



United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

SEP 19 2011

MEMORANDUM

TO: RM/CFO – James L. Millette

FROM: OIG – Harold W. Geisel 

SUBJECT: Final Report on *Audit Survey of Department of State Approach To Developing an Automated Time and Attendance System* (AUD/IT-11-41)

The Office of Inspector General (OIG) initiated an audit of the Department of State's (Department) approach to developing an automated Time and Attendance (T&A) system. The objective of the audit was to determine to what extent the Department has (1) considered relevant business processes in developing the T&A system requirements, (2) coordinated with system users to ensure needs are addressed, and (3) addressed applicable information security requirements. (The scope and methodology are described in Attachment 1.)

During the audit survey, OIG learned that the T&A phase of the Global Foreign Affairs Compensation System (GFACS) project is still in the planning and development stages and that no system has been selected. In addition, implementation documentation relating to T&A project management and systems has not been developed. As a result, OIG determined that it was not prudent to proceed with the audit because implementation of the T&A system was not at a state of development where performance of audit steps and procedures would deliver meaningful results. However, the audit survey revealed three areas that require RM's attention:

- **Business Case**

The GFACS Exhibit 300 submission does not include a business case for the T&A phase of the project, as required by the *Foreign Affairs Manual*<sup>1</sup> (FAM). Lack of a clearly defined business case for the T&A phase will hinder the Department's ability to effectively define measurable success criteria for the T&A phase of the project. These criteria are essential for determining whether the project resulted in the benefits defined in the business case.

---

<sup>1</sup> 5 FAM 623, "Business Case."

## UNCLASSIFIED

- **Requirements Analysis**

It was unclear whether a comprehensive requirements analysis had been performed to identify and address customer or user needs and expectations. Conducting a comprehensive requirements analysis at the beginning of the T&A phase of the GFACS project is necessary to help ensure the commercial off-the-shelf (COTS)-based T&A system selected will meet business, user, or interoperability requirements.

- **Project Management**

The GFACS project management plan does not include information on the T&A phase of the project. The T&A phase of the implementation therefore lacks formal planning documents, such as a communication management plan<sup>2</sup> or a project scope statement.<sup>3</sup> Lack of an up-to-date project plan that reflects all the phases of the GFACS implementation, including the T&A phase, could lead to a lack of clarity as to what is to be accomplished, which could lead to project failure or cost and schedule overruns.

To address these conditions, OIG sent a draft audit survey report to RM on August 1, 2011, in which it recommended that RM update the Exhibit 300 business case for the T&A phase of the project, perform a detailed requirements analysis of the proposed T&A system, and update the GFACS project management plan to reflect the T&A phase of the project. By implementing these recommendations, RM will be better able to ensure the successful integration of the T&A project in the larger GFACS implementation project.

In its August 26, 2011, response (see Attachment 2), RM agreed with Recommendation 3 and addressed Recommendations 1 and 2. Based on RM's response, OIG considers the three recommendations resolved. They can be closed pending OIG's review and acceptance of documentation showing that the actions recommended have been taken. RM's responses and OIG's replies are presented after each recommendation.

## **Background**

The Department processes T&A for employees at overseas posts and domestic bureaus using a partially manual process. The Department currently uses two separate T&A systems: Web.TATEL, which is used domestically, and Win T&A, which is used at overseas posts.

---

<sup>2</sup> Project Management Institute, *Project Management Body of Knowledge (A Guide) Fourth Edition*. The publication states that a communication management plan describes "communication needs and expectations for the project; how and in what format information will be communicated; when and where each communication will be made; and who is responsible for providing each type of communication. The communication management plan is contained in, or is a subsidiary plan of, the project management plan."

<sup>3</sup> *Project Management Body of Knowledge (A Guide)*. The publication states the project scope statement is "the narrative description of the project scope, including major deliverables, project assumptions, project constraints and a description of work, that provides a documented basis for making future project decisions and for confirming or developing a common understanding of project scope among the stakeholders."

## UNCLASSIFIED

American employees working both domestically and overseas are responsible for manually tracking their T&A and providing this information to timekeepers for reporting. Based on location, timekeepers input information either into Web.TATEL or Win T&A applications to report T&A to Global Financial Services in Charleston, SC. Supervisors in bureaus or posts manually review and approve reports from Web.TATEL or Win T&A.

