



## **REPORT NUMBER 23-01**

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# **GPO's Top Management Challenges for Fiscal Year 2023**

**October 25, 2022**

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## RESULTS IN BRIEF

### The Purpose of This Report

The Reports Consolidation Act of 2000 requires the 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 examined ongoing and past audit, inspection, and investigative work. We analyzed new programs and activities that could pose significant challenges because of their breadth and complexity. We also examined GPO's Annual Reports, Budget Justification Report, and new Strategic Plan for relevant information about key issues facing the agency.

### GPO's Top Management Challenges for FY 2023

**Challenge 1: Persistent challenges related to Human Capital have impeded GPO's ability to be adequately organized, staffed, equipped, and trained to implement transformation. GPO will continue to be challenged to (1) understand its optimal workforce composition and (2) attract, develop, and maintain a workforce that best positions the agency to fully transform from print to digital publishing.** This management challenge originated in 2019. GPO continues to be affected by internal inefficiencies as well as a cumbersome Federal hiring system. As a result, GPO faces enduring human capital challenges. GPO is specifically challenged with ensuring that it is hiring the correct people for both GPO's current and future needs and that the hiring process is as effective and efficient as possible. A contract inspection to review Human Capital is planned for FY 2023.

**Challenge 2: In order to effectively advance the Directors' strategic vision, GPO will need to develop and put into effect a comprehensive implementation plan, with performance goals and measurable actions.** This management challenge originated in 2019 concerning the strategic impact on GPO caused by the extended absence of a confirmed Director. The current Director and Deputy Director were appointed and hired in 2019 and 2020, respectively. In 2020, we modified this challenge to focus on GPO's lack of a single document that enumerated a strategic vision for the future of the agency and the specific goals and objectives to achieve that vision. Last year, we modified this challenge to further focus on ensuring that the pending five-year strategic plan effectively articulated the Director's strategic vision for the agency and had an accompanying implementation plan.

This year, we recognize GPO's progress with the issuance of its FY 2023-2027 Strategic Plan, but note the absence of an accompanying implementation plan to date.

**Challenge 3: In order to ensure that GPO has a sustainable business model, GPO leadership will need to develop and implement long-term goals.** A sustainable business model includes both short- and long-term goals to enable an organization to reach the highest levels of customer satisfaction and return on investments. In July 2022, GPO issued its *Strategic Plan, 2023-2027, America Informed* (America Informed Plan), to set out four goals for the next five years. However, this document does not consider the long-term planning necessary to promote lasting growth, innovation, and even expansion. The OIG report released this year, *U.S. Government Publishing Office Organizational Transformation Evaluation*, provided GPO with both a thorough analysis of these difficulties and a possible road map to position GPO for their long-term future.

**Challenge 4: Persistent challenges to its internal management of fraud risks and implementation of a systemic antifraud program creates ongoing vulnerabilities, particularly in procurement.** GPO has two divisions that are actively involved in procurement: Customer Services, which works with other Federal agencies, and Acquisition Services, which provides GPO-internal acquisitions and contracting support. As our office's recent work shows, due diligence in reviewing contractors' past performance and financial data must remain a priority and become more effective. Proactive fraud risk management is meant to facilitate a program's mission and strategic goals by ensuring that taxpayer dollars and government services serve their intended purposes. Managers of GPO programs maintain the primary responsibility for enhancing program integrity and administering their programs to preclude fraud, waste, and abuse. However, in the past year, we did not see evidence of a GPO strategy that can assist managers of GPO programs to institute antifraud techniques and mechanisms. We also did not see evidence of an agency effort designed to coordinate antifraud initiatives across the agency.

**Challenge 5: GPO must contend with an aging physical plant.** I testified in 2019, that "a quick tour of the main buildings show that time, usage, and multiple short-range adjustments have taken their toll on the physical plant. This raises concerns for keeping GPO competitive but also about the well-being and safety of the workforce." My initial assessment remains true to this day. GPO could be in a constant state of triaged repair and upgrades for the foreseeable future.

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## **Introduction**

To identify management challenges, we examined past and ongoing audit, inspection, and investigative work to identify significant vulnerabilities. We also analyzed new programs and activities that could pose significant challenges. We examined GPO's Annual Reports, Budget Justification Reports, and Strategic Plans for relevant information about key issues facing the agency. Lastly, we considered the Agency's input on its own progress which included the new 2023-2027 GPO Strategic Plan. As a result, the research on the top management challenges feeds the annual audits and inspections planning process.

