



Review of PWBA's Enforcement and Training Programs

U.S. Department of Labor
Office of Inspector General
Office of Analysis, Complaints and Evaluations

Report No. 2E-12-121-0001
March 24, 2000

Table of Contents

Executive Summary	2
Purpose	5
Background	5
Methodology	7
Findings	8
Effectiveness of PWBA’s Enforcement Program Based on Performance:	8
Adequacy of PWBA Training Programs in Support of the Enforcement Program:	10
Background To Evaluation of Training for Investigative Staff	10
Review of Position Descriptions and Position Standards	11
Training Programs	14
Training Courses Developed by the Agency	14
Programs of Continuing Education	18

On-the-Job Training and Individual Development	21
Conclusions	22
Recommendations	22

Appendix

A. Agency Response

Executive Summary

The Office of Inspector General conducted this review in response to an anonymous letter received from investigators and auditors of the Pension and Welfare Benefits Administration (PWBA). The complaint alleges that GS-1801 Investigators and GS-511 Auditors in PWBA cannot effectively investigate criminal activities because they do not possess the proper criminal investigative training and law enforcement powers afforded to GS-1811 Criminal Investigators/Special Agents.

In FY 1998, 97.6% of PWBA's opened cases were civil cases, while 2.4% were criminal cases. Therefore, rather than limit the scope of the evaluation to criminal enforcement, we broadened the scope to assess the effectiveness of PWBA's entire enforcement program.

Our assessment focused on two areas: (1) the effectiveness of PWBA's enforcement program based on the agency's performance data; and (2) the adequacy of the training programs that support the enforcement program.

Our findings are:

Effectiveness of PWBA's Enforcement Program Based on Performance:

Based on the PWBA's FY 1998 and 1999 performance goals and results, our evaluation of the effectiveness of PWBA's enforcement program shows the enforcement program is effective.

Adequacy of PWBA Training Programs in Support of the Enforcement Program:

Overall, we concluded that PWBA's training initiatives to provide and maintain a level of proficiency for its investigators and auditors are appropriate for the enforcement of the Employee Retirement Income Security Act of 1974 (ERISA).

During FY 1998, PWBA established baseline enforcement measures in accordance with the Government Performance and Results Act of 1993 (GPRA). FY 1999 was the first year that GPRA goals were required to be implemented. In examining the agency's performance data for FYs 1998 and 1999, we found that all performance measures relating to PWBA's enforcement program have been exceeded.

In examining the agency's training programs that support the enforcement program we found that PWBA provides a series of in-house training programs for investigators, and offers numerous opportunities for continuing education, sponsored by the agency.

We interviewed representatives from PWBA's Office of Enforcement, the Office of Program Planning, Evaluation, and Management, and a sampling of investigators and auditors. We learned that the agency's training commitment consists of four major components: (1) training courses developed by the agency; (2) programs of continuing education; (3) on-the-job training; and (4) individual development opportunities.

Interviews with the investigators and auditors revealed a general satisfaction regarding adequacy of training programs in support of the enforcement program. However, we learned of several areas of concern among the interviewees, which include: (1) a need for a more structured approach to training and mentoring new investigators in five of the ten PWBA regions; (2) a need to survey individual employee training needs of investigators and to incorporate those needs in the annual training plans; and (3) a need for more advanced annual planning for sending investigators to the Federal Law Enforcement Training Center (FLETC) training programs available to the agency.

In examining the job descriptions and performance standards for investigators and auditors, we found three essential requirements in common in both positions, at all levels. We were able to identify associated training programs for all of the position requirements.

For the most part we found that PWBA has an established, well planned training initiative to support their investigative personnel. Our recommendations should serve to enhance the existing training programs. They are:

- Ensure that new employee training/mentoring programs are available for new investigators and auditors in each of the ten Regions. Complete the updating of the Self Study Guides, and incorporate

them into the training/mentoring programs by the end of FY 2000.

- Conduct an individual employee survey of the training needs of investigators and auditors during FY 2000. The survey should minimally address these training needs and topics: (1) a refresher course for GS-12/GS-13 investigators, including updated information on criminal techniques and employee benefit plan accounting; (2) more advanced interviewing techniques, incorporated into one of the existing internal training classes; (3) advanced computer training; (4) training on other federal regulations, such as the IRS code; and (5) writing skills.
- Following PWBA's review and analysis of the results of the individual employee survey described above, training needs should be prioritized in order of their importance. The agency should address the development and implementation of such training needs in the FY 2001 Program Operating Plan.
- The agency should review its Financial Institutions class for its applicability to case work, timing of scheduling of employees for the class, and contents.
- Each regional office should maintain a roster of individuals that can best make use of the various FLETC courses offered during the fiscal year. As slots are then made available to the regional offices, the appropriate candidates could promptly be selected to attend the course offered.

Agency Response and OIG Conclusion

The agency's response to the OIG's official draft report agrees with the recommendations made. The recommendations have been resolved and will be considered closed upon OIG's receipt of the documentation detailed in the recommendations section of the report. The agency's complete response can be found in Appendix A.

Purpose

An anonymous letter was received from investigators and auditors of the Pension and Welfare Benefits Administration (PWBA) alleging that GS-1801 Investigators and GS-511 Auditors in PWBA cannot effectively investigate criminal activities because they do not possess the proper criminal investigative training and law enforcement powers afforded to GS-1811 Criminal Investigators/Special Agents.

In FY 98, 97.6% of PWBA's opened cases were civil cases, while 2.4% were criminal cases. Therefore, rather than limit the scope of the evaluation to criminal enforcement, we have broadened the scope to assess the effectiveness of PWBA's entire enforcement program.

Our assessment focused on two areas: (1) the effectiveness of PWBA's enforcement program based on the agency's performance data; and (2) the adequacy of the training programs that support the enforcement program.

The evaluation is being conducted in support of PWBA's strategic goal #4--to deter and correct violations of the relevant statutes. It also assists the Department of Labor (DOL) in meeting its strategic goal #2--to promote the economic security of workers and families through a secure workforce.

Background

PWBA administers and enforces the fiduciary, reporting and disclosure provisions of Title I of the Employee Retirement Income Security Act of 1974 (ERISA), which were enacted to address public concerns--that funds of private pension plans were being mismanaged and abused.

Administration of ERISA is divided among the Labor Department, the Internal Revenue Service of the Department of the Treasury (IRS), and the Pension Benefit Guaranty Corporation (PBGC). Title I, which contains rules for reporting and disclosure, vesting, participation, funding, fiduciary conduct, and civil enforcement, is administered by PWBA. Title II of ERISA is administered by the IRS and parallels many of the Title I rules. Title III addresses jurisdictional matters and coordination of enforcement and regulatory activities by the Labor Department and the IRS. Title IV covers the insurance of defined benefit pension plans and is administered by the PBGC.

