U.S. GOVERNMENT PUBLISHING OFFICE

Fiscal Year 2024 Top Management Challenges for the U.S. Government Publishing Office

OIG Report Number 24-01

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. The U.S. Government Publishing Office (GPO), Office of the Inspector General (OIG), also adopted this requirement as a best practice. Top management challenges provide a forward-looking assessment for the coming fiscal year (FY) to aid GPO in focusing attention on the most serious management issues.

What We Considered

To identify top management challenges, we examined ongoing and past audit, inspection, and investigative work. We analyzed new programs and activities that could pose significant challenges. We also examined GPO's Annual Reports, Budget Justification Reports, and Strategic Plans for issues facing the Agency. Finally, we assessed and acknowledged GPO's progress in addressing challenges identified in the previous year. For FY 2024 we identified three top management challenges.

FY 2024 Top Management Challenges:

Challenge 1: Human Capital. This management challenge originated in 2019. GPO continued to face challenges with recruitment and retention, time-to-hire efficiencies, and succession planning. Although each of these challenges remains to a varying degree, GPO demonstrated progress in FY 2023. However, the most significant challenge that GPO faces is that more than half of the Agency's workforce is currently eligible for retirement within the next five years, posing a risk to staffing, succession planning, and knowledge transfer.

Challenge 2: Contract Fraud. GPO needs a strategic approach to managing fraud risks and developing effective antifraud controls. Consistent with the Government Accountability Office's (GAO) April 2023 recommendations for federal agencies, GPO should take proactive steps to mitigate fraud risk, including designating an entity to lead fraud risk management. As no such entity currently exists in the Agency, GPO should work to develop a Fraud Risk Management Program to demonstrate the expectations of senior management regarding the integrity of GPO and its employees. While GPO has taken steps to help minimize fraud risk, such as the planned updated supplement to the Materials Management Acquisition Regulation, more proactive measures should be taken to further reduce the risk of fraud to GPO.

Challenge 3: Aging Physical Plant. This management challenge originated in FY 2023. GPO's D.C. complex consists of four buildings that house various printing presses, passport production lines, administrative office space, and tenant agencies. These buildings show that time, usage, weather, and multiple short-range adjustments have taken their toll on the physical plant. This raises productivity and safety concerns.

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Changes from the Previous Report

We considered the following to update this 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.

In FY 2023, GPO prioritized its strategic and long-term planning. Specifically, GPO issued a new FY 2023-2027 Strategic Plan for each of its 13 Business Units. These 13 plans incorporated the Agency's mission and long-term goals. Due to these commitments and resources mobilized to achieve strategic and long-term planning, we are no longer including the following two challenges from last year.

1. In order to effectively advance the Director's strategic vision, GPO will need to develop and put into effect a comprehensive implementation plan, with performance goals and measurable actions.

2. In order to ensure that GPO has a sustainable business model, GPO leadership will need to develop and implement long-term goals.

We commend GPO for addressing these challenges and for the progress made on the remaining challenges.
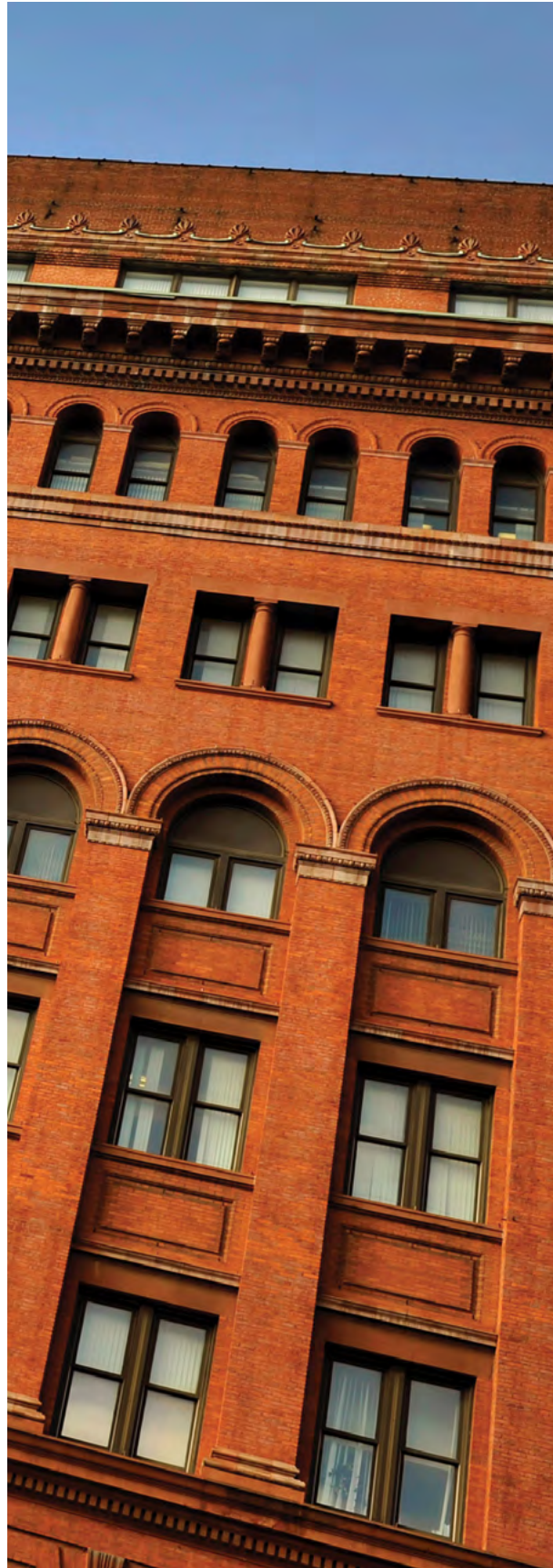
Challenge 1: Human Capital

