



Highlights of [GAO-10-226](#), a report to congressional committees

Why GAO Did This Study

The Food and Drug Administration (FDA) within the Department of Health and Human Services (HHS) has faced challenges in obtaining the workforce needed to support its responsibilities and similar to other agencies, has paid selected employees recruitment, relocation, and retention (3R) incentives. This report examines (1) the extent to which FDA is linking its use of 3R incentives to its strategic human capital approaches to address its current and emerging challenges; (2) the extent to which FDA's 3R incentives were awarded consistent with regulations and the internal controls FDA has in place to ensure proper disbursement of 3R incentives; and (3) the steps the Office of Personnel Management (OPM) has taken to help ensure that agencies have effective oversight of their 3R incentive programs and how HHS is providing oversight. GAO analyzed a stratified sample of FDA's 3R incentives files, 3R data provided by HHS, HHS's 3R policy and FDA's guidance, and interviewed HHS, FDA, and OPM senior officials.

What GAO Recommends

GAO recommends that (1) FDA take several actions to improve its oversight of 3R incentives; (2) OPM require agencies to incorporate succession planning efforts into the decision process for awarding retention incentives; and (3) HHS revise its 3R incentive policy to address important OPM requirements. FDA and OPM agreed with the recommendations and HHS acknowledged the need to update its 3R incentive policy.

[View GAO-10-226 or key components.](#)
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HUMAN CAPITAL

Continued Opportunities Exist for FDA and OPM to Improve Oversight of Recruitment, Relocation, and Retention Incentives

What GAO Found

Retention incentives encompass the majority of 3R incentives awarded to FDA employees in recent years (see table 1).

Table 1: Number and Percentage of FDA 3R Incentives Awarded by Year

Year	Recruitment incentives		Retention incentives		Relocation incentives	
	Number	Percentage	Number	Percentage	Number	Percentage
2007	3	0.4%	749	99%	8	1%
2008	366	35%	673	64%	10	1%
2009	93	15%	516	85%	0	0%

Source: GAO analysis of HHS data.

Note: The 2009 data are of July 4, 2009; FDA had not awarded any relocation incentives in 2009.

FDA's employees in mission-critical occupations received the greatest number of 3R incentives from 2007 to 2009. However, without an updated strategic workforce plan or established agencywide indicators for tracking its use of 3R incentives, FDA cannot assess the impact that these incentives have on its overall human capital strategy. While FDA collects data on workforce indicators at the agency and center levels, it has not analyzed how 3R incentives are helping the agency achieve its recruitment and retention goals.

On the basis of GAO's review of a stratified sample of FDA's 3R incentive files awarded from January 2007 through October 2008, GAO found that FDA maintained documentation which provided sufficient explanation to justify each award. However, several of the incentive files we reviewed lacked adherence to certain other requirements, such as prescribed contents of a service agreement, which in most instances may have resulted from a lack of documentation. To help ensure the proper awarding of 3R incentives, FDA has various internal controls in place, such as a centralized review and approval process for incentive requests. Over the past 3 years, FDA has made some changes to its internal controls, such as updating its guidance including the standard forms for 3R incentive requests. If effectively implemented, FDA's revisions to its internal controls may help ensure that in the future 3R incentives are properly awarded and documentation exists to support the incentives.

While both OPM and HHS provide oversight of 3R incentives through various mechanisms, including guidance and periodic evaluations and accountability reviews, there are opportunities for improvement. As a next step, OPM could provide guidance to all agencies on the importance of considering succession planning in the decision process for awarding retention incentives. While HHS's 3R incentive policy generally addressed the requirements for 3R incentive plans as outlined in OPM's regulations, there were several instances where the policy omitted or did not clearly address certain important requirements, such as the conditions for terminating or reducing an incentive.