April 3, 2019

The Honorable Margaret Weichert
Acting Director
Office of Personnel Management
1900 E Street, NW
Washington, DC 20415-1000

Priority Open Recommendations: Office of Personnel Management

Dear Ms. Weichert:

The purpose of this letter is to provide an update on the overall status of the Office of Personnel Management’s (OPM) implementation of GAO’s recommendations and to call your personal attention to areas where open recommendations should be given high priority. In November 2018, we reported that on a government-wide basis 77 percent of our recommendations made 4 years ago were implemented. OPM’s recommendation implementation rate was about 38 percent. As of April 2019, OPM had 89 open recommendations. Fully implementing these open recommendations could significantly improve OPM’s operations.

Since our last letter of March 2018, OPM has implemented three of 16 open priority recommendations. OPM took actions to help agencies address workforce challenges and strengthen the government’s ability to compete in the labor market and improve the federal hiring process. OPM also took actions, such as updating training on security assessment standards, that should increase assurance that the agency can accurately assess contractors’ security and privacy controls.

OPM has 13 priority recommendations remaining from those we identified in our 2018 letter. We ask your continued attention to these remaining recommendations. We are adding five new recommendations as priorities this year related to addressing employee misconduct and improving performance management. This brings the total number of priority recommendations to 18. In a number of areas, OPM has taken promising steps in response to these recommendations, although additional actions are needed. (See enclosure for the list of these recommendations.)

The 18 priority recommendations fall into the following seven areas.

Addressing Mission Critical Skills Gaps. Because of challenges the federal government has faced in addressing critical skills gaps and ensuring agencies hire the employees needed to

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1Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operation, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

meet their respective missions, strategic human capital management has been on GAO’s High-Risk List since 2001. Mission critical skills gaps are a factor in 16 of 35 high-risk areas. OPM plays a critical leadership role in addressing this issue, and two of the priority recommendations are centered on the high-risk area of strategic human capital management.

Specifically, we recommended that OPM, in conjunction with OMB, the Chief Human Capital Officers (CHCO) Council, and other federal agencies should (1) establish a schedule and process for collecting government-wide staffing and competency data and (2) identify a core set of metrics for closing any gaps. To fully implement these recommendations, OPM needs to continue working closely with OMB, other federal agencies, the CHCO Council, and employee unions to manage the plans and capacity for addressing skills gaps in the federal workforce.

**Delivering Agencies’ Missions in an Era of Constrained Resources.** Given the budgetary and long-term fiscal challenges facing the nation, agencies must identify options to meet their missions with fewer resources. Our May 2014 report recommended that OPM and the CHCO Council explore the feasibility of expanded use of enterprise solutions to more efficiently and effectively address shared or government-wide human capital challenges. To fully address this recommendation, OPM needs to take further action, such as implementing aspects of the Federal Workforce Priorities Report related to enterprise solutions and implementing initiatives to support enterprise solutions already underway. ³

**Improving the Federal Classification System.** Almost since the General Schedule (GS) system was established in 1949, questions have been raised about its ability to keep pace with the evolving nature of government work. Our July 2014 report included a priority recommendation that the Director of OPM—working through the CHCO Council and other stakeholders—use prior studies and lessons learned from demonstration projects and alternative systems to examine ways to make the GS system's design and implementation more consistent with the attributes of a modern, effective classification system. According to OPM, it has made incremental improvements to the classification system. We continue to believe that OPM should fully implement the recommendation.

**Making Hiring and Special Pay Authorities More Effective.** To ensure agencies have the talent they need to meet their missions, federal agencies must have a hiring process that is applicant-friendly, flexible, and meets policy requirements, such as hiring on the basis of merit. In August 2016, we recommended that OPM, along with the CHCO Council, expand access to specific hiring authorities found to be highly efficient and effective and eliminate those found to be less effective. To fully implement this priority recommendation, OPM needs to identify opportunities to streamline the hiring process and develop legislative proposals to implement these changes, as appropriate.

Our December 2017 report included a priority recommendation that OPM, together with the CHCO Council, track government-wide data to establish a baseline and analyze the extent to which special pay authorities are effective in improving employee recruitment and retention and determine what potential changes may be needed to improve the authorities' effectiveness. To fully implement this recommendation, OPM needs to track government-wide data for special pay authorities, analyze the authorities' effectiveness, and identify needed changes to improve that effectiveness.