Recording T&A for domestic employees is performed manually by employees, supervisors, and timekeepers. Procedures used to track T&A vary by bureau. That is, some bureaus require employees to submit biweekly timesheets and leave slips (Office of Personnel Management [OPM] Form 71, Request for Leave or Approved Absence) to a supervisor for approval, some bureaus do not require the use of timesheets, and still other bureaus use attendance logs (sign-in, sign-out logs) to track employee attendance. The process for tracking T&A for overseas employees is similar to the processes performed domestically. Timekeepers at posts enter T&A data into Win T&A on a biweekly basis.

The current T&A processes have inherent problems. For instance, OIG's June 2010 report<sup>4</sup> on Embassy Baghdad stated that internal controls for overtime at Embassy Baghdad were weak, which left Embassy Baghdad vulnerable to waste, fraud, and mismanagement. For example, employees and supervisors did not always sign timesheets, and employees used different types of timesheets that often lacked key information, such as lines for supervisor or employee signatures and dates of certification.

The June 2010 report was preceded by a July 2009 OIG inspection report<sup>5</sup> on Embassy Baghdad, which noted weak internal controls relating to T&A. For instance, individuals were reporting data directly to Global Financial Services<sup>6</sup> with little, if any, supervisory approval or verification of time worked, thus leaving the process vulnerable to waste, abuse, and fraud.

Additionally, in a June 2006 inspection report on Global Financial Services,<sup>7</sup> OIG noted that proper procedures on T&A were "not always followed nor are adequate records maintained."

The Department recognizes the need for reform in processing T&A. In that regard, RM is undertaking a project to replace the Department's current compensation systems with a COTS system. The proposed integrated system, GFACS, will replace and combine the functionalities of the three legacy applications: the Foreign Affairs Retiree Annuitant Distribution System, the Foreign Service National System, and the Consolidated American Payroll System.

As a key part of this effort, RM is in the process of acquiring and implementing an automated COTS-based T&A system. The proposed T&A system will interface with GFACS and is intended to replace and unify the functions of Web.TATEL and Win T&A. The system will also provide employee self-service features, such as the ability for employees to enter T&A data

---

<sup>4</sup> *Embassy Baghdad Internal Controls for Overtime Pay* (AUD/CG-10-25, June 2010).

<sup>5</sup> *Embassy Baghdad, Iraq* (ISP-I-09-30A, July 2009).

<sup>6</sup> In other parts of the report, Global Financial Services is also referred to as Financial Service Center.

<sup>7</sup> *Global Financial Services – Charleston* (ISP-I-06-33, June 2006).

## UNCLASSIFIED

themselves, thus eliminating the need for timekeepers to manually track and enter the data. OIG expects a unified T&A system that integrates with GFACS to provide the Department a more efficient and cost-effective approach to manage the T&A function. Furthermore, a fully automated T&A system will provide cost savings in many respects, including avoiding the costs associated with T&A abuses and eliminating the need for a full-time timekeeper.

### **Results of Survey**

The intent of this audit was to determine whether the Department's approach to implementing the proposed automated T&A system will help assure management that the automated COTS based T&A system will be effectively developed and implemented. However, during the audit survey, OIG found that the T&A phase of the GFACS project is still in the planning and development stages and that no system has been selected and that project management and systems implementation documentation relating to T&A has not been developed. As a result, it was not prudent to proceed with the audit. However, the audit survey revealed three potential areas that require RM's attention:

#### **The GFACS Exhibit 300 Business Case Submission Lacks Adequate Information on the T&A Phase of the Project**

RM's GFACS Exhibit 300 submission does not include adequate information on the T&A phase of the project. Although the master cost and schedule<sup>8</sup> contain budgeted amounts for the T&A phase, the GFACS Exhibit 300 business case excludes justification for implementing the T&A phase.

The Department's FAM<sup>9</sup> stipulates that a business case must be provided as required in Office of Management and Budget (OMB) Circular No. A-11,<sup>10</sup> Exhibit 300, as part of the budget request process. This circular further states that OMB "uses the Exhibit 300 to make both quantitative decisions about budgetary resources consistent with the Administration's program priorities and qualitative assessments about whether an agency's programming processes are consistent with OMB policy and guidance." Additionally, the FAM<sup>11</sup> states that the bureau is to ensure that business cases "clearly justify the business need based on defined business requirements, identification of the funds to be spent, and the timeframe for accomplishing mission critical results." The FAM further requires the business case to "be aligned to the agency's mission statements, goals, objectives, and performance plans." Additionally, the FAM<sup>12</sup> requires the business case to

- (1) Justify why the program or project is necessary;

---

<sup>8</sup> Exhibit 300 component "Master Cost & Schedule: Comparison of Actual Work Completed and Actual Costs to Current Approved Baseline" as of April 14, 2011. This document contains a comparison of actual work completed and actual cost to current approved baseline.