PWBA's Office of Enforcement (OE) has the responsibility for oversight of planning and implementation of the investigative programs of the agency. There are fifteen PWBA field offices, organized into ten Regional Offices (located in Boston, New York, Philadelphia, Atlanta, Cincinnati, Chicago, Dallas, Kansas City, Los Angeles, and San Francisco) and five District Offices, each of which operates under the direct supervision of a Regional Office (located in Miami, Detroit, St. Louis, Seattle, and Washington, D.C.). Each region is headed by a Regional Director, who reports to the Deputy Assistant Secretary for Program Operations through the Director of Enforcement.

Title I of ERISA imposes substantial law enforcement responsibilities on the Department of Labor; additional law enforcement responsibilities regarding employee benefit plans are imposed by Federal criminal laws. The goal of these statutes is to assure the integrity and fairness of the private employee benefit plan system in the United States.

PWBA's Office of Enforcement promotes the protection of pension and welfare benefits under ERISA by ensuring a strong and effective national and field office enforcement program through policy formulation, project identification and program planning, guidance development and implementation, field liaison, and field and project evaluation. Investigations to detect and correct violations of Title I of ERISA and related criminal laws are conducted by the investigative staff in PWBA's field offices.

The Office of Enforcement is organized into three components: the Division of Field Operations, which coordinates national civil enforcement policy with PWBA field offices and various governmental agencies; the Division of Enforcement Support, which oversees national targeting efforts and provides technical and administrative assistance to PWBA field offices; and the Criminal Coordinator, who coordinates national criminal enforcement policy with PWBA field offices and with other governmental agencies such as the Department of Justice.

PWBA receives legal support for its investigations primarily from Regional Solicitors' (RSOL) offices, and secondarily from the Plan Benefits Security Division (PBSD) in the National Solicitor's Office. The RSOLs provide legal services and support during the investigative phases and then litigate routine civil cases, thereby freeing PBSD to concentrate on those cases that have higher profiles, are policy sensitive, or involve novel legal theories.

Training for the agency is organized through a National Training Coordinator, in PWBA's Office of Program Planning, Evaluation, and Management, with primary responsibility for identifying the overall training needs of the agency.

Methodology

To gather background information, we reviewed the DOL and PWBA internet web sites and the PWBA Enforcement Manual. We then began our current review. We started with the examination of PWBA's performance data which relates to its enforcement program. Subsequently, we reviewed information pertaining to training for PWBA's investigators and auditors.

To determine the effectiveness of PWBA's enforcement program based on the agency's performance data, we reviewed PWBA's performance goals and results related to its enforcement program. Performance goals were derived from the agency's Strategic Plan (FY 1997 – FY 2002). Performance results were provided by PWBA's enforcement office. We did not independently verify the validity of the data provided by the agency.

We eliminated FY 1997 as a review year because PWBA program accomplishments were tracked differently prior to their Government Performance and Results Act of 1993 (GPRA) baseline implementation in FY 1998.

To determine the adequacy of the training programs that support the enforcement program, we interviewed management staff from the National Office, obtained agency data related to all training programs available to investigators and auditors, reviewed applicable position descriptions and standards, reviewed the draft FY 2000 Program Operating Plan Guidance on training initiatives, and interviewed a sampling of investigators and auditors.

To develop the judgmental sample of interviews, we reviewed two lists of information on investigative personnel provided by the agency. One list was a personnel roster by regional and district offices. The second list included information on length of service, education, and training provided within PWBA and at the Federal Law Enforcement Training Center. We decided on a 20% sampling from both the GS-511 Auditor and GS-1801 Investigative series, for all levels. Our use of the term "investigator" includes employees from both the investigator and auditor series. We approximated the total number of investigative employees to be interviewed at 70. Because of the logistical and budgetary constraints involved in interviewing employees in all regions, it was decided that telephone interviews would provide the most expeditious and cost-saving means of interviewing employees.

We did not interview PWBA management from Regional offices, as our interview focus

was on the employees' training experiences. However, we did review the PWBA FY2000 Program Operating Plan draft proposals for training in each Region.

We conducted our review in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

Findings

I. Effectiveness of PWBA's Enforcement Program Based on Performance:

Finding: Based on the PWBA's FY 1998 and 1999 performance goals and results, our evaluation of the effectiveness of PWBA's enforcement program shows the enforcement program is effective.

We examined PWBA's measures and results for its Enforcement Program for fiscal years 1998 and 1999.

Performance goals associated with the enforcement program are aligned with department goals in the following way:

- The PWBA mission and its functions support the DOL's Strategic Goal 2, "a secure workforce-promote the economic security of workers and families."
- The PWBA mission also supports the first two of the three corresponding DOL outcome goals, "increase compliance with worker protection laws," and "protect worker benefits."
- The PWBA's four goals in support of the Department's plan are: (1) deter and correct violations of the relevant statutes; (2) facilitate compliance; (3) assist workers in understanding their rights and protecting their benefits; and (4) encourage the growth of employment-based benefits.
- The performance goals for the enforcement program are aligned with the PWBA strategic goal "to deter and correct violations of the relevant statutes."

During FY 1998, as part of the implementation of the Government Performance and Results Act (GPRA), PWBA updated its original 5-year strategic plan and established the agency's FY 1999 performance plan. Also during FY 1998, PWBA, as part of a departmental level working group, developed and updated

the Department's strategic and annual performance plans. PWBA's goals and objectives were developed in terms of outcomes and outputs corresponding to the mission of the agency.

FY 1999 was the first year that agencies were required to track the specific GPRA performance measures. However, during FY 1998 PWBA determined baselines for certain measures. Below is a chart which shows (1) the original FY 1998 GPRA goals related to PWBA's enforcement program, with year-end results, and (2) the revised enforcement measures for FY 1999 with results:

**PWBA Enforcement Goals & Results
FYs 1998 and 1999**

PWBA STRATEGIC GOAL	PWBA PERFORMANCE GOAL/ ENFORCEMENT	FY 1998 Goal/Actual	FY 1999 Goal/Actual
Deter and correct violations of the relevant statutes.	Increase by 2.5% per year the number of fiduciary investigations closed where plan assets are restored.	Goal: 317 Actual: 642	Goal: 537 Actual: 958
	Increase by 2.5% per year the number of fiduciary investigations closed where prohibited transactions are reversed.	Goal: 180 Actual: 256	Goal: 241 Actual: 389
	Increase by 2.5% per year the number of fiduciary investigations closed where plan assets are protected from mismanagement and risk of future loss is reduced.	Goal: 516 Actual: 725	Goal: 610 Actual: 633
	Increase by .25% per year the ratio of closed civil cases with corrected violations to total civil cases closed. ¹	Goal: 14.83% Actual: 21.02%	Goal: 15.92% Actual: 36.49%
	Increase by .25% per year the ratio of criminal cases referred for prosecution to United States Attorneys or to State prosecutors to total criminal cases.	Goal: 40.25% Actual: 48.67%	Goal: 42.66% Actual: 42.68%

¹Those cases with corrected violations are cases in which PWBA obtained any type of monetary relief (plan assets restored, prohibited transactions reversed), appointment or removal of trustees, correction of administrative practices, or correction of diversification practices.