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Improving Enterprise Human Resource Integration (EHRI) Payroll Data. OPM is responsible for supporting federal agencies' human capital management activities, which includes ensuring that agencies have the data needed to make staffing and resource decisions to support their missions. The EHRI system is OPM's primary data warehouse to support these efforts. In our October 2016 report, we made two priority recommendations, including that OPM improve the availability of EHRI data for other agencies and researchers and consistently monitor and address system-generated error and edit check reports. To fully implement these two priority recommendations, OPM needs to improve the availability of EHRI data and take timely action on system-generated edit checks to improve the quality of EHRI data.

Addressing Employee Misconduct and Improving Performance Management. Misconduct is generally considered an action by an employee that impedes the efficiency of the agency's service or mission. In our July 2018 report, we made two priority recommendations, including that OPM leverage lessons learned to help agencies address misconduct and that OPM provide guidance on training supervisors and human resources staff on addressing misconduct. To fully implement these two priority recommendations, OPM needs to build on its existing efforts to disseminate lessons learned by considering additional practices from other sources. OPM also needs to take steps to help agencies improve the training they provide supervisors and managers on addressing misconduct.

Managing employee performance also has been a long-standing government-wide issue and the subject of numerous reforms since the beginning of the modern civil service. Without effective performance management, agencies risk losing the skills of top talent and missing the opportunity to effectively address increasingly complex and evolving mission challenges. In our November 2018 report, we made three priority recommendations related to improving performance management. To fully implement these recommendations, OPM needs to implement a process to update its performance management website, create a mechanism for agencies to share lessons learned, and share innovations in performance management with agencies.

Strengthening Controls over IT Systems. OPM collects and maintains personal information on millions of individuals, including sensitive security clearance data. Protecting this sensitive information is imperative. We have five priority recommendations in this area. In our May 2016 report, we made three priority recommendations to OPM: update security plans to ensure controls specific to high-impact systems are addressed, provide and track training for individuals with significant security responsibilities, and ensure that security control assessments specific to high-impact systems are comprehensive. To fully implement these recommendations, OPM needs to complete its ongoing efforts in each of these areas by implementing an automated system for management of security controls and security plans, defining and completing its planned corrective actions on training, and conducting reviews of completed security control assessments.

We made two additional priority recommendations in an August 2017 report: more quickly validate actions taken on recommendations from the U.S. Computer Emergency Readiness Team and develop and implement role-based training requirements for staff who use Continuous Diagnostics and Mitigation (CDM) tools. To fully implement these recommendations, OPM needs to review closure packages or otherwise validate the

4The Department of Homeland Security established the U.S. Computer Emergency Readiness Team to, among other things, coordinate the nation’s efforts to prepare for, prevent, and respond to cyber threats to systems and communications networks.
effectiveness of actions taken and issue role-based training requirements for individuals who use CDM tools.

As you know, in March we issued our biennial update to our high-risk program, which identifies government operations with vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.⁵ Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

One of our high-risk areas, strategic human capital management, centers directly on OPM. Several other government-wide high-risk areas also have direct implications for OPM and its operations. These include (1) the government-wide security clearance process, (2) ensuring cybersecurity of the nation, and (3) improving management of information technology (IT) acquisitions and operations. We urge your attention to these OPM and government-wide high-risk issues as they relate to OPM. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget (OMB), and the leadership and staff in agencies, including OPM.

Copies of this report are being sent to the Director of the Office of Management and Budget and to appropriate congressional committees, including the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

I appreciate OPM’s continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Yvonne Jones, Director, Strategic Issues at 202-512-2717 or jonesY@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 89 open recommendations, as well as those additional recommendations in the high-risk areas for which OPM has a leading role. Thank you for your attention to these matters.

Sincerely yours,

Gene L. Dodaro
Comptroller General
of the United States

Enclosure

Enclosure

Priority Open Recommendations to OPM

Addressing Government-wide Critical Skills Gaps


Recommendations: The Director of the Office of Personnel Management (OPM) and the Chief Human Capital Officers (CHCO) Council—should take the following two actions:

1. Establish a schedule specifying when OPM will modify its Enterprise Human Resources Integration (EHRI) database to capture staffing data that it currently collects from agencies through its annual workforce data reporting process.

2. Work with the CHCO Council to develop a core set of metrics that all agencies should use as part of their HRstat data-driven reviews.