<sup>9</sup> 5 FAM 623a.

<sup>10</sup> OMB Circular No. A-11, "Preparation, Submission, and Execution of the Budget."

<sup>11</sup> 5 FAM 623d and c.

<sup>12</sup> 5 FAM 623b.

**UNCLASSIFIED**

- (2) Demonstrate how the program or project will add value in meeting the Department's strategic and organizational goals and objectives; and
- (3) Show how the program or project is the most cost-effective approach.

An RM official stated that the amount of information RM can enter into the various Exhibit 300 sections, including the business case, is controlled by the Electronic Capital Planning and Investment Control (eCPIC) system and therefore is outside the control of RM. However, without a clearly defined business case for the T&A system, the Department will be unable to effectively define measurable success criteria for the T&A phase of the project. These criteria are essential for determining whether the project resulted in the benefits defined in the business case. In addition, by not providing sufficient information, OMB may not have the information it needs to determine compliance with OMB policy and guidance. Further, complete documentation may determine the success or failure of the T&A phase, as complete understanding of the project is key to gaining the support of OMB to fund the project to completion.

**Recommendation 1.** OIG recommends that the Bureau of Resource Management (RM) update the Global Foreign Affairs Compensation System (GFACS) Exhibit 300 documentation to reflect a detailed business case for the time and attendance (T&A) phase of the project and that it consider, because of limitations in the amount of information that can be entered into the business case section, documenting additional business case details for the T&A phase of the project outside of the Electronic Capital Planning and Investment Control system.

**Bureau of Resource Management Response:** RM stated that the GFACS team was preparing the OMB Exhibit 300 business case submission for FY 2013 and that it would be "updated to provide additional detail . . . advocated in OMB memoranda M-10-26 and M-10-31."

**OIG Reply:** Based on the response, OIG considers the recommendation resolved. This recommendation will be closed when OIG reviews and accepts documentation showing that the OMB Exhibit 300 business case submission for FY 2013 has been updated with the additional details OIG had recommended.

**Evidence Regarding Performance of Adequate Requirements Analysis Is Lacking**

The Department did not provide evidence to support the performance of a comprehensive requirements analysis needed to understand customer or user needs and expectations from the proposed COTS based T&A system.

The FAM<sup>13</sup> requires that the users and/or customers participate in defining requirements through interviews and providing reference materials to substantiate a requested replacement system.

---

<sup>13</sup> 5 FAM 617.5, "User And/Customer."

**UNCLASSIFIED**

Furthermore, the FAM<sup>14</sup> requires project managers, before they begin any project, to complete a “requirements analysis” document that clearly defines and sets forth all the requirements approved by management for development, modification, or integration. An RM project official provided a high-level functional requirements document on the current and future state of T&A<sup>15</sup> intended for market research with potential COTS vendors as evidence of requirements analyses performed to date. However, functional requirements that describe a high-level functionality of the proposed system are not a substitute for user-defined or business requirements.

RM officials stated that they had identified two COTS products, namely Kronos WebTA<sup>16</sup> and Oracle Peoplesoft Time and Attendance,<sup>17</sup> which are currently used in other Federal agencies and that “as the result of performing due diligence,” they had conducted research into these two products to determine whether the products could “serve as the starting point for addressing the Department’s needs with respect to [T&A].” The officials further stated that the “current and future state” requirements document was used to evaluate the products and that once the software acquisition was completed, RM would compile a “comprehensive requirements list that will serve as the basis for conducting a ‘fit/gap’ analysis.”

However, OIG maintains that the better approach would be to compile comprehensive requirements and perform the “fit/gap” analysis prior to acquiring the software. In its response to OIG’s draft Notices of Findings and Recommendations dated April 14, 2011, RM officials further stated that “[i]n recognition of the fact that vendors often choose not to make huge investments in response to Market Surveys,” RM had taken an approach that will not “[overwhelm] the vendor community with repetitive detail.” However, because T&A is a major investment, it is prudent for RM to work closely with prospective vendors to determine how their products’ capabilities will address the Department’s T&A needs without subjecting the Department to excessive and expensive business process changes and attendant system customizations.