Overview: Our FY 2023 Top Management Challenges Report highlighted GPO's continued challenges with recruitment and retention, time-to-hire efficiencies, and succession planning. Although each of these challenges remains to a varying degree, GPO demonstrated progress in FY 2023.

Why this is a Challenge: "According to Director Hugh Halpern, the most significant challenge the GPO faces is that more than half of the Agency's employees are eligible to retire within the next five years."[1] The FY 2023-2027 Human Capital Strategic Plan (HCSP) identified goals to develop workforce succession management policies, procedures, and applications to provide real-time reporting and analytics on workforce trends. While establishing performance goals is a move in the right direction, GPO could go further and develop HCSP performance metrics. Doing so would inform leadership whether results align with the Agency's mission and priorities. GPO also faces difficulties competing with other Federal agencies and the private sector for talent. In some cases, GPO lacks employees with specialized expertise related to the Agency's mission. For example, GPO requires employees with the specialized bookbinder, proofreader, key boarder, and digital prepress expertise to execute its mission.

In addition, because GPO is a small Agency, changes in the workforce - such as the retirement of key personnel - must be mitigated to avoid disruption. Management should consider documenting the duties of critical positions to minimize the loss of intellectual capital when employees leave. As part of the documentation process, management should include succession planning for each key position. This documentation will ensure that institutional knowledge is passed on.

GPO progress: Employees are GPO's most valuable asset. In this employment market, GPO must continue to seek ways to remain competitive by adopting agile recruitment and retention processes. In FY 2023, GPO issued the *Strategic Recruitment Plan*, 2023-2029 (Plan) providing the roadmap to attract a new generation of employees. GPO continued to build its workforce by implementing the Recent Graduate Program, restarting the Apprenticeship Program, and updating recruitment efforts by partnering with schools and trade organizations. In September 2023 alone, GPO hired 51 recent graduates and eight Apprentice Program employees. For the first time since FY 2018, GPO had a net positive hiring number in FY 2022. In FY 2023, staffing levels have continued to rise to 1,597 through August 2023, although they have yet to reach approved funding levels of 1,812. Rising staffing levels are a positive development.

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[1] U.S. Government Publishing Office Strategic Recruitment Plan 2023-2029, p. 1

Challenge 2: Contract Fraud

Overview: GPO has two divisions that are actively involved in procurement. Customer Services contracts vendors to produce and distribute information, products, and services for all three branches of the Federal Government. Acquisition Services provides GPO with internal acquisitions and contracting support.

In 2015, the GAO issued a report entitled "A Framework for Managing Fraud Risks in Federal Programs" to serve as a guide for Agency managers. The report outlines four components for managing fraud risks:

1. creating an organizational culture to combat fraud at all levels of the Agency,

2. conducting regular fraud risk assessments tailored to particular programs to identify and assess associated risks,

3. designing and implementing a strategy with specific controls to mitigate assessed fraud risks and collaborating to help ensure effective implementation, and

4. evaluating outcomes using a risk-based approach to adapt controls to improve fraud risk management.

