



REPORT NUMBER 21-02

GPO's Top Management Challenges for Fiscal Year 2021

October 22, 2020

RESULTS IN BRIEF

The Purpose of This Report

The Reports Consolidation Act of 2000 requires Executive Branch Inspectors General to identify and report annually on the top management challenges facing their agencies. We also adopt this requirement as a best practice. These top management challenges provide a forward-looking assessment for the coming fiscal year to aid GPO in focusing attention on the most serious management and performance issues. We also assess GPO's progress in addressing challenges identified in the previous year.

What We Considered

To identify management challenges, we examine ongoing and past audit, inspection, and investigative work, as well as reports where corrective actions have yet to be taken. We analyze new programs and activities that could pose significant challenges because of their breadth and complexity. We also examine GPO's Annual Reports, Budget Justification Reports, and Strategic Plans for relevant information about key issues facing the agency. Additionally, this year we considered how the impact of the historic COVID-19 global pandemic impacted the business landscape in which GPO operates.

GPO's Top Management Challenges for FY 2021

Challenge 1: GPO will continue to be challenged to attract, develop, and maintain a workforce that best positions the agency to fully transform from print to digital publishing and which allows its business model to grow. GPO leadership should ensure that the agency has a comprehensive workforce plan for identifying, recruiting, and filling the mission-critical occupations and positions needed for GPO to continue the transformation from print to digital publishing.

Challenge 2: GPO needs a single strategic document clearly describing agency leadership's vision and associated goals for its employees to strive towards. While the Director has articulated his vision for the agency at various opportunities, including Congressional testimony and GPO's Annual Report, GPO's new leadership has not yet issued a single document that couples together both a strategic vision for the future of the agency and the specific steps that it plans to take to achieve those associated goals. The OIG believes that it is difficult to develop long term business opportunities, chart an infrastructure investment plan, and align the workforce to meet goals without having a clear roadmap to follow.

Challenge 3: GPO leadership must ensure the agency has a sustainable business model for the near and mid-term future. The agency should utilize first-rate, system-wide solutions that meet customer requirements and exceed customer expectations. Additionally, the agency should improve processes and technologies to ensure that solutions are scalable, cost-effective, and secure.

Challenge 4: GPO must continue to improve its procurement programs. GPO should strengthen the integrity of the procurement process by ensuring key provisions of GPO's Print Procurement Regulations are followed. Due diligence in reviewing contractor's past performance and financial data must remain a priority and become more effective, this includes holding bad actors accountable. GPO's internal procurement regulations are dated and require update. The thousands of contracts and contractors, and the hundreds of millions of dollars applied to these contracts require particular scrutiny for waste, fraud, and abuse.

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INTRODUCTION

To identify management challenges, we examine past audit, inspection, and investigative work, as well as reports where corrective actions have yet to be taken. We assess ongoing audit, inspection, and investigative work to identify significant vulnerabilities and analyze new programs and activities that could pose significant challenges. We also examine GPO's Annual Reports, Budget Justification Reports, and Strategic Plans for relevant information about key issues facing the agency. We also take into account Agency offered input on its own progress.

This year, we also took into account the implications of the historic COVID-19 pandemic facing the nation and its impact on the business landscape in which GPO operates. The pandemic has made each challenge we identified even more complex than in prior years, creating both additional difficulties (and some new opportunities) for GPO.

Changes from Previous Reporting Period

The following key criteria are considered for whether to remove a management challenge from a prior report: (1) demonstrated strong leadership commitment in addressing the issue; (2) ability to address the problem; (3) plan for how corrective measures will be implemented; (4) program for monitoring the corrective action; and (5) demonstrated progress in the implementation of the corrective measures.

The below challenges were first introduced in the OIG's fall 2019 Semiannual Report to Congress. This year, we did not remove any challenges but adjusted them to reflect agency progress and recent changes caused or exacerbated by the COVID-19 global pandemic.

Challenge 1: GPO will continue to be challenged to attract, develop, and maintain a workforce that best positions the agency to fully transform from print to digital publishing and which allows its business model to grow.