Both the baseline and revised enforcement performance objectives were exceeded in FYs 1998 and 1999. PWBA utilized a variety of strategies to exceed the enforcement objectives, including:

- C Targeting and investigating violations where plan participants are most susceptible to actual loss of benefits, or "populations" of plan participants who are potentially exposed to the greatest risk of falling victim to unlawful conduct.
- C Identifying civil violations and achieving appropriate correction in the least obtrusive and most cost-effective manner.
- C Investigating cases where meaningful monetary or injunctive relief could be obtained.
- C Referring evidence of criminal activity, whether or not pursued by PWBA, to the appropriate United States Attorney's office or to the appropriate state's attorney's office.
- C Correcting abusive practices by service providers and financial institutions who offer a variety of administrative, financial, consulting, and other types of services to employee benefit plans enabling PWBA to leverage its enforcement resources.

II. Adequacy of PWBA Training Programs in Support of the Enforcement Program:

Finding: Overall, we concluded that PWBA's training initiatives to provide and maintain a level of proficiency for its investigators and auditors are appropriate for the enforcement of the Employee Retirement Income Security Act of 1974 (ERISA).

Background To Evaluation of Training for Investigative Staff

PWBA's Office of Enforcement has responsibility for oversight of planning and implementation of the investigative programs of the agency. During the second quarter of FY 1999, PWBA had an investigative staff of 314 employees, consisting of investigators (GS-5 through GS-12), senior investigators (GS-13) and auditors (GS-07 through GS-12). Through interviews with PWBA management staff at the headquarters location, we learned that auditors and investigators are used interchangeably to perform investigations for PWBA. The agency recruits under the GS-1801 General Inspection, Investigation and Compliance Series, and the GS-511 Auditor series, to obtain a more diverse pool of applicants. Some enforcement activity centers on points of law or specific problems with the application of precedents, statutory language, and court decisions. These types of investigations

do not require the full professional skills of an auditor. In other cases, complex and significant auditing issues do arise. The need for flexibility is met by PWBA managers making an analysis of the nature and level of work available in the Regional and District offices. Then they select either the investigator or auditor series as their recruitment vehicles based on the needs of the office.

Cases may be opened for investigation for a variety of reasons. Information provided by plan participants and beneficiaries is an important source for developing investigations. Annual Returns/Reports of Employee Benefit Plans (Form 5500 Returns) provide financial and operation information. National and regional initiatives also impact the enforcement program. Supervisory personnel in the regional or district offices assign cases based on the experience and skills of the employees available and the complexity of the case.

If an investigation reveals a violation of the civil provisions of ERISA, PWBA takes action to correct the violation. It is the agency's policy to promote voluntary compliance with ERISA whenever possible. PWBA investigators actively seek to allow plans to make corrections of violations prior to referring cases for litigation. When voluntary compliance is not achieved, PWBA may refer a case to the solicitor for litigation.

Investigators also conduct criminal investigations under ERISA as well as Title 18 of the U.S. Criminal Code, regarding violations of employee benefit plans such as embezzlement, kickbacks, and false statements. Prosecution of these criminal violations are handled by U.S. Attorneys' offices.

Decisions regarding whether to seek criminal action turn on a number of factors, including: (1) the egregiousness and magnitude of the violations; (2) the desirability and likelihood of incarceration both as a deterrent and as a punishment; and (3) whether the case involves a prior ERISA violator.

Review of Position Descriptions and Position Standards

We reviewed position descriptions for the GS-511 Auditor series and the GS-1801 Investigative series to determine the nature of the work performed and the knowledge, skills and abilities (KSAs) required to perform that work. Our review shows three essential KSA requirements in common in both series, at all levels. These KSAs are:

- (1) Knowledge of the ERISA act and related federal regulations as they

- (2) pertain to the pension/benefit industry in the private sector; Knowledge of auditing practices and principles, and skill in conducting financial analyses sufficient to reconstruct transactions and identify fiduciary breaches; and
- (3) Ability to plan, organize and conduct an investigation or examination, including ability to work effectively with persons of diverse backgrounds and with potentially conflicting interests.

Since these KSAs are essential at any level, these are the KSAs that were analyzed in relationship to the training offered by PWBA. Implicit in these KSAs is an ability to plan, coordinate, conduct and report on an investigation or examination. Knowledge of investigative techniques and methods, in addition to established interpersonal skills, are required for the purpose of determining compliance with ERISA regulations. Therefore, each of these requirements was examined against the curriculum of the training programs offered by PWBA.

- (1) We determined that training on the ERISA act and related federal regulations is provided through different vehicles: (1) Self-Study Guides for new investigators covers the basic principles necessary to understand the establishment and operation of employee benefit plans and/or the fiduciary responsibility provisions of ERISA; (2) the first part of the Basic Training Course provides comprehensive information on ERISA provisions for which PWBA has primary enforcement responsibility and reinforces the concepts introduced in the self-study guides; (3) on-the-job training provides meaningful opportunities for learning the ERISA regulations; and (4) the Financial Institutions course provides training on federal regulations of banks and investment advisers, in addition to a variety of other topics.

In our interviews with GS-12 investigators and GS-13 senior investigators, we learned that training in the area of related federal regulations (such as the IRS code) is provided on a very limited basis, if at all.

- (2) Training in the areas of auditing practices and principles, and skill in conducting financial analyses sufficient to reconstruct transactions and identify fiduciary breaches, is addressed primarily in the

Employee Benefit Plan Accounting course for those staff members who do not have an educational background in accounting.

- (3) Training on how to plan, organize and conduct an investigation or examination is covered primarily in the second part of the Basic Training course that provides an introduction to the skills and techniques utilized by PWBA investigators. Training on investigative techniques in a variety of areas, (i.e., investment management issues, real estate investments, cash management, ESOPS, and conflicts of interest), is provided in the Financial Institutions course. More specialized training, geared primarily towards criminal casework, is provided through PWBA's Criminal Enforcement course and various courses at FLETC.

On-the-job training, particularly mentoring for new employees, is essential to this KSA. Interviewees reported that forms of mentoring vary within regions, from very informal to very structured. The ability to work effectively with persons of diverse backgrounds and with potentially conflicting interests is learned primarily through on-the-job training, working on a variety of cases. Training on how to conduct interviews is provided in Basic Training, although interviewees report the training is limited in nature. More in-depth training in the area of advanced interviewing techniques is included on the agenda of PWBA's Criminal Enforcement course, and is also taught FLETC.

In our evaluation of the work performed versus training provided we also reviewed the related performance standards for investigators and auditors. The critical elements for both investigators and auditors are: Investigative Productivity, Quality of Investigations, Timeliness, and Team Coordinator (Senior Investigator only). The only non-critical element is "Customer Service." Each of these elements is clearly contained within the knowledges, skills and abilities discussed above. Therefore, we did not conduct additional analysis, associating the standards with specific training activities.