The GAO has issued numerous recommendations since 2015 to help federal agencies manage their fraud risks, many of which have not been fully implemented. In April 2023, GAO issued a follow-up report entitled "Fraud Risk Management." The report identifies five areas in which federal agencies need to take additional actions to help ensure they are effectively managing fraud risks. Specifically, agencies need to take additional actions related to:

1. designating an entity to lead fraud risk management,

2. assessing fraud risks,

3. designing and implementing an antifraud strategy,

4. using data analytics to manage fraud risks, and

5. managing fraud risks in emergencies.

A main component of GPO's antifraud program relies on the Office of the Inspector General (OIG) as outlined in GPO Directive 1215.1B *Program to Eliminate Fraud, Waste, and Abuse in GPO Programs and Operations*. This is contrary to GAO's best practice guidance. GAO 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." Managers of GPO programs maintain the primary responsibility for enhancing program integrity and administering their programs to prevent fraud, waste, and abuse.

Why this is a Challenge: As no such program currently exists in the Agency, GPO could establish a Fraud Risk Management Program (Program) that demonstrates the expectations of senior management and the commitment to managing fraud risks. The Program could be an individual or a team, depending on the needs of the GPO. The Program should have defined responsibilities and a direct reporting line to senior-level managers within the GPO. While managers of federal programs may perceive a conflict between their priorities to fulfill the program's mission and taking actions to safeguard taxpayer dollars from improper use, proactively managing fraud risks can ensure that taxpayer dollars and government services serve their intended purposes.

We have identified fraud risks in GPO operations before. Specific examples include GPO not taking steps to ensure that contracted services were met; GPO not requiring final invoice certification (under penalty of perjury); GPO has not certified that vendors or contractors have complied with material conditions to obtain payment and has not independently verified that conditions were met prior to payment; and, GPO contracts do not include a right to audit clause. The establishment of a Fraud Risk Management Program will enable the GPO to strategically mitigate previously identified fraud risks and to identify and mitigate existing and future fraud risks.

GPO progress: We note that Acquisition Services is in the process of developing a supplement to the Materials Management Acquisition Regulation (MMAR), which was last updated in 2003. It is anticipated that an updated MMAR will provide greater clarity to GPO personnel involved in the contracting process. We also note that in April 2023, Acquisition Services began using its shared drive to save documents relating to contracts, which should enhance the visibility and completeness of contract documentation. 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.
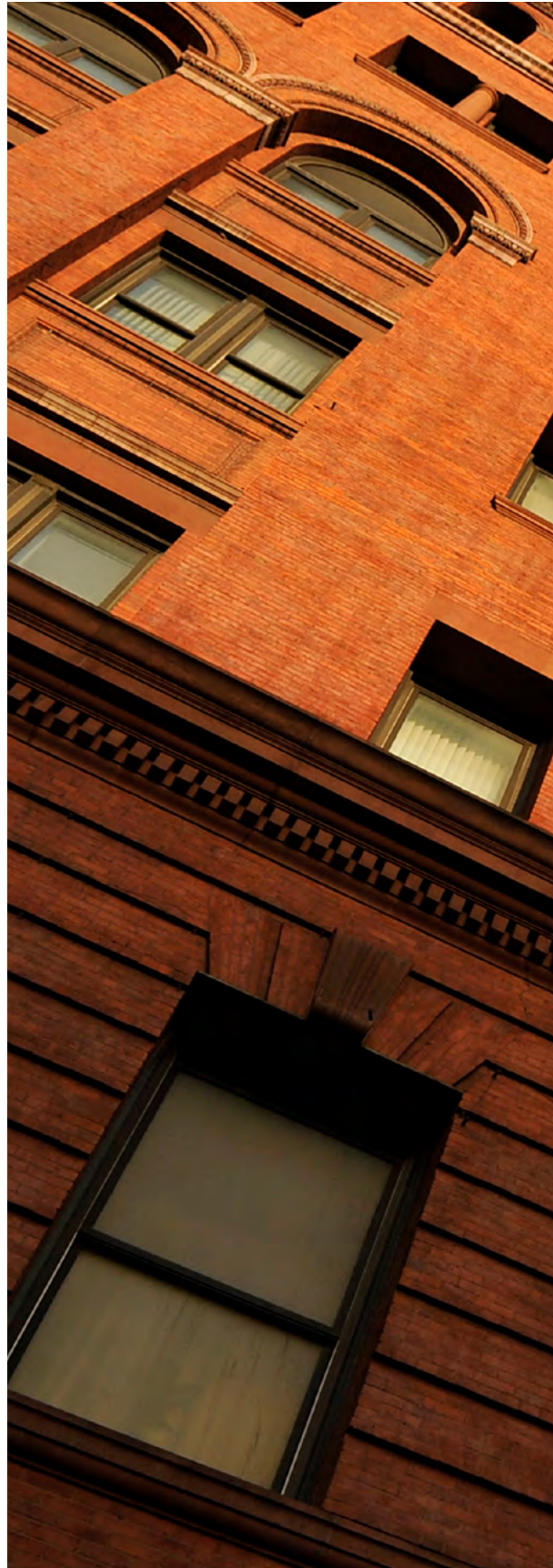
Challenge 3: Aging Physical Plant