Action needed: OPM did not concur with the first recommendation, but did concur with the second. To address the first recommendation, OPM is considering using EHRI, in combination with other sources to generate workforce data to assist agencies in their efforts to identify skills gaps. However, in March 2019, OPM reported that it now believes that collecting staffing gap targets through an alternative system, MAX Collect, will provide a more efficient and accurate means to collect workforce data than EHRI. OPM, in conjunction with OMB, agencies, and the CHCO Council, still needs to provide documentation demonstrating that the MAX Collect system accurately collects and stores a consistent set of staffing and competency data to perform valuable government-wide analysis to predict and address skills gaps in occupations affecting multiple agencies.

OPM concurred with the second recommendation. In March 2019, OPM stated it had addressed the recommendation by developing a multi-factor model consisting of core metrics including quit rates and retirement rates. OPM said that they provide the model to agencies for identifying mission-critical occupations, and that agencies should have the autonomy to determine which human capital metrics are important for achieving their missions. While this is an important step forward, to close the recommendation, OPM needs to provide evidence that agencies are using the multi-factor model as a common set of metrics to close mission-critical skills gaps, regardless of other agency-specific metrics.

High-risk area: Strategic Human Capital Management

Director: Robert Goldenkoff
Contact information: GoldenkoffR@gao.gov, (202) 512-2757
Delivering Agencies’ Missions in an Era of Constrained Resources


**Recommendation:** The Director of OPM, in conjunction with the CHCO Council, should explore the feasibility of expanded use of enterprise solutions to more efficiently and effectively address shared or government-wide human capital challenges. Such actions could include: (1) seeking cost savings and improved functionality through coordinated government-wide human resources information technology planning and acquisition, (2) seeking agency input to ensure OPM's workforce planning tools provide effective guidance for agencies, and (3) sharing workforce planning lessons learned and successful models across the government.

**Action needed:** OPM agreed with the recommendation. In September 2018, OPM reported that in spring 2019, data will be available to indicate whether surveys and tools to address government-wide human capital challenges are meeting their intended goals. In March 2019, OPM told us that they were conducting Human Capital Reviews with relevant agencies. However, to fully implement the recommendation, OPM needs to demonstrate continued progress in addressing government-wide human capital challenges, which may be evidenced by OPM’s efforts to address government-wide priorities in the *Federal Workforce Priorities Report*, as well as continued implementation of initiatives to support enterprise solutions already underway.  

**Director:** Robert Goldenkoff  
**Contact information:** GoldenkoffR@gao.gov, (202) 512-2757

Improving the Federal Classification System


**Recommendation:** The Director of OPM—working through the CHCO Council and key stakeholders such as OMB, unions, and others—should use prior studies and lessons learned from demonstration projects and alternative systems to examine ways to make the General Schedule (GS) system’s design and implementation more consistent with the attributes of a modern, effective classification system. To the extent warranted, OPM should develop a legislative proposal for consideration.

**Action needed:** OPM partially agreed with the recommendation, noting that the system needs reform but that prior studies and demonstration projects have focused on pay rather than classification. However, as we noted in the report, classification and pay are closely related, and we continue to believe that the lessons learned from these efforts should be used to examine ways to make the GS system more consistent with the attributes of a modern, effective classification system. In December 2018, OPM told us that it developed the classification post-implementation study for the grants management series (1109) and will be ready to issue draft standards for other short-term studies by spring 2019. To fully implement the recommendation, OPM still needs to work in conjunction with key stakeholders such as OMB and unions;

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complete its review of studies and lessons learned; and if warranted, develop a legislative proposal to make the GS system’s design and implementation more consistent with the attributes of a modern, effective classification system.

**High-risk area:** Strategic Human Capital Management

**Director:** Robert Goldenkoff

**Contact information:** GoldenkoffR@gao.gov, (202) 512-2757

### Making Hiring and Special Pay Authorities More Effective


**Recommendation:** To help strengthen the government's ability to compete in the labor market for top talent and to improve the federal hiring process, the Director of OPM, in conjunction with the CHCO Council, should use available information to determine whether opportunities exist to refine, consolidate, eliminate, or expand agency-specific authorities to other agencies and implement changes where OPM is authorized, including seeking presidential authorization (as necessary) to do so. In cases where legislation would be necessary to implement changes, OPM should work with the CHCO Council to develop legislative proposals.