Training Programs

PWBA acknowledges its responsibility to address a variety of training initiatives to

provide and maintain a level of proficiency for its investigators and auditors. A National Training Coordinator is in PWBA's Office of Program Planning, Evaluation, and Management, with primary responsibility for identifying the overall training needs of the agency. The agency's training commitment consists of four major components: (1) training courses developed by the agency; (2) programs of continuing education; (3) on-the-job training; and (4) individual development opportunities.

Training Courses Developed by the Agency

The training courses developed and sponsored by PWBA are:

(1) **Self-Study Guides**: this initial teaching vehicle for new investigators is a two part self-paced training program covering the basic principles necessary to understand the establishment and operation of employee benefit plans and/or the fiduciary responsibility provisions of ERISA. It is normally completed within 120 days of hire as an investigator.

- **Interview Results**: Interviews with a total of 70 investigators revealed the following: some regions require that investigators who are untrained in ERISA law use the guides, while others use them occasionally or not at all (12 (17%) of the investigators reported the guides were not part of their training at all; two interviewees could not recall using the guides). Of the remaining 56 investigators who had utilized the guides, 10 (18%) found them helpful to their training experience, 22 (39%) offered no opinion regarding usefulness of the guides, and 24 (43%) offered a wide range of criticism regarding the guides (i.e. the guides are helpful only when used in conjunction with relevant team case work; the guides are very outdated—they should be updated on a regular basis).

Note: We learned through discussion with PWBA headquarters' management that the self-study course is in the process of being updated. The first volume of the course is being updated by the Wharton School of the University of Pennsylvania, and should be completed no later than the third quarter of FY 2000. The second volume (Introduction to Title 1) is being updated in-house and should be available by the end of FY 2000.

(2) **Basic Training Course**: this formal classroom presentation consists of two

parts and is a required course for all investigators. It is normally taken between 120 days and six months from the date of hire. However, the course is only offered once or twice each year; supervisors must determine when it seems best to send a new investigator (i.e., with less than six months experience, or to wait for a year). The first part provides comprehensive information on those provisions of ERISA for which PWBA has primary enforcement responsibility. This portion of the course is designed to reinforce the concepts introduced in the self-study guides. The second part provides an introduction to the skills and techniques utilized by PWBA investigators. Employees are scheduled for this three week training program by their supervisors, normally during the first year of employment.

- **Interview Results:** Interviews with PWBA investigators elicited general positive support for this class (of the 70 investigators interviewed, 5 (7%) had not taken the class, 23 (33%) offered no opinion on the class, and the remaining 42 (60%) interviewees provided opinions). Of the 42 interviewees providing comments, 38 (90%) found the course helpful, while 4 (10%) did not find it helpful to their case work. Many interviewees stated it was an excellent “hands-on” class with a substantial amount of practical information. The following concerns were shared: (1) the length of the class is too long—three weeks (14 of the 42 (33%) stated this); (2) there is too much information provided in the class—“information overload” (11 of the 42 (26%)); (3) too many speakers just read from prepared notes (8 of the 42 (19%)); and (4) a new investigator needs a frame of reference before taking the class—the class should be scheduled only after several months of on-the-job training (18 of the 42 (43%)). Investigators in the GS-12 and GS-13 levels expressed a need for a refresher class, emphasizing that the industry is not a static one, and periodic updates on advanced employee benefit plan accounting and criminal investigation techniques are needed (18 of 44 (41%) of the interviewees).

- (3) **Financial Institutions:** this required classroom training, normally taken about eighteen months after hire, is designed to provide: (1) an understanding of the structure and operation of institutional investment managers; (2) an awareness of the non-ERISA regulatory environment in which such entities operate; (3) an in-depth understanding of the ERISA regulatory framework within which such institutions provide investment management services to employee benefit plans; and (4) techniques

which are useful in conducting an investigation pursuant to the enforcement strategy.

- Interview Results: We heard the most consistent negative comments regarding this class (29 of 52 (56%) of those who took the class and offered an opinion). Many interviewees stated there is limited practical application of the information, and the course would be more helpful to investigators if it was scheduled after three or more years on the job.

(4) **Employee Benefit Plan Accounting**: this classroom training, normally taken in the employee's second year, is intended primarily for newly hired investigators who do not have a substantial accounting background. It is designed to provide: (1) an introduction to the accounting principles utilized in the development and maintenance of those books and records generally utilized in the administration of employee benefit pension and welfare plans; (2) an understanding of the audit process and the role of an independent public accountant; and (3) techniques which are useful in conducting an investigation utilizing plan financial records.

- Interview Results: Interviews with investigators generally elicited positive comments from those who had taken the class. Some suggested that employees should be given the option of taking the class, including those with an accounting background (13% of those making comments—7 of 52 interviewees). This is because some undergraduate courses do not include work on financial statements, which is needed to conduct a PWBA investigation. Many of the GS-12 and 13 investigators (18 of 44 (41%)) investigators requested a refresher class in this area (previously referenced under the Basic Training Course).

(5) **Criminal Enforcement**: this is the third required training program for all investigators, and is normally taken within the first two to three years of hire. It was developed to focus investigative skills of employees to the issues and considerations unique to the process of conducting criminal investigations. It is designed to: (1) focus on the specific criminal provisions of both ERISA and Title 18 of the U.S. Code which relate to employee benefit plans, by discussing their requisite elements of proof; and (2) provide an in-depth awareness of criminal investigative procedures, relevant case law, and the federal criminal law procedural

process. In conjunction with training on criminal enforcement, PWBA has developed a comprehensive criminal prosecution guide. National Office representatives report that the course is updated annually, and that two to three regional criminal coordinators participate in both the updating and instruction of the course each year.

- Interview Results: Interviews with PWBA investigators elicited praise for this course overall. The curriculum addresses the needs of investigators when conducting a criminal investigation, and is generally presented as “good, hands-on, practical information.”

However, there were some common complaints voiced during the interviews: (1) some senior investigators had not been scheduled for the class prior to receiving criminal case assignments, (of the 15 Sr. Investigators interviewed, 3 stated they have not had the class, 1 complained of needing the class earlier, and 2 complained of waiting approximately 5 years before being scheduled for the class). They did not feel adequately prepared to handle the criminal work. (2) several GS-12 and GS-13 employees (17 of the 45 who offered comments on the subject) expressed a need for a refresher class on criminal investigations, including more training in procedures (i.e. level of evidence, subpoenas, etc.); (3) the National Criminal Coordinator should communicate more with the regional criminal coordinators for employee input when updating the course annually (10 of the 45 GS-12/GS-13 employees interviewed, including two criminal coordinators, expressed this concern).

(6) **Training by the Office of Enforcement**

The PWBA headquarters Office of Enforcement provides annual training to investigators on topical issues of interest. For example, the FY 1999 topic for annual training was health care issues.