Overview: Subject to a Federal hiring system that is less flexible than its private sector counterparts, GPO faces enduring and complex difficulties achieving its long term transformation goals. There are key leadership positions that remain unfilled such as a permanent Chief of Staff and Chief Administrative Officer. There are also several cadre positions in the critical areas of acquisition services, finance, and human capital that remain unfilled. Hiring subject matter experts in digital publishing practices in direct competition with the private sector hiring is also a significant challenge. While concerns about the length of time it takes to recruit and fill positions with well qualified candidates are not unique to GPO as a Federal agency, they are potentially more harmful since it operates on a business model. Inefficiencies in onboarding transformative candidates may result in those highest qualified candidates choosing not to join GPO.

Challenge: GPO leadership should ensure that the agency has a comprehensive workforce plan for identifying, recruiting, and filling the mission-critical occupations and positions needed for GPO to continue the transformation from print to digital publishing. Moreover, the agency should improve and update the personnel policies to facilitate recruiting, hiring, training, retaining, managing, and rewarding a high performance workforce.

GPO progress: GPO has taken a number of tactical actions to address this ongoing management challenge, especially regarding recruiting, hiring, and training. For example, in July 2020, the Human Capital Business Unit (BU) submitted its response to the August 20, 2019, U.S. Office of Personnel Management (OPM) evaluation report of their program. OPM's evaluation measured GPO against OPM's four systems of the Human Capital Framework: (1) Strategic Planning and Alignment, (2) Talent Management, (3) Performance Culture, and (4) Evaluation. In summary, the OPM review found the following (paraphrased):

That GPO policies were outdated and that there were inconsistencies in work processes. GPO had not evaluated the overall effectiveness of its employee development programs. It also found that while GPO is offering various leadership development activities, a formal succession management plan had not been developed to identify critical leadership skills, projected needs, skills gaps, and strategies to close [those] gaps. The review also found that GPO's recruitment and hiring processes under delegated examining (DE) and merit promotion programs generally adhered to the

merit system principles, laws, and regulations but staff would benefit from additional training on USA Staffing system updates.¹

Over the course of the year, GPO's Human Capital BU took actions to address the discrete items of the OPM review and issued a detailed 317-page response. Below are examples of actions that GPO accomplished:

- In February 2020, the Director approved the use of two recruitment incentives – recruitment bonuses (for new appointments) and relocation allowances (for current Federal employees).
- GPO's Fiscal Year (FY) 2020 Agency Strategic Performance Plan required that all employees be given the opportunity to create an individual development plan and establish training/development goals.
- All BUs provided Human Capital with a list of position descriptions that may be out-of-alignment with the goals and strategies listed in GPO's Strategic Plan.

We acknowledge GPO's efforts in these areas. Still, GPO remains challenged to deliver a comprehensive workforce plan for identifying, recruiting, and filling the mission-critical occupations and positions needed to ensure GPO can continue the transformation from print to digital publishing.

The critical remaining portion of this challenge is the transformation to the future. In other words, the strategic vision of what GPO's evolving workforce structure should look like in five, ten, or twenty years remains unclear. The challenge for GPO is to develop a process for strategic workforce planning. That planning can be categorized in four steps: (1) define current and future business objectives, (2) evaluate the current workforce, (3) establish future requirements and identify the gaps, and (4) establish a plan to strategically hire personnel to address gaps. This analysis and planning may require outside expertise to effectively evaluate and develop.

¹ U.S. Office of Personnel Management, *Human Capital Management Evaluation Government Publishing Office December 2018 – March 2019*, August 20, 2019

Challenge 2: GPO needs a single strategic document clearly describing agency leadership’s vision and associated goals for its employees to strive towards.

Overview: Last year, this management challenge was framed as a concern about the strategic impact on GPO caused by the extended absence of a confirmed Director for the agency. Now that GPO has both a confirmed Director and permanent Deputy Director, the OIG is modifying this management challenge to focus on GPO’s ability to communicate and achieve a strategic vision. We commend the Director and senior GPO management for their progress during a particularly difficult year where, just a few months after he arrived, the Director was forced to grapple with the COVID-19 pandemic. However, there are still achievable opportunities to focus GPO’s efforts on the Director’s strategic vision and goals.

Challenge: While the Director has articulated his vision for the agency at different opportunities, including Congressional testimony and GPO’s Annual Report, GPO’s new leadership has not yet issued a single document that couples together both a strategic vision for the future of the agency and the specific steps that it plans to take to achieve those associated goals. The OIG believes that it is difficult to develop long term business opportunities, chart an infrastructure investment plan, and align the workforce to meet goals without having a clear roadmap to follow.

