities and describes the requirements to obtain approval for making headquarters and first-level field office organization changes, and for establishing, abolishing, or relocating first-level field offices as defined in 101 DM 2.4A(10). Requirements for changing second-level field offices are provided in 101 DM 4.

3.2 Scope. The policy and the requirements apply to all bureaus and offices of the Department.

3.3 Policy. Organization descriptions of headquarters and first-level field offices are published in the Departmental Manual.

A. Headquarters organization descriptions published in the Departmental Manual will include delineation of both line and staff organizations through at least the division level.

B. The Departmental Manual must include the functional statement and location of any headquarters program and technical or administrative organizational unit that is not located in the headquarters city.

C. First-level field office organization descriptions published in the Departmental Manual will describe general functions and responsibilities but not organizational substructure.

D. The Departmental Manual must include the geographic locations of first-level field offices and delineation of the geographic areas under their jurisdictions.

3.4 Responsibility. Bureaus and offices are responsible for implementing internal procedures to ensure comprehensive and expeditious Departmental clearance reviews.

3.5 Planning for Organizational Changes. Early coordination and briefing with appropriate Departmental offices fosters identification of potential issues and concerns and can result in significant savings of time during the Departmental clearance review

A. Whenever possible, field offices/organizations will collocate and share administrative and support services in the interest of economy and efficiency.

B. All organizations, both headquarters and field, will be structured to perform their mission in a manner that is both effective and efficient and that promotes quality services to customers.

C. Staffing plans for organizational structures must be established within the limits of budgetary and personnel ceiling controls.

D. Bureaus/Offices must observe the requirements of 370 DM 711, Subchapters 1-8, Labor Management Relations, Obligation to Negotiate, and bureau policies covering labor management relations. The Department's statutory obligation to consult with labor organizations outlined in 370 DM 711, 4.1C, National Consultation Rights, **must** be met to avoid unfair labor practices. The labor-management relations aspects of proposed organizational changes should be coordinated with the Office of Personnel Policy when the proposal becomes a final draft and before the proposed DM release is submitted to the Department for review and approval. Response time for national consultation may require a maximum time of 35 days which includes the required time for actual review by the unions. The Office of Personnel Policy will analyze the consultative documents to determine the amount of time required. Following national consultation, the package can be submitted formally to the Department.

3.6 Federal Policies Related to Field Office Changes.

A. Space Management. When planning changes to field organizations and locations, consideration must also be given to FMR 102-79 and 425 DM 1. Coordination with GSA may also be required.

B. Rural Development. The Rural Development Act of 1972 (RDA) requires that first priority be given to locating new offices and facilities in rural areas. The Farm Security and Rural Investment Act of 2002, Public Law No.107-71, defines rural and rural area.

(1) Rural and rural area means any area other than a city or town that has a population of greater than 50,000 inhabitants, and/or the urbanized area contiguous and adjacent to such a city or town.

(2) Urban area means any metropolitan area as defined by the Office of Management and Budget and any non-metropolitan area that meets one of the following criteria:

(a) A geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of 10,000 or more inhabitants;

(b) That portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government, but has a population density equal to or exceeding 1,500 inhabitants per square mile; or

(c) That portion of any geographical area having a population density equal to or exceeding 1,500 inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of 10,000 or more inhabitants. (Source: Intergovernmental Cooperation Act of 1968, 40 U.S.C. 535.)

3.7 Departmental Review and Clearance.

A. Submitting Requests for Organizational Changes. Requests for changes to headquarters and first-level field offices will be submitted by memorandum. (Guidance for preparing the memorandum is contained in Appendix 1). The request will be submitted to the Department for final review and clearance as follows:

(1) Bureau Directors will submit requests for organizational changes through their Program Assistant Secretary to the Assistant Secretary - Policy, Management and Budget.

(2) Secretarial Office Heads reporting to the Secretary or Deputy Secretary will submit requests for changes to the Assistant Secretary - Policy, Management and Budget.

(3) Secretarial Office Heads reporting to the Assistant Secretary - Policy, Management and Budget will submit changes to the Director, Office of Planning and Performance Management.