- Interview Results: A total of 65 interviewees responded to OE- related training. Forty-three interviewees had no opinion regarding the usefulness of the training. Of the remaining 22, there were 4 employees who found the information helpful. Of the 22 offering

opinions, 8 complained that while headquarters will request input from the field, it is frequently not considered when topics are selected. Eleven of the GS-12 and GS-13 interviewees also suggested that the instructors who provide this annual training spend time intermittently in the field to obtain more hands-on knowledge of the types of information needed by field investigators.

We found the headquarters Office of Enforcement does request input from the regions in the form of a "Program Evaluation," which employees are asked to complete following each annual OE training class. The evaluation addresses the following areas:

(1) positive aspects of the training; (2) negative aspects of the training; (3) suggestions for what things should be done differently, and what should remain the same; and (4) request for topics to be covered in the annual training the following year.

Programs of Continuing Education

- (1) More advanced training is offered as an option for investigators, particularly those who conduct criminal investigations, at FLETC. Availability is limited to a relatively small number of slots for PWBA annually. The National Training Coordinator works with the regional offices in scheduling employees for this training. The PWBA FY 2000 training projections for FLETC shows the following courses available to PWBA investigators, with the number of PWBA slots requested of FLETC for each course. The National Office reports that while PWBA requests this number of slots each year, historically they have never received the full complement of the slots requested. The National office also reported that the agency has not been permitted to send anyone to the Law Enforcement Advanced Interviewing course for the last three years, because no slots were made available to PWBA:

Criminal Investigations in an Automated Environment – 5
Financial Forensics Techniques – 10
Health Care Fraud Investigation – 15
Law Enforcement Advanced Interviewing – 5
White Collar Crimes – 15

- Interview Results: A majority of interviewees (55% of those offering opinions who had taken FLETC classes (15 of 27)) stated that most PWBA in-house training programs were equal to or substantially better than those offered at FLETC. Their opinion was that much of the material was deemed not relevant, or not easily applicable to, PWBA investigations. Employees who had taken the Law Enforcement Advanced Interviewing (formerly called Advanced Interviewing) course deemed it to be extremely useful in general investigative work. Suggestions were made to incorporate some of the advanced interviewing techniques into one of the PWBA in-house courses (Basic Training, Criminal Enforcement Training). Employees noted, in particular, the need to provide training on: (1) how to act in a confrontational situation; (2) how to negotiate in a non-hostile manner; and (3) how to obtain cooperation during the investigation process. (Note: while these topics are listed in the PWBA Criminal Enforcement course agenda, interviewees in the GS-12/GS-13 levels consider this a weak area of training for the agency, and emphasized the need for developing stronger interviewing skills among the investigators (42%, or 19 of the 45 in these levels.)

Several employees (31% (14 of 45)) of the GS-12/GS-13 interviewees complained about the lack of advance notice for FLETC classes. PWBA management explained that FLETC frequently notifies the agency of class availability on short notice. This is because FLETC caters to the training of Federal law enforcement personnel, primarily Criminal Investigators (GS-1811s). Therefore, PWBA is considered a secondary agency, and receives notification of class availability after the primary agencies have completed their scheduling.

We have determined that while the slots are allocated among the regional offices as they become available, each regional office should maintain a roster of individuals that can best make use of the various FLETC courses offered. As slots are then made available to the regional office, the appropriate candidate could promptly be selected to attend the course offered.

- (2) PWBA also sponsors participation in the Certified Employee Benefit Specialist (CEBS) training program, developed by the Wharton School of the University of Pennsylvania. The program is voluntary, and consists of the ten college level courses listed below. To become a Certified Employee Benefit Specialist, a participant must successfully complete all ten examinations.

The programs are computer-based, which provides flexibility for the PWBA employee. The courses have been approved in many states as continuing professional education credit. Most graduates of the program join the International Society of Certified Employee Benefit Specialists (ISCEBS), which provides continuing education opportunities.

- Interview Results: Through our interviews, we learned that employee participation in the CEBS program varied greatly. Some employees had completed the program (9 of 70 interviewees (13%)) and felt it was generally applicable to PWBA work, while others had taken one or more classes (33 of 70 interviewees (47%)). Some employees stated they started but did not complete the curriculum because they judged the courses as irrelevant to their investigative work (7 of the 33 (21%)) who had taken one or more classes, but did not complete the series). We determined that the CEBS program is an excellent training tool for those employees who do not have an employee benefits background. PWBA encourages participation in the program and pays associated financial costs for the program.

CEBS COURSES
Course 1 – Employee Benefits: Concepts and Health Care Benefits
Course 2 – Employee Benefits: Design, Administration and Other Welfare Benefits
Course 3 – Retirement Plans: Basic Features and Defined Contribution Approaches
Course 4 – Retirement Plans: Defined Benefit Approaches and Plan Administration
Course 5 – Contemporary Legal Environment of Employee Benefit Plans
Course 6 – Financial Concepts and Practices
Course 7 – Asset Management
Course 8 – Human Resources and Compensation Management
Course 9 – Health Economics

On-the-Job Training and Individual Development

In addition to formal training programs, PWBA provides a variety of on-the-job and

individual development opportunities for investigators.

Regional and district offices bear primary responsibility for such development of their employees. To supplement the agency-sponsored training courses, supervisors annually assess the training needs of their respective staff. Regions have their own training budgets and the authority to decide on additional individual development training for employees, including courses that provide credits for CPA certification. Approval to attend a specific course normally depends on budgetary constraints. If adequate budget is available and a requested course is relevant to PWBA work, the course is normally approved.

- Interview Results: All Regions conduct quarterly continuing education programs, wherein topical issues affecting the agency are discussed. These types of meetings may range from formal instructional presentations to ad hoc group discussions designed to explore issues of common interest. Outside presenters are invited periodically to provide more in-depth information on topics of interest.

During our interviews, we learned that PWBA's on-the-job training, particularly for new investigators, varies substantially among regional offices. Interviewees from the district and regional offices in Chicago, New York, Atlanta, Kansas City, and Boston reported some form of structured or formalized training/mentoring for new investigators. Employees interviewed from the Philadelphia, Los Angeles, San Francisco, Cincinnati and Dallas regions expressed a need for a more formalized approach to training/mentoring new investigators. Requests were made for a more structured approach to training new employees, including assignment of a mentor, or coach, to guide new investigators through each phase of an investigation.

We want to highlight the efforts made in the Chicago region with regard to new employee training and mentoring. In February, 1997, the Chicago Regional Office (CRO) started a formalized intra-office training program for new hires. The program consists of presentations by senior office staff, as well as training modules. Chicago also incorporated the PWBA Self Study Guides into their program. New employees prepare four self-study assignments weekly and meet with supervisors to discuss the assignments. Ideally, a new employee will complete the designated training topics and self-study in their first six weeks with the CRO.

After completing six weeks of training, the employee is paired with a senior investigator/auditor as part of CRO's coaching program. The coaches are primarily responsible for individual on-the-job training. After completing the structured "coaching" program, the coach then serves as a consultant for the new hire for approximately four to six months.