## **Changes from Previous Reporting Period**

The following key criteria were considered for whether to amend, add, or remove a management challenge from a prior report: (1) demonstrated leadership commitment in addressing the issue; (2) ability to address the problem; (3) plans for how corrective measures will be implemented; (4) programs 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 amended them to reflect agency progress and recent changes in the business environment. We also added a new management challenge for modern operations in aging infrastructure. Of note, during this reporting period, our office contracted a comprehensive organizational assessment of GPO. That report, issued in May 2022, stated that GPO has made targeted progress in modernizing its products and services while simultaneously improving its financial health. It further stated, however, that GPO continues to face challenges in meeting its current commitments and taking the bold steps needed to truly transform into a modern, digital publishing organization. Many of the vulnerabilities identified in prior GAO and OIG reviews, particularly those related to attracting the future workforce; chronic shortfalls in acquisitions functioning and vision; and limited strategic thought on its business model remain, in full or in part, vulnerabilities for GPO today. Our analysis of the challenges that follow, echo those findings.

**Challenge 1: Persistent challenges related to Human Capital have impeded GPO's ability to be adequately organized, staffed, equipped, and trained to implement transformation. GPO will continue to be challenged to (1) understand its optimal workforce composition and (2) attract, develop, and maintain a workforce that best positions the agency to fully transform from print to digital publishing.**

**Overview:** GPO faces enduring human capital challenges. GPO is specifically challenged with ensuring that the agency is hiring the correct people for both GPO's current and future needs and that the hiring process, to include onboarding, is as effective and efficient as possible.

**Challenge: Persistent challenges related to Human Capital have impeded GPO's ability to be adequately organized, staffed, equipped, and trained to implement transformation.**

While conducting our site visits in 2021 and 2022, we heard from hiring managers across the agency, that the hiring process takes too long; even taking as long as 6-months to bring new employees on board. It also still remains unclear whether GPO understands the optimal composition of its workforce in order to meet GPO's current *and* future needs as noted in the GPO Organization Transformation Evaluation.<sup>1</sup> With a high volume of expected vacancies and a lengthy hiring process, GPO is at risk of not adequately being staffed or having adequately trained staff. In addition, GPO does not have a knowledge management strategy. Knowledge capture and transfer were flagged as concerns by several business units given the high volume of imminent retirement-eligible staff. GPO's Human Capital leadership also noted that there are several critical positions that are difficult to fill due to direct competition with both the private sector and other Federal agencies. Positions such as print management specialists, human capital specialists, engineers, bookbinders, and proofreaders remain hard to fill.

**GPO progress:** GPO's Human Capital took a number of positive steps during FY 2022 to address this challenge and improve Human Capital processes and procedures. Additionally, GPO established a Human Capital goal as part of its 2023-2027 Strategic Plan which demonstrates the importance of Human Capital to the Agency's strategic direction. Goal 4, *Develop Our Workforce*, states that the agency will focus on the following over the next 4 years: 1) recruitment, development, and retention, 2) succession planning, and 3) knowledge management. It is clear that improving Human Capital is a management priority.

To improve GPO's ability to attract and select the best candidates, the agency posted all job announcements that were open to all U.S. citizens on the commercial job sites, Indeed and ZipRecruiter. They also implemented a new outreach program with trade schools. GPO developed partnerships with 26 trade schools, colleges, and universities. According to GPO, those partnerships allowed GPO to participate in the Handshake application, an online

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<sup>1</sup> [https://www.gpo.gov/docs/default-source/inspector-general/gpo\\_ote\\_report-22-06\\_19may2022\\_final.pdf](https://www.gpo.gov/docs/default-source/inspector-general/gpo_ote_report-22-06_19may2022_final.pdf)

recruiting platform for higher education students. Several business units started using selective factors, subject matter experts (SMEs), and work sample assessments during the hiring process.

GPO developed a new policy for attracting job applicants. The Creditable Service for Annual Leave Accrual for Non-Federal/Uniformed Work Experience policy allows GPO to evaluate a candidate's prior work experience and possibly award credit for leave, which ultimately increases the candidate pool. GPO also implemented the Recent Graduate Development Program and hopes to do the same for the Apprenticeship Program this year. These programs allow the Agency to recruit and develop the next generation of its workforce.

We acknowledge GPO's significant and positive efforts in these areas. Still, GPO remains challenged to deliver a strategic and 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.