Inadequate performance of effective requirements analysis at the beginning of the T&A phase of the GFACS project could introduce many project risks, including a COTS based T&A application that does not fully deliver the tasks for which it was purchased. These unmet requirements could lead to user dissatisfaction with the new system, require additional scope changes and additional time to implement, and result in potential cost overruns. Although, according to RM officials, the T&A phase is currently not the focus of the overall GFACS project, OIG noted that the eCPIC master cost and schedule contain budget amounts that were obtained from prospective vendor estimates. Without the correct and approved user or stakeholder requirements, cost estimates cannot be effectively determined and additional amounts may be spent on customizations and integration, which may lead to cost overruns.

---

<sup>14</sup> 5 FAM 621k, “General.”

<sup>15</sup> Bureau of Resource Management, *Time and Attendance (T&A) Current and Future State*, dated May 2010.

<sup>16</sup> The Department of Homeland Security and the U. S. States Agency for International Development are examples of Federal agencies that currently use Kronos WebTA, one of the two systems identified by RM.

<sup>17</sup> The Departments of Agriculture and of Health and Human Services are examples of Federal agencies that currently use the Oracle Peoplesoft Time and Attendance System, one of the two systems identified by RM.

**UNCLASSIFIED**

**Recommendation 2.** OIG recommends that the Bureau of Resource Management (RM) perform a detailed requirements analysis of the proposed time and attendance system to ensure that user, business, and system integration needs are fully understood and agreed to by all stakeholders before the new system is purchased and implemented. RM should additionally ensure that budgeted amounts recorded are based on complete and approved requirements.

**Bureau of Resource Management Response:** In its response, RM stated that the Department “has chosen Peoplesoft to address its global compensation requirements and has successfully migrated the Department’s annuitant payroll from the legacy FARADS system to GFACS.” RM also stated that it “concluded that Peoplesoft integrated Time and Labor software was the most appropriate foundation for addressing the Department’s T&A needs in a cost effective manner.” RM stated that its conclusion resulted from “conducting a Market Survey” as well as vendor product demonstrations “tailored around the Department’s critical T&A business requirements.” According to RM, “These requirements will be finalized as appropriate to establish the foundation for conducting a ‘fit-gap’ analysis” and this activity will be performed before “development and deployment of a new T&A system” into the GFACS environment.

**OIG Reply:** OIG recognizes that a T&A system based on the same platform (Peoplesoft) as GFACS provides many benefits, including easier integration with other GFACS modules as well as efficiencies derived from using similar development tools to perform needed customizations. Further, OIG commends RM for its plans to build on the requirements used to previously guide the market survey and product demonstrations by conducting a “fit-gap” analysis and ensuring that any user or business requirements gap is identified and resolved prior to developing and deploying the T&A system.

Based on this response, OIG considers the recommendation resolved. This recommendation will be closed when OIG reviews and accepts updated requirements documentation showing that RM has identified and documented gaps between the Department’s requirements and the proposed system’s capabilities before the T&A system is deployed. Additionally, RM’s documentation should demonstrate measures it has taken or plans to take to address the identified gaps.

**T&A Project Is Not Adequately Accounted For in the Overall GFACS Project Management Plan**

T&A implementation is one of the phases of the overall GFACS project. Although cost projections have been recorded in the master cost and schedule, the GFACS project management plan has not been updated to include the T&A phase. Thus the T&A phase of the implementation does not have evidence of formal planning documents, such as a communication management plan or a project scope statement.

**UNCLASSIFIED**

The FAM<sup>18</sup> requires project managers to not begin a project without the documented approval of a comprehensive project management plan, “which must be kept up to date by the project manager throughout the project cycle.” The FAM<sup>19</sup> further states that performance measures of IT projects must be defined within the project plan and that the performance measures must, among other requirements, clearly define the project’s milestones and goals in terms that can be measured.

RM officials have indicated that the T&A phase is currently not the focus of the GFACS project. However, given that the T&A phase has been initiated and budget amounts have been determined, the GFACS project management plan should appropriately reflect the T&A phase in a manner similar to that in which the other key GFACS milestones are reflected. Not having an up-to-date project management plan that reflects all the phases of GFACS implementation, including the T&A phase, could lead to a lack of clarity as to what is to be accomplished and result in project failure or cost and schedule overruns.

**Recommendation 3.** OIG recommends that the Global Foreign Affairs Compensation System project management plan be updated to reflect the time and attendance phase of the project.

**Bureau of Resource Management Response:** RM concurred with this recommendation, stating that it will update the GFACS project management plan.