The coaching and training manuals were developed in the region. CRO designated a coaching coordinator, (not a full-time position; handled by a GS-13 Investigator), to oversee the program. The region has proposed placing its six week training program online.

Conclusions

Based on the PWBA's FY 1998 and 1999 performance goals and results, our evaluation of the effectiveness of PWBA's enforcement program shows the enforcement program is effective.

Overall, we concluded that PWBA's training initiatives to provide and maintain a level of proficiency for its investigators and auditors are appropriate for the enforcement of ERISA.

Recommendations

We recommend the Assistant Secretary for Pension and Welfare Benefits strengthen the agency's training initiatives for investigators by taking the following actions.

- I. **Recommendation:** Ensure that new employee training/mentoring programs are available for new investigators and auditors in each of the ten Regions. Complete the updating of the Self Study Guides, and incorporate them into the training/mentoring programs by the end of FY 2000.

(A) PWBA's response to ensure that "new employee" training/mentoring programs be made available to new investigators and auditors in each of the ten regions.

"We agree that "new employee" training/mentoring programs are appropriate for each

regional office in the PWBA structure. PWBA has encouraged the development of such training programs in each region. To assist in addressing this goal, the materials developed by our Chicago region have been shared with all of the other Regional Directors; as acknowledged in the draft report, some of the other regions have also developed their own orientation programs for new employees. The executive management of PWBA has deferred to the regions the responsibility to develop the specifics of their respective programs. This approach is based on the belief that each region should determine how best to address the selection and training of its investigators and auditors. We will however, direct our Regional Leadership Team (a standing committee of all of the Regional Directors) to develop by July 31, 2000, a framework of minimally required areas to be incorporated in each region's "new employee" training/mentoring program. When completed, we anticipate that all regions which do not already have such a program, will move aggressively to develop their respective new employee training/mentoring programs by the end of FY 2000."

(B) PWBA's response to complete the updating of the Self Study Guides and incorporate them into the mentoring program by the end of FY 2000.

"...there have been numerous changes with respect to the materials covered in Volume I which deals with plan qualification, investment options and welfare arrangements. However, the second volume of this series deals primarily with the fiduciary provisions of Title I of ERISA where the changes over the past 10 years should be characterized as "minor." We are currently working with Dr. Jerry Rosenbloom of the Wharton School of Business at the University of Pennsylvania (and Academic Director of the CEBS training program) to update the first volume of our Self Study Guide. We anticipate a revised version before the end of this fiscal year. The second volume was prepared in-house. PWBA's Office of Regulations and Interpretations staff will [review] this volume, as needed. We would anticipate having these materials reviewed before the end of the fiscal year. We agree that the use of the Self Study guide in conjunction with on-the-job exposure is the most appropriate use of these materials."

OIG's Conclusion on Recommendation Number One:

(A) We concur with the corrective actions and consider this aspect of the recommendation to be resolved. The recommendation will be closed pending our receipt of documentation of the development and implementation of new employee training/mentoring programs in each region of PWBA by the close of FY2000. Documentation should be provided to this office by January 15, 2001.

(B) We concur with the corrective actions and will consider this aspect of the recommendation to be resolved. The recommendation will be closed pending our receipt of documentation of the updating of both volumes of the Self-Study Guides by close of FY2000. Documentation should be provided to this office by January 15, 2001.

- II. **Recommendation:** Conduct an individual employee survey of the training needs of investigators and auditors during FY 2000. The survey should minimally address these training needs and topics: (1) a refresher course for GS-12/GS-13 investigators, including updated information on criminal techniques and employee benefit plan accounting; (2) more advanced interviewing techniques, incorporated into one of the existing internal training classes; (3) advanced computer training; (4) training on other federal regulations, such as the IRS code; and (5) writing skills.

PWBA's response to conduct an individual employee survey of the training needs of investigators and auditors in FY 2000.

"...In response to the OIG recommendation, PWBA will designate a working group to identify options of how best to design and conduct an employee needs survey. We may seek to use the technical assessment services of an outside contractor to refine the assessment vehicle. To ensure meaningful responses to such survey, we would anticipate that development will require several months and that the survey would not be distributed until late FY 2000 or early in FY 2001."

OIG's Conclusion on Recommendation Number Two:

We concur with the corrective actions and will consider this recommendation to be resolved. The recommendation will be closed pending our receipt of documentation of the development, distribution and assessment of results of the survey by the end of the first quarter of FY2001. Documentation should be provided to this office by January 15, 2001, including survey results.

- III. **Recommendation:** Following PWBA's review and analysis of the results of the individual employee survey described above, training needs should be prioritized in order of their importance. The agency should address the development and implementation of such training needs in the FY 2001 Program Operating Plan.

PWBA's response regarding the development and implementation of training needs identified through the survey.

"As noted in our response to the above recommendation, we have committed to design and conduct an all employee training needs assessment. Until we have a schedule for the delivery of the needs assessment, we are not in a position to provide an

implementation time line. However, once we have had the opportunity to evaluate the responses to that survey, we will proceed to design a plan for implementing those recommendations as appropriate.

It is important to note, however, that given the considerable amount of time it takes to develop a course, and the limited personnel resources available to design and teach Agency-sponsored training, we must limit Agency-level courses to broad subject areas. Accordingly, we have elected to address the narrower, more specific subject areas through the use of the OE annual update training vehicle and/or regional quarterly continuing professional training sessions. As your report noted, these training programs are used to handle those subjects identified within each region as relevant to regional initiatives and investigations, e.g., several regions have recently conducted or are about to conduct training on bankruptcy procedures. If regional management believed a topic, such as those you have identified, was needed in their region, a locally-designed training module could be and often has been developed and delivered. Individual employee skill training should be discussed at the regional office-level with immediate supervisors; such needs usually can best be met through on-the-job training or the use of an outside training source.”

OIG’s Conclusion on Recommendation Number Three:

We concur with the corrective actions and will consider this recommendation to be resolved. The recommendation will be closed pending our receipt of information regarding the agency’s plan for addressing training needs identified through the employee survey. Information on the design and implementation of identified training needs should be submitted to this office by April 15, 2001.

- IV. **Recommendation:** The agency should review its Financial Institutions class for its applicability to case work, timing of scheduling of employees for the class, and content.

PWBA’s response regarding the need to review the Financial Institutions class.

“...PWBA management will, however, undertake a thorough review of the continued appropriateness of this course, the timing for attendance at the course and whether the current course agenda should be modified. This review will occur in the 4th quarter of this fiscal year with decisions to be made regarding the course early in FY 2001.”

OIG’s Conclusion on Recommendation Number Four:

We concur with the corrective actions and will consider this recommendation to be

resolved. The recommendation will be closed pending our receipt of information regarding the agency's results of their review of the subject class. Documentation should be submitted to this office by January 15, 2001.

- V. **Recommendation:** Each regional office should maintain a roster of individuals that can best make use of the various FLETC courses offered during the fiscal year. As slots are then made available to the regional offices, the appropriate candidates could promptly be selected to attend the course offered.