GPO progress: Over the reporting period, the Director has addressed two key leadership vacancies in his senior staff with the hiring of a Deputy Director and General Counsel. While other front office vacancies remain, this should aid in policy development. We understand that the pandemic has created numerous financial and operational challenges to navigate, and that the process to produce a strategic vision document is time-consuming. That said, we believe that GPO would benefit from such an investment.

Challenge 3: GPO leadership must ensure the agency has a sustainable business model for the near and mid-term future.

Overview: GPO operates using a revolving fund business model, meant to have similarities to a private sector business. According to GPO, just 16 percent of GPO's funding comes from direct appropriations to cover the cost of Congressional work; the depository library program and supporting distribution programs; and increases to working capital for specified projects in GPO's Business Operations Revolving Fund. All other GPO revenues are reimbursements from agencies for work performed or publication sales to the public.

GPO needs to continue to position itself to effectively bring about a new level of visibility – in other words, effective advertising and marketing – to the agency's expanding array of products and services that meet the changing information needs of Congress, Federal agencies, and the American public in the digital age.

Challenge: The agency should utilize first-rate, system-wide solutions that meet customer requirements and exceed customer expectations. Additionally, the agency should improve processes and technologies to ensure that solutions are scalable, cost-effective, and secure.

GPO progress: This management challenge was identified as part of OIG's fall 2019 assessment of GPO's mission, strategic plan, and demands on its resources. Sustained positive gains will alleviate this management challenge and 2019 was an indicator of positive action as GPO's operations recorded positive net income of \$36.21 million for 2019.

Unfortunately, the COVID-19 global pandemic undermined GPO's financial wellbeing in two principal ways: first, by increasing the operational costs of the services GPO was required to provide, and second, by decreasing the revenues that GPO earns from the performance of services for specific Federal agency customers. During the pandemic response, GPO operated under an emergency status. This emergency status was attributed to GPO's mission to fulfill customer requirements established by statute, Joint Committee on Printing regulation, and other agreements. Staffing was determined by the need to produce certain required products and fulfill orders deemed essential by customer agencies. Consequently, GPO spent an estimated \$7.2 million in emergency pay expenditures. On July 27, 2020, the Senate Appropriations Committee introduced S.4320, the Coronavirus Response Additional Supplemental Appropriations Act, which included \$6.89 million to reimburse GPO for pandemic-related emergency pay costs. This bill is currently with the Committee on Appropriations.

GPO management has indicated that it believes the revolving fund business model is sustainable into the future. Agency management has stated that the business-like fund, which includes retained earnings to sustain operations during slack demand cycles, operated as

intended through the response to the COVID-19 pandemic. GPO has now entered Step 1 of the GPOSAFE return to work plan and expects to increase customer orders, production, and revenue. The OIG will continue to monitor this management challenge through the pandemic for any long-term effects.

Challenge 4: GPO must continue to improve its procurement programs.

Overview: GPO is the principal agent for Government publishing. Section 501 of Title 44 of the United States Code requires that GPO perform all printing, binding, and blank-book work for Congress, the Executive Branch, the Judiciary (other than the Supreme Court of the United States), and every Executive department, independent office, and establishment of the Government.

Challenge: Due diligence in reviewing contractor's past performance and financial data must remain a priority and become more effective, this includes holding bad actors accountable through administrative remedies and the Suspension and Debarment processes. In addition, GPO's internal regulations governing procurement, such as the Materials Management Acquisition Regulation (MMAR), have not been updated in 17 years. GPO should strengthen the integrity of the procurement processes and strengthen contract oversight throughout the contract's performance. The thousands of contracts and contractors, and the hundreds of millions of dollars applied to these contracts require particular scrutiny for waste, fraud, and abuse.

GPO progress: GPO continues to seek to address contract specifications and publishing needs. For example, the agency has numerous efforts to gauge customer requirements. GPO conducts a biennial Customer Satisfaction Survey, the latest of which was conducted from February to April 2020. This, in addition to quarterly customer feedback surveys, should allow GPO to adapt to customer needs. GPO also took steps to facilitate Simplified Purchase Agreements (SPAs) during the pandemic. For example, GPO expanded the use of digital signatures to vendors submitting bids and allowed e-faxed bids instead of public bid openings or mailed submissions. We encourage GPO to explore strategic and systematic improvements to procurement programs in the areas of governance, internal controls, and fundamental program management.