**OIG Reply:** Based on the response, OIG considers this recommendation resolved. The recommendation will be closed after RM updates the GFACS project management plan and OIG determines that the plan adequately reflects the T&A phase of the project.

As the action office for the recommendations specified, OIG requests that you provide information on actions taken or planned for the three recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to followup and reporting in accordance with the compliance response information.

OIG appreciates the cooperation and assistance provided by your staff during this audit survey. If you have any questions, please contact Evelyn R. Klemstine, Assistant Inspector General for Audits, at (202) 663-0372 or by email at klemstinee@state.gov or Jerry Rainwaters, Division Director, at (703) 284-1841 or by email at rainwatersj@state.gov.

Attachments: As stated.

cc: CIO – Susan Swart

---

<sup>18</sup> 5 FAM 621j.

<sup>19</sup> 5 FAM 624a(1).

## **Scope and Methodology**

The Office of Inspector General (OIG) performed the audit survey for this report from February through April 2011 in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective. OIG discussed its findings and proposed recommendations with Bureau of Resource Management (RM) officials on May 2, 2011.

The objective of the audit was to determine to what extent the Department has (1) considered relevant business processes in developing the time and attendance (T&A) system requirements, (2) coordinated with system users to ensure needs are addressed, and (3) addressed applicable information security requirements.

To conduct the audit survey, OIG reviewed project documentation, including the Global Foreign Affairs Compensation System (GFACS) Exhibit 300 business case, the project management plan, schedule and cost data, and functional requirements, and discussed these documents with RM officials.

OIG performed the audit survey based on criteria contained in National Institute of Standards and Technology (NIST) and Office of Management and Budget (OMB) publications and in the *Foreign Affairs Manual* (FAM) and the *Foreign Affairs Handbook* (FAH). (See the section “Criteria” in this attachment.)

Based on the audit survey, OIG determined that it was not prudent to proceed with the audit because implementation of the T&A system was not at a state of development where performance of audit steps and procedures would deliver meaningful results.

### **Use of Computer-Processed Data and Data Reliability**

To assess the reliability of project schedule and cost data, OIG obtained online access to the Electronic Capital Planning and Investment Control (eCPIC)<sup>1</sup> system and obtained copies of the GFACS Project Management Plan and the GFACS master cost and schedule. To verify the cost amounts, OIG contacted the GFACS Project Management Office (PMO) point of contact to gain an understanding of the development of the amounts. OIG understood that amounts such as the cost variances were derived from Earned Value Management (EVM) calculations that were inherent in the eCPIC system. Using EVM formulas obtained from the PMO, OIG manually computed cost variances for a judgmentally selected sample of two GFACS milestones in order to confirm the accuracy of the calculated variances contained in the master cost and schedule.

---

<sup>1</sup> The eCPIC system is a Government-owned application designed to help Federal agencies manage and control their initiatives, portfolios, and investment priorities.

## UNCLASSIFIED

### Criteria

To evaluate the adequacy of the T&A implementation approach against audit objectives, OIG used the following criteria:

- OMB Circular No. A 130, appendix III,<sup>2</sup> and OMB Memoranda M-10-26 and M-10-31.<sup>3</sup>
- NIST Special Publications (SP) and Federal Information Processing Publications.
- Department policies and procedures (FAMs and FAHs).

Furthermore, OMB Circular 130, appendix III, and NIST SP 800-53, revision 3,<sup>4</sup> provide minimum and recommended security controls, respectively, for all Federal information and information systems. Additionally, NIST SP 800-64<sup>5</sup> emphasizes the importance of integrating essential information security considerations into the Systems Development Life Cycle.

OMB memoranda M-10-26 and M-10-31 were issued in 2010 to Federal agencies requiring the agencies' immediate review of financial systems' information technology (IT) projects specifically and more broadly a review of all IT projects. The intent of memorandum M-10-26 was to emphasize "a re-examination of these expensive and lengthy investments in financial modernization solutions in favor of shorter-term, lower-cost, and easier-to-manage solutions." The memorandum further states, "By dividing projects into smaller segments that deliver the most critical functionality more quickly, Federal agencies will achieve greater functionality sooner, better align projects to their organizations capacity to manage change, and reduce risk and cost."

OMB Memorandum M-10-31, which was to identify high risk IT projects, states, "CIO Council agencies will be required to develop and put in place improvement plans for their highest-risk IT projects."