B. Documents Required. Requests for changes to organizations will include the following:

(1) Clearance Record (Form DI - 228);

(2) Transmittal Sheet (Form DI - 415);

(3) Proposed Departmental Manual release (the revised chapter(s)). The requirements for formatting organization chapters are described in 011 DM 2.5A;

(4) Justification memorandum (including supporting documents) as described in 101 DM 3, Appendix 1;

(5) Staffing Matrix (See sample in Appendix 2). The staffing matrix may be developed in landscape as it will not be included as part of the chapter in the electronic system. It is only used as supporting information.

(6) Appropriate organizational charts;

(7) Maps of regional offices, as needed;

(8) Annotated copy of the current DM Chapter indicating the proposed revisions.

C. Review and Surnaming. The Assistant Secretary - Policy, Management and Budget will forward all requests to the Office of Planning and Performance Management. The Office of Planning and Performance Management will determine the appropriate reviewing offices, monitor, and coordinate the Departmental review with the appropriate policy offices.

(1) Secretarial offices will review the request simultaneously for adherence to Departmental policies and/or other Federal requirements. Upon completion of the reviews, and if necessary, resolution of any issues, each office will surname and return the Clearance Record to the Office of Planning and Performance Management. The reviewing offices may vary, but will generally include:

(a) The Office of Planning and Performance Management will review proposals to determine if the requirements in 101 DM have been met.

(b) The Office of Personnel Policy will review proposals for position management, human resources, and labor-management relations implications.

(c) The Office of Congressional and Legislative Affairs will review proposals for the impacts of proposed changes on Congressional districts and as appropriate, will notify members of Congress.

(d) The Office of Budget will review proposals for cost effectiveness, consistency with fiscal policy, the effect of proposed full-time equivalent employment on Departmental targets, and any effects on understandings the Department has with Congress regarding reprogramming. The Office of Budget will advise bureaus and offices on whether or not a reorganization proposal must be forwarded to any Congressional Committees.

(e) Any other Secretarial Offices, as appropriate, for review of legal or program implications in areas under their jurisdictions.

(2) Each reviewing office will be given **ten** working days to review the request and surname or submit comments to the Office of Planning and Performance Management.

D. Resolving Issues. The Office of Planning and Performance Management is responsible for resolving any conflicts and problems that arise during the review process. Reviewing offices must notify the Office of Planning and Performance Management of their concerns and problems. The Office of Planning and Performance Management will coordinate with the reviewing office(s) and the requesting office to determine appropriate action to resolve the matter. If satisfactory resolution is not reached at the office or bureau level, the Office of Planning and Performance Management will coordinate with the appropriate bureau or office head, Assistant Secretary and/or other Secretarial Officers to resolve the matter. If the problem is not resolved at the Assistant Secretary level, the request will be forwarded to the Secretary along with a description of the unresolved problem(s) and a recommendation(s) for resolution.

3.8 **Approval.** Upon receipt of the surnames and/or resolution of issues, the Office of Planning and Performance Management will forward the request to the Assistant Secretary - Policy, Management and Budget (and when appropriate, the Secretary) for signature and final approval.

3.9 **Implementation.** An organization change becomes effective upon approval or on a date specified in the directive. Interim organizational changes, assignments of personnel, or reprogramming of funds and other resources related to organizational changes at levels affecting the Departmental Manual may not be implemented until a Departmental Manual release or a Secretary Order is approved.

3.10 **Announcements.** Congressional or public notification of organizational changes at levels affecting the Departmental Manual may not be made without the approval of the Assistant Secretary - Policy, Management and Budget, the supervising member of the Secretariat, and the Director of Congressional and Legislative Affairs. For major organizational changes, the Department Office of Communications may require a communications plan as prescribed in 470 DM 1.3A(3), prior to notifying the public.