**Action needed:** OPM agreed with the recommendation. In December 2018, OPM said that it continues to research and examine streamlining opportunities, such as those identified in its July 2018 study on excepted service hiring authorities, as part of the broader initiative to modernize federal hiring practices under the President’s Management Agenda. However, OPM did not provide a time frame for implementation. In its March 2019 Congressional Justification for the Fiscal Year 2020 Budget Request, OPM included legislative proposals for new hiring authorities such as highly qualified experts and temporary appointments to help agencies meet critical needs as well as a change to the criteria for granting direct hire authority. While OPM has made some progress in this area, it will be important for the agency to follow through on its planned actions to streamline hiring authorities. To fully implement the recommendation, OPM needs to complete these efforts and, as appropriate, develop legislative proposals in consultation with the CHCO Council.

**High-risk area:** Strategic Human Capital Management

**Director:** Robert Goldenkoff

**Contact information:** GoldenkoffR@gao.gov, (202) 512-2757


**Recommendation:** The Director of OPM, together with the CHCO Council, should track government-wide data to establish a baseline and analyze the extent to which the seven Title 5 special payment authorities are effective in improving employee recruitment and retention, and determine what potential changes may be needed to improve the seven authorities' effectiveness.
Action needed: OPM partially agreed with the recommendation. In December 2018, OPM told us that it established a baseline to measure changes over time, on an annual basis, regarding the use of the seven special payment authorities. OPM also stated that it is working with the CHCO Council to administer a survey to obtain agency input on how to improve the authorities’ effectiveness. However, documents OPM provided in December 2018, provided no information on actions taken on this recommendation. To fully implement the recommendation, OPM needs to work with the CHCO Council to analyze changes in government-wide data and the extent to which the seven special payment authorities are effective.

High-risk area: Strategic Human Capital Management

Director: Yvonne D. Jones
Contact information: JonesY@gao.gov or (202) 512-2717

Improving Enterprise Human Resource Integration (EHRI) Payroll Data


Recommendation: To support its strategic and open data goals, the Director of OPM should improve the availability of the EHRI payroll data—for example, by preparing the data for analytics, making them available through online tools such as FedScope, and including them among the EHRI data sources on the OPM website and Data.gov.

Action needed: OPM agreed with the recommendation. In December 2018, OPM told us it will establish a plan to make payroll data available through analytical tools such as FedScope no later than the fourth quarter of fiscal year 2019. To fully implement the recommendation, OPM will need to improve the availability of payroll data—either from the existing EHRI system or the new employee digital record—by ensuring the data are prepared and made available for analytics research.

Recommendation: To improve internal controls for data quality, the Director of OPM should consistently monitor system-generated error and edit check reports and ensure that timely action is taken to address identified issues.

Action needed: OPM agreed with the recommendation. In December 2018, OPM reported that it plans to begin follow-up efforts with agencies and shared service providers on payroll data errors and anomalies and to notify data providers of problems. To fully implement the recommendation, OPM will need to follow up with shared services centers and agencies regarding issues identified with the payroll data they submit to EHRI. These steps will help ensure the quality of historical and current payroll data. They will also ensure that system detected errors are resolved and do not compound over time.

Director: Rebecca Shea
Contact information: SheaR@gao.gov or (202) 512-6722

Addressing Employee Misconduct and Improving Performance Management

Recommendation: The Director of OPM, after consultation with the CHCO Council, should broadly disseminate to agencies the promising practices and lessons learned, such as those described in this report, as well as work with agencies through such vehicles as the CHCO Council, to identify any additional practices.

Action needed: OPM partially agreed with this recommendation. In December 2018, OPM stated that it plans to continue to use promising practices and to issue guidance on progressive discipline and tables of penalties. To fully implement this recommendation, OPM will need to build on its existing efforts to disseminate lessons learned by considering additional practices from other sources that are not being disseminated, such as those used by other agencies.

Recommendation: The Director of OPM, after consultation with the CHCO Council, should provide guidance to agencies to enhance the training received by managers/supervisors and human capital staff to ensure that they have the guidance and technical assistance they need to effectively address misconduct and maximize the productivity of their workforces.

Action needed: OPM partially agreed with this recommendation. In December 2018, OPM stated that it plans to provide guidance to agencies on training requirements for managers, supervisors, and human resources staff. While it is not responsible for providing training, OPM needs to take steps to help agencies improve the training they provide supervisors and managers on addressing misconduct.