Moreover, GPO's hiring and onboarding process is slow even by federal government norms, often taking 6 months to hire and onboard an employee. GPO's own senior leadership, as well as Congressional oversight staff have explicitly acknowledged concerns with human capital inefficiencies by separately requesting that our office conduct a focused inspection of GPO's Human Capital Management and its hiring process.<sup>2</sup> We have included this request in our FY 2023 Annual Audit and Inspection Plan.

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<sup>2</sup> GPO Memo *Response to OIG Fiscal Year 2023 Annual Project Planning*, May 19 2022; email to Inspector General from Senate Minority Staff, August 9 2022

## **Challenge 2: In order to effectively advance the Directors' strategic vision, GPO will need to develop and put into effect a comprehensive implementation plan, with performance goals and measurable actions.**

**Overview:** This management challenge originated in 2019 concerning the strategic impact on GPO caused by the extended absence of a confirmed Director. The current Director and Deputy Director were appointed and hired in 2019 and 2020, respectively. In 2020, we modified this challenge to focus on GPO's lack of a single document that enumerated a strategic vision for the future of the agency and the specific goals and objectives to achieve that vision. Last year, we modified this challenge to further focus on ensuring that the pending five-year strategic plan effectively articulated the Director's strategic vision for the agency and had an accompanying implementation plan. This year, we recognize GPO's progress and issuance of its FY 2023-2027 Strategic Plan, but note the absence of an accompanying implementation plan to date.

**Challenge:** Effective strategic plans should be accompanied by an implementation plan describing specific actions designed to achieve performance goals. Upon issuance of the new strategic plan, GPO acknowledges that the next step is for the business units to take the general principles outlined in the plan and turn them into measurable actions. In essence, the plan will be executed at the business unit level. GPO's efforts to foster uniformity of purpose, consistency in decision making, and assure a concerted agency-wide effort towards the attainment of strategic goals and objectives are achieved through a published formalized process. While the Chief of Staff is responsible for the overall coordination of the strategic planning and performance reporting, which includes various periodic reviews and monitoring implementation of strategic and performance plans for consistency with agency goals and objectives, our recently published report on GPO's Organizational Transformation, pointed out that GPO business unit's strategic plans on file varied in terms of currency and measurability of specific goals and short- or long-term impact. There was also no evidence of routine monitoring or evaluation of business unit-level goals. GPO must ensure its implementation plans include realistic timeframes with both short- and long-term goals and corresponding metrics for success and accountability. Although each business unit plays an important role in implementing the strategic plan, increased and continued involvement by agency leadership, who have a more global perspective on agency operations and must align resources against vision priorities, is both critical and beneficial for the successful execution of the strategic plan.

**GPO progress:** GPO has made significant progress over the last four years regarding this challenge. The publication of GPO's FY 2023-2027 Strategic Plan articulated the Director's vision of "America Informed." This vision will be executed through four strategic imperatives or key goals designed to support GPO's work and continued growth and leadership in the government information space over the next five years. The key goals are:

1. *Achieve Operational Excellence*
2. *Modernize and innovate*
3. *Ensure Financial Stability*
4. *Develop the Workforce*

Each goal includes several associated strategies or sub-goals. The strategic plan outlines progress made over the last five years regarding GPO's transformation efforts from a print-centric to a digital-based platform. The plan also updated GPO's mission and values and identified necessary goals, objectives, and priorities moving forward to accomplish its mission.

### **Challenge 3: In order to ensure that GPO has a sustainable business model, GPO leadership will need to develop and implement long-term goals.**

**Overview:** GPO continues to believe that its current business model, a predominately fee-for-service revolving fund ranging from its secure credentials to customer services operations, is most appropriate for the near- and mid-term future. However, our inspection report, *GPO Organizational Transformation Evaluation*<sup>3</sup> (GOTE) shows that a sustainable business model must include long-term goals to enable the Agency to reach the highest levels of customer satisfaction and return on investments.

**Challenge:** While the *America Informed* plan provides mid-term planning direction, GPO's efforts fall short of the long-term planning necessary to promote lasting relevance, growth and innovation. This is evident in the 5-year *America Informed* plan that focuses on operational and tactical level adjustments to bring its systems and processes *up to date* with modern government capabilities, but does not articulate how these fit into a long-term *proactive* vision. GPO also appears reluctant to take the bold steps needed to expand its revenue base. We also view an outdated Title 44 as inhibiting GPO's future financial growth and constrains GPO from expanding its full suite of products and services to a wider customer base.