CONTENTS OF MEMORANDUM REQUESTING
APPROVAL OF
HEADQUARTERS OR FIRST-LEVEL FIELD OFFICE
ORGANIZATIONAL PROPOSALS
WHICH AFFECT THE DEPARTMENTAL MANUAL
(Justification Memorandum)

Prepare a memorandum addressed to the approving official as required in 101 DM 3.6A. The purpose of the memorandum is to explain the reason for the change and highlight key management decisions and significant organization impacts and changes. The memorandum should also address the following:

1. Description of the organizational change, including the name and location of both proposed and present organizations.
2. Justification for change.
 - a. Factors making the change necessary.
 - b. Rationale for selecting organizational structure and/or location proposed.
3. Cost effectiveness.
 - a. Cost of the reorganization (e.g., relocation costs).
 - b. Operational cost for the proposed organization and the difference in operational costs between the present and proposed organization (e.g., costs associated with salaries, utilities, rent, transportation, travel).
4. Management effects.
 - a. Effects on program management and operations including both efficiency and effectiveness.
 - b. Effects on the quality of goods and services provided to customers.
5. Budgetary impacts and/or effects on pending budget requests.
6. Human Resources requirements (Position Management, human resources, and Labor-Management Relations).

a. Explain how the proposed changes comply with 370 DM 312, Position Management, and/or explain the reason for any deviations. The explanation should include some consideration of the following:

(i) Cost effectiveness of work structures (how many positions are needed to do the work, whether specific positions are needed, etc.).

(ii) Fragmentation of the organization and distribution of complex work over too many positions.

(iii) Establishment of too many levels in the chain of command.

(iv) Justification for any newly established senior level positions, e.g., deputy, special assistant, and staff assistant, etc.

(v) Supervisory ratio (number of employees supervised).

b. Specifically identify in the new organization those positions which are proposed at the SES level and indicate any increases or decreases in the number of these positions as compared to the current organization.

c. Analyze and explain the effects of the reorganization on employees in terms of accretion or erosion of duties, increased or decreased career potential, changes in reporting relationships, grade level changes, and gain or loss of positions. Where any of these changes could be construed to affect employees adversely, specific actions should be explained (i.e., reassignments, grade and pay retention, reduction-in-force).

d. Indicate compliance with 370 DM 711, 4.1C, National Consultation Rights and the Rural Development Act of 1972, 7 U.S.C. 2204b-1.

7. Indicate the name, organization, and telephone number of a person(s) to whom questions should be directed.

8. Attach the following documents to the memorandum:

a. The proposed new or revised Departmental Manual release. (Formatting requirements for organization chapters are described in 011 DM 2.5A.)

b. Organization chart(s) and maps, as appropriate.

c. A Staffing pattern matrix, when needed (See Appendix 2).

d. A copy of the current organization chapter published in the Departmental Manual, annotated to indicate the changes being made to the organization.

SAMPLE OF STAFFING PATTERN MATRIX

Administrative Services

PROPOSED ORGANIZATION								
Current Org.	Curr. Pos.	Assoc. Dir., Admin. Serv.	Hum. Res.	Mgmt. & Fiscal Services Div.	Contract. & Prop. Mgmt. Div.	EEO	Pos. to Units Outside Prop. Org.	Pos. Elim.
Assoc. Dir., Admin.	1	1	.	.	.	.	.	.
Deputy Assoc. Dir., Admin.	1	.	.	.	.	.	.	1
EEO	4	.	1	.	.	3	.	.
Per.	4	.	4	.	.	.	.	.
Budget	6	.	.	5	1	.	.	.
Fin.	4	.	.	4	.	.	.	.
Org. & Methods	6	.	.	6	.	.	.	.
Cont. & Prop. Mgmt.	6	.	.	.	4	.	1*	1
Subtotal	32	1	5	15	5	3	1	2
New Pos.	.	1	.	.	.	.	.	.
Total		1	6	15	5	3	30	.

*Office of Information Resources Management

(For positions transferred outside of the proposed organization, use an asterisk beside the number and provide the name of the unit(s) at the bottom of the page.)

Note: For each row, the sum of the numbers to the right of the "Current Positions" column (number in the "Proposed Organization" plus number "Transferred" and/or "Eliminated") should equal the number in the "Current Positions" column.

3/16/04 #3607

Replaces 12/11/01 #3382

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