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 U.S. Capitol 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."[2] Today, the buildings house close to 1,000 employees, and the various production equipment necessary for full printing plant operations.

Why this is a Challenge: We stated in our FY 2023 management challenges that GPO's D.C. buildings show that time, usage, weather, and multiple short-range adjustments have taken their toll. This raises concerns for GPO's ability to sustain productivity levels and remain competitive, as well as concerns about the well-being and safety of the workforce.

In FY 2023, we identified four of GPO's major facilities projects ($6.7M) that were considered priority projects and were estimated to be completed by May 2023. Those projects and their status are:

1. Garage and Basement Concrete Repair:

   a. The Garage repair is 100% complete. However, the G Street sidewalk and basement repair work is still in progress. The Agency is securing an Architecture and Engineering (A&E) firm to certify the design and is budgeting for the associated construction costs.

2. SID Loading Dock Located at Building 4:

   a. The first phase of the SID loading dock project is complete. This phase included: a survey, and design of the entire loading dock which incorporated mechanical, electrical, and plumbing systems; the preparation of phased construction drawings; and completion of the first phase of the construction drawings.

   b. The second phase is currently delayed while the Agency focuses its efforts on the Building 4 Smart Manufacturing Facility project. The Building 4 Smart Manufacturing project is a major construction effort and a new addition to the Agency's priority projects list. Consequently, upon completion of this project, the Agency will concentrate its efforts on A&E design and construction of the SID Loading Dock.

3. IT Data Center:

   a. The A&E design for the IT Data Center project is 65% complete. The Agency anticipates completion of the A&E design in Calendar Year (CY) 2023.

4. Removal of Group 98 Presses and Oxidizers:

   a. The removal of Group 98 Presses and Oxidizers is 100% complete.

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[2] https://www.govinfo.gov/content/pkg/GPO-PICTURINGBIGSHOP-2017/pdf/GPO-PICTURINGBIGSHOP-2017-2.pdf

In addition to the previous 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 annual Top 10 Safety Hazards list.

Our office recently completed two safety and facilities-related inspections. The Top 10 Safety Hazards Program inspection reported two findings and made three recommendations focused on documenting the requirements, processes, and guidance for prioritization of the Top 10 Safety Hazards; and completing a Master Plan for better situational awareness. The Environmental Program inspection reported three findings and made seven recommendations focused on compliance and recordkeeping, improving processes, and training. In addition, my office began an inspection of GPO's Indoor Air Quality (IAQ) to assess whether GPO's ventilation and air cleaning system designs are aligned with industry best practices and standards and whether GPO is maintaining its ventilation and air cleaning system; the report of this inspection is due in January 2024.

GPO progress: GPO has made progress towards completion of the four major facilities projects identified in 2023. The removal of the Group 98 Presses and Oxidizers is complete. The remaining three projects have progressed at various levels. The garage portion of the Garage and Basement Concrete Repair effort is 100% complete. Work continues on the G Street sidewalk and basement. The design with the D.C. government is awaiting certification by an A&E firm and the A&E contract award is in progress. GPO also intends to submit an additional funding request at this year's Strategic Investment Committee (SIC) to cover the expected construction costs of replacing the entire sidewalk.

The first phase of the SID loading dock is complete. The second phase (A&E design) and construction of the loading dock will be delayed due to the pending contract award and completion of the Building 4 Smart Manufacturing Facility project.

The IT Data Center A&E design is 65% complete. The Agency expects to complete the A&E design in CY 2023. The Agency has submitted a SIC request for funding the construction of the Data Center.

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