PWBA's response regarding maintenance of a roster of individuals for future FLETC courses.

"...We attempt to make decisions about internal allocations quickly; however, the notice time to field offices is often short. Therefore, if regional offices maintained a readily available listing of employees whom they would like to receive training, they would be in a position to immediately provide nominees for slots as they are allocated. This would permit a timely response to the National Training Coordinator and provide additional advance notice to those employees designated for training. While field offices have generally been quite responsive to notification regarding the availability of FLETC slots, maintaining lists of employees identified for training can only serve to further expedite the nomination process. This recommendation will be adopted immediately."

OIG's Conclusion on Recommendation Number Five:

We concur with this corrective action and consider this recommendation resolved and closed.

Contributors to this report:

Barbara Farrell, Project Leader
Beth McNeill
Dennis Raymond

Amy C. Friedlander, Director, Division of Evaluations and Inspections

U.S. Department of Labor

Pension and Welfare Benefits Administration
Washington, D.C. 20210

March 15, 2000

MEMORANDUM FOR JOSE M. RALLS

Acting Assistant Inspector General
Office of Analysis, Complaints,
and Evaluations

FROM:

ALAN D. LEBOWITZ
Deputy Assistant Secretary
for Program Operations

SUBJECT:

Draft Report on PWBA Enforcement and Training Programs

PWBA is in receipt of Inspector General Draft Report No. 2E-12-121-001 dated February 18, 2000 and welcomes the opportunity to offer comments prior to the finalization of this report. The report was precipitated by an anonymous letter, dated June 6, 1997, to the Secretary in which employees of PWBA alleged that PWBA investigators and auditors "cannot effectively investigate criminal activities because they do not possess the proper criminal investigative training and law enforcement powers afforded the GS-1811 Criminal Investigators/Special Agents." After commencing the review, the OIG decided to broaden the focus of the report to an assessment of the effectiveness of the PWBA's enforcement program and the adequacy of training programs in support of the enforcement program. We were pleased to note that the report concludes that "... the enforcement program is effective" and "... that PWBA's training initiatives to provide and maintain a level of proficiency for its investigators and auditors are appropriate for the enforcement of the Employee Retirement Income Security Act of 1974 (ERISA)."

Our comments will be limited to the training program aspect of the report.

GENERAL COMMENTS:

The Inspector General's approach in conducting this evaluation was to review some existing PWBA documentation, discuss the general approach to conducting the study with selected PWBA management staff, and then conduct interviews with a sample of field staff. The OIG made a conscious decision not to interview Field managers or course directors and to focus the staff-level interviews on the employees' training experiences. In our opinion, while a staff



perspective on training is important, it is unfortunate that subsequent discussions were not held with regional and National Office management personnel to obtain management's perspective regarding (1) the issues raised during the interviews, (2) the agency's decision-making process on course priorities, and (3) the way in which the agency evaluates and updates each of the five courses in the "core curriculum" for investigators and auditors. Areas in particular where there might have been more balance to the report include: the Agency's response to the perceived need for and value of refresher training, the qualifications of the OE staff delivering this training, the value of training in the area of related Federal regulations (e.g. IRS), and the involvement of Field staff in the development of Agency-sponsored training programs.

Refresher Training. The Agency has long recognized the need for selected refresher training and has elected to address narrower more specific subject areas through the use of the annual Office of Enforcement (OE) update training vehicle. As noted in your report, Regions are asked to identify subject matter areas for this annual update training--and a wide range of topics are suggested each year. However, there is a limit to what can be covered in these update sessions. OE gives serious consideration to all of the suggestions and selects those which meet the needs of the greatest number of employees. Also, while the report states that two-thirds of the interviewees had "no opinion" in response to the OIG survey questions regarding the usefulness of the training, it is important to note that OE requests anonymous feedback from the training participants in the form of a "Program Evaluation" at the conclusion of each session in order to evaluate and improve the delivery of these annual training updates. Included in the training evaluation are questions which seek input on the positive and negative aspects of the training, suggestions for what things should be done differently and what should remain the same, and topics to be covered in the training the following year. It is evident from these responses that many participants had opinions regarding the usefulness of the training. We would be happy to provide you with copies of the evaluations which we received last year. Regional Directors have also acted to address identified needs for selected "update or refresher" training in the selection of topics to be addressed in their quarterly regional training. With respect to update training in the criminal investigations area, the Criminal Coordinator has acted to address this need by developing and delivering an extensive criminal update module in each of the regional offices last year. Finally, updates on policy and technical matters are presented to the Regional Directors and their subordinate managers at management conferences held several times during the year; this information is then shared with the staff at quarterly training sessions or other staff meetings.

Qualifications of OE Staff Who Serve as Instructors. Regarding the comments that instructors who provide the training should spend time "in the Field to obtain more hands-on knowledge of the types of information needed by Field investigators," we would note that half of the OE staff which provides update training to the Field previously served as Field investigators. The remaining staff members have been detailed to Field offices for varying lengths of time in order to gain experience as Field investigators. The eleven interviewees in your sample who made these comments may not be aware that Field experience is already an important component of OE staff experience.

Other Federal Regulations. In the opinion of PWBA management, the need for PWBA investigators/auditors to be familiar with other Federal regulatory schemes is somewhat limited. Since our enforcement responsibilities involve Title I of ERISA, the provisions of the Internal Revenue Code are generally not the subject of our investigative activity. Sensitivity to the qualification provisions of the Internal Revenue Code is provided in Volume I of our Self Teaching Course. Other than selected specific applications, there is limited utility in further in-depth instruction regarding the Code. The Financial Institutions Course briefly discusses the Federal Banking and Securities laws to show how ERISA relates to these other Federal regulatory schemes. Comments from course evaluations have indicated that even this brief reference is more than enough in these areas. While there may be individuals who wish to learn more about other Federal enforcement programs, there is not sufficient need to dedicate limited agency resources to this area.

Criminal Enforcement Training. On page 17 of the draft report, three Senior Investigators "stated they have not had the [criminal enforcement training] class." According to our records, all of the staff who were Senior Investigators at the time of the OIG's survey had completed the course. After the receipt of the draft report, the Regional Directors confirmed that every Senior Investigator (except for two recently-appointed ones) had taken the course.

Course Updates. We are very conscious that we work in a dynamic industry and that the litigation, regulatory and administrative environments continues to evolve. We have made a real effort to keep our course materials current by taking a number of actions. The instructor cadre for each of the Agency-sponsored course is composed principally of Field investigators. Each instructor cadre meets at least annually to re-visit the subject matter of each course and provides input from their own experiences in addition to evaluating the student comments received from the prior session. Recently, we solicited, through the Regional Directors, suggested topics to be addressed in the criminal enforcement and financial institutions courses.

RESPONSE TO REPORT RECOMMENDATIONS:

Recommendation: Ensure that "new employee" training/mentoring programs be made available to new investigators and auditors in each of the ten regions.