High-risk area: Strategic Human Capital Management

Director: Robert Goldenkoff
Contact information: GoldenkoffR@gao.gov, (202) 512-2757


Recommendation: The Director of OPM, in consultation with the CHCO Council, should establish and implement a process for regularly updating the performance management website to include all available guidance and resources, making this information easily accessible, and providing links to other related websites.

Action needed: OPM agreed with this recommendation. To fully address this recommendation, OPM needs to implement a process to regularly update its performance management website with all available guidance and resources.

Recommendation: The Director of OPM, in consultation with the CHCO Council, should develop and implement a mechanism for agencies to routinely and independently share promising practices and lessons learned, such as through allowing agencies to post such information on OPM’s Performance Management portal.

Action needed: OPM agreed with this recommendation. To fully address this recommendation, OPM needs to implement a mechanism for agencies to share lessons learned.
**Recommendation:** The Director of OPM, in consultation with the CHCO Council, should develop a strategic approach for identifying and sharing emerging research and innovations in performance management.

**Action needed:** OPM agreed with this recommendation. To fully implement this recommendation, OPM needs to develop a strategic approach for identifying and sharing emerging research and innovations in performance management.

**High-risk area:** Strategic Human Capital Management

**Director:** Robert Goldenkoff

**Contact information:** GoldenkoffR@gao.gov, (202) 512-2757

**Strengthening Controls over IT Systems**

*Information Security: Agencies Need to Improve Controls over Selected High-Impact Systems.*

**Recommendation:** The Acting Director of OPM should update security plans for selected systems to ensure that all controls specific to high-impact systems are addressed, including a rationale if the control is not implemented, and where other plans are cross-referenced, ensure that the other system’s plan appropriately addresses the control.

**Action needed:** OPM agreed with the recommendation. According to OPM, it is developing and configuring an automated system that will allow for management of security controls and security plans. In December 2018, OPM told us that it plans to complete these actions by June 2019 and it is exploring options to accelerate this timeline.

**Recommendation:** The Acting Director of OPM should provide and track specialized training for all individuals, including contractors, who have significant security responsibilities.

**Action needed:** OPM partially agreed with this recommendation. In December 2018, OPM stated that it is working with its learning management system vendor to develop requirements, but had not yet targeted an expected completion date. To fully implement the recommendation, OPM needs to complete its efforts to ensure that it provides and tracks training for individuals with significant security responsibilities.

**Recommendation:** The Acting Director of OPM should re-evaluate security control assessments to ensure that they comprehensively test technical controls.

**Action needed:** OPM disagreed with this recommendation. Because of the importance of ensuring personally identifiable information is protected and our national IT systems are secure, we maintain that OPM should fully address this recommendation. In January 2018, OPM provided documentation supporting its security control assessments, but this information did not demonstrate that the agency was ensuring comprehensive testing of technical controls. We requested further evidence showing assessment results and OPM’s reviews of testing procedures. In December 2018, OPM told us it plans to provide this information by spring 2019.

**High-risk area:** Ensuring the Cybersecurity of the Nation

Recommendation: To further improve security over personnel and other sensitive information at the agency, the Acting Director of OPM should improve the timeliness of validating evidence associated with actions taken to address the United States Computer Emergency Readiness Team recommendations.

Action needed: OPM partially concurred with the recommendation. The agency is working on making improvements to its automated system to further support its remedial action management processes, including timely closure. To fully implement the recommendation, OPM needs to review closure packages or otherwise validate the effectiveness of the actions taken to implement this recommendation. In December 2018, OPM told us that it plans to provide evidence of these actions by spring 2019

Recommendation: To further improve security over personnel and other sensitive information at the agency, the Acting Director of OPM should develop and implement role-based training requirements for staff using continuous diagnostics and mitigation tools.

Action needed: OPM concurred with the recommendation. In December 2018, OPM stated that it is working with its learning management system vendor to develop role-based training requirements for its continuous monitoring program, but had not yet targeted an expected completion date. To fully implement the recommendation, OPM needs to issue role-based training requirements for individuals who configure and maintain the deployed continuous diagnostics and mitigation tools. OPM has not yet provided evidence of taking such actions.

High-risk area: Ensuring the Cybersecurity of the Nation

Director: Gregory C. Wilshusen
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