The FAM, 5 FAM 610,<sup>6</sup> establishes guidance for developing and managing IT systems. For example, section 617.5 of the FAM defines a user or customer as "anyone who will use the system or end product being developed and/or accepts the end product(s) is a user or a customer." The FAM further states, "The user and/or customer specify that software requirements are based on business needs by participating in interviews and providing reference materials to substantiate requested replacement system."

Additionally, 5 FAM 626.1<sup>7</sup> requires systems implementation efforts to include a study period within which key activities should include, but not be limited to, the following:

---

<sup>2</sup> OMB Circular A-130, app. III, "Security of Federal Automated Information Resources."

<sup>3</sup> OMB Memoranda M-10-26, *Immediate Review of Financial Systems IT Projects*, and M-10-31, *Immediate Review of Information Technology Projects*.

<sup>4</sup> NIST SP 800-53, rev. 3, "Recommended Security Controls for Federal Information Systems and Organizations."

<sup>5</sup> NIST SP 800-64, rev. 2, "Security Considerations in the System Development Life Cycle."

<sup>6</sup> 5 FAM 610, "Developing and Managing Information Technology (IT) Systems."

<sup>7</sup> 5 FAM 626.1, "Study Period."

**UNCLASSIFIED**

Define business, user, and system requirements. Business requirements must be linked to the project's mission and Bureau of Information Resource Management (IRM) goals. Business requirements should not be expressed in terms of solutions, but statements of need for specific functions (e.g., output from the system). User requirements are expressed as attributes that describe the features and capabilities needed to fit the system with the work environment and business process.



United States Department of State

*Chief Financial Officer*

*Washington, D.C. 20520*

**AUG 26 2011**

UNCLASSIFIED

**MEMORANDUM**

TO:           OIG – Harold W. Geisel

FROM:        RM – James L. Millette 

SUBJECT:    Draft Report on Audit Survey of Department of State Approach to  
Developing an Automated Time and Attendance System

This is in response to your request for comments on the draft report entitled “Audit Survey of Department of State Approach to Developing an Automated Time and Attendance System”.

RM is pleased that the OIG acknowledges the need to replace the Department’s two legacy Time and Attendance (T&A) systems and recognizes many of the benefits associated with deploying software that will be fully integrated with GFACS.

The draft audit survey identifies “three potential areas that require RM’s attention”. Each recommendation is discussed in turn.

**Recommendation 1.** OIG recommends that the Bureau of Resource Management (RM) update the Global Foreign Affairs Compensation System (GFACS) Exhibit 300 documentation to reflect a detailed business case for the time and attendance (T&A) phase of the project and that it consider, because of limitations in the amount of information that can be entered into the business case section, documenting additional business case details for the T&A phase of the project outside of the Electronic Capital Planning and Investment Control (eCPIC) System.

Unclassified

**UNCLASSIFIED**

Unclassified

2

The GFACS team is in the process of preparing the OMB Exhibit 300 business case submission for FY2013. It will be updated to provide additional detail such as business need, business benefit, project timeframe, and alignment with the “shorter-term, lower-cost and easier-to-manage solutions” principles advocated in OMB memoranda M-10-26 and M-10-31.

**Recommendation 2.** OIG recommends that the Bureau of Resource Management (RM) perform a detailed requirements analysis of the proposed time and attendance system to ensure that user, business, and system integration needs are fully understood and agreed to by all stakeholders before the new system is purchased and implemented. RM should additionally ensure that budgeted amounts recorded are based on complete and approved requirements.

As the OIG is aware, the Department has chosen PeopleSoft to address its global compensation requirements and has successfully migrated the Department’s Annuitant payroll from the legacy FARADS system to GFACS.

More recently, RM concluded that the PeopleSoft integrated Time and Labor software was the most appropriate foundation for addressing the Department’s T&A needs in a cost-effective manner. This determination was the result of conducting a Market Survey that included COTS product demonstrations tailored around the Department’s critical T&A business requirements. These requirements will be finalized as appropriate to establish the foundation for conducting a “fit-gap” analysis. This activity will be done prior to the development and deployment of a new T&A system under GFACS.

**Recommendation 3.** OIG recommends that the Global Foreign Affairs Compensation System project management plan be updated to reflect the time and attendance phase of the project.

RM concurs with this recommendation and will update the GFACS project management plan.

**UNCLASSIFIED**

Unclassified

3

We thank you for the opportunity to comment on the Draft Report. While we believe this audit survey was premature, we are committed to improving the Department's T&A processes and systems in an efficient and cost-effective manner.