To truly achieve a strategic modernization, GPO leadership must be willing to undertake a more forward-looking forecasting initiative to discern where GPO needs to be in the next decade and beyond - rather than a goal of catching up over the next decade. GPO must work with Congress to reform its statutory authority to enable the Agency to expand its lines of business and generate additional revenue. With effective planning and coordination, GPO can build on prior progress to initiate and execute a strategic plan that capitalizes on its strengths and synchronizes agency priorities.

**GPO progress:** Over the past several years, according to the agency, GPO has made progress toward meeting the demands of a modern publishing agency. For example, they cite the following items as examples.

- Developing XPub, the next-generation XML-based composition engine.
- Implementing state-of-the-art digital inkjet presses.
- Planning physical footprint reduction by closing Customer Services field offices for an annual savings of about \$1 million.
- Implementing telework and remote work programs.

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<sup>3</sup> [https://www.gpo.gov/docs/default-source/inspector-general/gpo\\_ote\\_report-22-06\\_19may2022\\_final.pdf](https://www.gpo.gov/docs/default-source/inspector-general/gpo_ote_report-22-06_19may2022_final.pdf)

## **Challenge 4: Persistent challenges to its internal management of fraud risks and implementation of a systemic antifraud program creates ongoing vulnerabilities, particularly in procurement.**

**Overview:** GPO has two divisions that are actively involved in procurement: Customer Services, which works with other Federal agencies, and Acquisition Services, which provides GPO-internal acquisitions and contracting support. As our office’s past work shows, due diligence in reviewing contractors’ past performance and financial data must remain a priority and become increasingly more effective. Proactive fraud risk management is meant to facilitate a program’s mission by ensuring that taxpayer dollars and government services serve their intended purposes. Managers of GPO programs maintain the primary responsibility for enhancing program integrity and administering their programs to preclude fraud, waste, and abuse.<sup>4</sup> However, we did not see evidence of a GPO comprehensive strategy that can assist managers of GPO programs to institute antifraud techniques and mechanisms.<sup>5</sup> We also did not see evidence of an agency effort designated to coordinate antifraud initiatives across the agency.

In GPO Directive 1215.1B “Program to Eliminate Fraud, Waste, and Abuse in GPO Programs and Operations,” a main component of GPO’s internal antifraud program relies on OIG assets and reporting fraud to the OIG. This is contrary to best practice guidance for federal entities, as the U.S. Government Accountability Office (GAO) has emphasized that **“it is critical that the antifraud entity be located within the agency and not the OIG,** so the OIG can retain independence to serve its oversight role.”<sup>6</sup> It bears emphasizing that IG assets are not the agency’s operational assets and cannot be part of its operational antifraud program.

**Challenge:** Instead, GPO needs to enhance its internal antifraud program by educating and communicating to GPO employees and its stakeholders the agency’s comprehensive antifraud strategy program plans and activities. This antifraud strategy should also include communicating GPO’s fraud risk assessment findings and conclusions, as well as specific guidance to GPO managers on how to manage fraud risks and institute antifraud controls.

The lack of internal controls, particularly in procurement operations, increases the risk of fraud. For example, we have been told that GPO does not take steps to ensure that what GPO has contracted to procure is actually what GPO is getting from a contractor. For example, if a GPO contract requires that a contractor produce bookbags that conform with “Made in America” standards, there is currently no GPO procedure or mechanism that confirms a material condition such as “Made in America” has been met upon purported delivery and prior to payment. GPO does not require any

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<sup>4</sup> GPO Directive 1215.1B “Program to Eliminate Fraud, Waste, and Abuse in GPO Programs and Operations, Paragraph 7b; GAO-15-593SP, “A Framework for Managing Fraud Risks in Federal Programs,” (GAO Framework), available at [GAO-15-593SP, A Framework for Managing Fraud Risks in Federal Programs](#), page 2.

<sup>5</sup> GAO Framework, pages 9-19, describe leading best practices, such as planning and conducting regular fraud risk assessments and communicating the agency’s antifraud strategy to employees and other stakeholders.

<sup>6</sup> GAO Framework, page 10. (Emphasis added).

certification or confirmation from a contractor that it has complied with material conditions to obtain payment.<sup>7</sup> Further, GPO does not independently verify that conditions have been met prior to payment.