Response: We agree that "new employee" training/mentoring programs are appropriate for each regional office in the PWBA structure. PWBA has encouraged the development of such training programs in each region. To assist in addressing this goal, the materials developed by our Chicago region have been shared with all of the other Regional Directors; as acknowledged in the draft report, some of the other regions have also developed their own orientation programs for new employees. The executive management of PWBA has deferred to the regions the responsibility to develop the specifics of their respective programs. This approach is based on the belief that each region should determine how best to address the selection and training of its investigators and auditors. We will however, direct our Regional Leadership Team (a standing committee of all of the Regional Directors) to develop by July 31, 2000, a framework of

minimally required areas to be incorporated in each region's "new employee" training/mentoring program. When completed, we anticipate that all regions which do not already have such a program, will move aggressively to develop their respective new employee training/mentoring programs by the end of FY 2000.

Recommendation: Complete the updating of the Self Study Guides and incorporate them into the mentoring program by the end of FY 2000 .

Response: The interview results portion of this recommendation suggested that the self study guides are "very outdated". This statement, as a generalization, may be a bit excessive. Admittedly, there have been numerous changes with respect to the materials covered in Volume I which deals with plan qualification, investment options and welfare arrangements. However, the second volume of this series deals primarily with the fiduciary provisions of Title I of ERISA where the changes over the past 10 years should be characterized as "minor." We are currently working with Dr. Jerry Rosenbloom of the Wharton School of Business at the University of Pennsylvania (and Academic Director of the CEBS training program) to update the first volume of our Self Study Guide. We anticipate a revised version before the end of this fiscal year. The second volume was prepared in-house. PWBA's Office of Regulations and Interpretations staff will this volume, as needed. We would anticipate having these materials reviewed before the end of the fiscal year. We agree that the use of the Self Study guide in conjunction with on-the-job exposure is the most appropriate use of these materials.

Recommendation: Conduct an individual employee survey of the training needs of investigators and auditors in FY 2000.

Response: Annually, PWBA conducts an enforcement planning exercise to establish program operating plans in each region for the upcoming year. A form of informal employee training needs assessment has traditionally been a part of that exercise. We have used the results of this training assessment to determine the need for and frequency of delivery for existing Agency sponsored training courses and what individual employee self development training can be accommodated considering workload needs and budgetary considerations. Regional training plans and budgets are established to address the individual development needs identified for employees. Also, based on this process, Regional Directors may identify subjects for quarterly regional training or forward suggestions of subject areas for consideration in agency-level training.

In response to the OIG recommendation, PWBA will designate a working group to identify options of how best to design and conduct an employee needs survey. We may seek to use the technical assessment services of an outside contractor to refine the assessment vehicle. To ensure meaningful responses to such survey, we would anticipate that development will require several months and that the survey would not be distributed until late FY 2000 or early in FY 2001.

Recommendation: Following PWBA's review and analysis of the results of the individual employee survey, training needs should be prioritized in their order of importance. The agency should address the development and implementation of such training needs in the FY 2001 Program Operating Plan.

Response: As noted in our response to the above recommendation, we have committed to design and conduct an all employee training needs assessment. Until we have a schedule for the delivery of the needs assessment, we are not in a position to provide an implementation time line. However, once we have had the opportunity to evaluate the responses to that survey, we will proceed to design a plan for implementing those recommendations as appropriate.

It is important to note, however, that given the considerable amount of time it takes to develop a course, and the limited personnel resources available to design and teach Agency-sponsored training, we must limit Agency-level courses to broad subject areas. Accordingly, we have elected to address the narrower, more specific subject areas through the use of the OE annual update training vehicle and/or regional quarterly continuing professional training sessions. As your report noted, these training programs are used to handle those subjects identified within each region as relevant to regional initiatives and investigations, e.g., several regions have recently conducted or are about to conduct training on bankruptcy procedures. If regional management believed a topic, such as those you have identified, was needed in their region, a locally-designed training module could be and often has been developed and delivered. Individual employee skill training should be discussed at the regional office-level with immediate supervisors; such needs usually can best be met through on-the-job training or the use of an outside training source.

Recommendation: The Agency should review its Financial Institutions class for its applicability to case work, and timing of scheduling employees to attend the class and subject matter content.

Response: The Financial Institutions Course was initially designed to augment a "Significant Issue" national enforcement initiative. Based on the enforcement strategy in place at that time, all field offices were required to commit a level of investigative resources to doing investigations in this area. As our enforcement program has matured, we have shifted national priorities away from this area. As of this date, there are no National Projects that fit within the previously identified scope of this term. However, Field offices are encouraged to conduct investigations in this area through the use of Regional Initiatives. Most regions have regional projects underway that address one or more issues covered in this course.

With respect to the timing for nominating people to attend the course, as correctly noted, employees generally attend the training sometime after completing 18 months with the Agency. Comments on the post-course evaluation have not suggested that further on-the-job training should be provided before attending this class. We will discuss this portion of the recommendation with our Regional Directors in the very near future to obtain their perspective

then make a decision on whether to modify our nomination criteria for the course to be delivered in June 2000.

With respect to the recommendation regarding course content, the following observations are offered. The course is analyzed annually by the instructor cadre to make adjustments in subject matter presented including a review of the comments received from the prior session. The field is well-represented on the instructor cadre and includes three Senior Investigators, who actively work in the financial institutions area, offering their perspective on the course content. Finally, the course director also discusses course content with the Director of Enforcement in the context of both existing and proposed regional initiatives and to identify the areas of investigative focus within the existing case inventory.

PWBA management will, however, undertake a thorough review of the continued appropriateness of this course, the timing for attendance at the course and whether the current course agenda should be modified. This review will occur in the 4th quarter of this fiscal year with decisions to be made regarding the course early in FY 2001.

Recommendation: Each regional office should maintain a roster of individuals that can best make use of the various FLETC courses offered during the fiscal year. As slots are then made available to the regional offices, the appropriate candidates could promptly be selected to attend the course offered.

Response: As the report correctly noted, PWBA is not a "Participating Agency" at FLETC and therefore its allocation of training slots is secondary to the primary users of the facility. Like all Federal agencies requesting training at FLETC, PWBA makes an annual request for slots; we then receive quarterly allocations. Because the quarterly allocations have consistently fallen short of our annual request, we have had our name placed on the "wait list" for available slots for those courses in which we seek to enroll students. Frequently, we are appraised of available slots with little advance notice. We attempt to make decisions about internal allocations quickly; however, the notice time to field offices is often short. Therefore, if regional offices maintained a readily available listing of employees whom they would like to receive training, they would be in a position to immediately provide nominees for slots as they are allocated. This would permit a timely response to the National Training Coordinator and provide additional advance notice to those employees designated for training. While field offices have generally been quite responsive to notification regarding the availability of FLETC slots, maintaining lists of employees identified for training can only serve to further expedite the nomination process. This recommendation will be adopted immediately.

Please contact Susan G. Ugelow at 219-8951, if you would like to discuss these comments or you would like to see the documents mentioned above that are available for your review.