GPO can further improve its procurement oversight and antifraud efforts by revisiting federal best practices, such as GAO's Standards for Internal Control in the Federal Government, commonly known as the Green Book.<sup>8</sup> These standards provide the overall framework for maintaining internal control and for addressing areas at greatest risk for fraud, waste, abuse, and mismanagement. This will aid GPO management in instituting a comprehensive internal antifraud strategy that does not rely upon the OIG, such that the OIG can conduct independent oversight.

**GPO progress:** GPO has made progress in improving its Suspension and Debarment program to combat fraud, waste, and abuse. Following the *OIG's Review of the GPO Suspension and Debarment Program*,<sup>9</sup> GPO adopted needed provisions in its February 22, 2022, Directive 110.11D *Contractor Suspension and Debarment Procedures*. The GPO Directive now conforms with Federal Acquisition Regulation (FAR) Subpart 9.4. For example, FAR Subpart 9.4 specifies violations of a Drug-Free Workplace and falsely affixing a "Made in America" inscription as reasons for suspension or debarment, and GPO has amended the Directive to include these provisions. The new Directive further conforms with FAR Subpart 9.4 in allowing contractors more leeway by specifying suspension or debarment for delinquent Federal taxes exceeding \$10,000, as opposed to \$3,000.

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<sup>7</sup> GPO only requires that a contractor certify that it will meet material conditions during the pre-award certification period and at no other time; there is no time when the contractor or subcontractor is required to certify that it has actually complied with the material conditions.

<sup>8</sup> GAO-14-704G, "Standards for Internal Control in the Federal Government," available at: <https://www.gao.gov/products/gao-14-704g>.

<sup>9</sup> GPO OIG, "Review of the GPO Suspension and Debarment Program," Inspection Report Number 21-09 (July 6, 2021), available at: <https://www.gpo.gov/docs/default-source/inspector-general/s-dreport-21-09-final.pdf>.

## Challenge 5: GPO must contend with an aging physical plant.

**Overview:** GPO's Washington D.C. complex consists of four buildings that house various printing presses, passport production lines, administrative office space, and tenant agencies such as the Capital Police and the U.S. National Archives and Records Administration. Building completion ranged from 1903 to 1938 and GPO's total working floor space in the central facility is 33 acres. As stated in a 2017 historical picture-archive publication about GPO's buildings "Although they were planned as industrial buildings, their appearance in the context of neighboring houses, commercial structures, and Government buildings is on the one hand commanding (due to their size) and at the same time not overwhelming. Visitors over many decades reported surprise that "those big red buildings" were, in fact, a large working factory inside."<sup>10</sup> Today, the buildings house close to 1000 employees, and the various production equipment necessary for full printing plant operations.

**Challenge:** I testified in 2019, that "a quick tour of the main buildings show that time, usage, and multiple short-range adjustments have taken their toll on the physical plant. This raises concerns for keeping GPO competitive but also about the well-being and safety of the workforce." My initial assessment remains true to this day. GPO facilities will be in a constant state of triaged repair for the foreseeable future.

Currently, GPO has four major facilities projects (\$6.7M) that are considered priority projects and are estimated to be completed between December 2022 and May 2023:

1. Garage and Basement Concrete Repair – 5 percent complete, as of August 16, 2022
2. SID Loading Dock – 10 percent complete, as of August 16, 2022
3. IT Data Center – The A&E design is 5 percent complete, as of August 16, 2022
4. Removal of Group 98 Presses and Oxidizers – 10 percent complete, as of August 16, 2022

In addition to the above improvement and renovation projects, the agency manages other facility-related repair projects prioritized by their effect on safety and production. The most notable management mechanism is the Top 10 Safety Hazards that GPO's Safety Branch publishes annually. In order to provide additional oversight of this challenge, this year our office will conduct a series of safety and facilities-related activities. For example, my office has begun an inspection on the process and management of GPO Top 10 Safety Hazards as well as GPO's response to previously identified environmental hazards. We planned another inspection activity into GPO's Management and Preventative Maintenance of its Heating/Ventilation Air Conditioning (HVAC) System where we will determine if the air quality, ventilation, filtration,

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<sup>10</sup> <https://www.govinfo.gov/content/pkg/GPO-PICTURINGBIGSHOP-2017/pdf/GPO-PICTURINGBIGSHOP-2017-2.pdf>

and circulation of air within the GPO Central Complex is in alignment with federal regulations and policy.

**GPO progress:** This is the first inclusion of this management challenge and progress will be reported in future iterations.