



June 2016

# MANAGING FOR RESULTS

Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans

# GAO Highlights

Highlights of [GAO-16-510](#), a report to congressional committees

## Why GAO Did This Study

GPRAMA requires agencies to identify and report on how they will resolve major management challenges—programs or management functions with greater vulnerability to waste, fraud, abuse, and mismanagement where a failure to perform well could seriously affect the ability of an agency or the government to achieve its mission or goals. Agencies are to describe challenges and provide performance information for resolving those challenges in agency performance plans.

GPRAMA includes a provision for GAO to periodically review its implementation. The objectives of this report were to (1) assess to what extent agency performance plans and reports address major management challenges that include, for example, GAO High-Risk issues and challenges identified by the agency Inspector General; and (2) identify illustrative examples that selected agencies reported taking to address their major management challenges. GAO examined agency performance plans and reports using GPRAMA and interviewed OMB and agency staff.

## What GAO Recommends

GAO recommends that OMB clarify its guidance and is making specific recommendations to the agencies that did not comply with GPRAMA. OMB concurred, but of the 22 agencies to which GAO made specific recommendations 18 agreed, 2 neither agreed nor disagreed, and 2 did not agree. GAO continues to believe that these recommendations should be implemented, as discussed in the report.

View [GAO-16-510](#). For more information, contact J. Christopher Mihm at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

June 2016

## MANAGING FOR RESULTS

# Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans

## What GAO Found

The GPRAMA Modernization Act of 2010 (GPRAMA) requires agencies to describe their major management challenges and identify associated performance information in their agency performance plans (APP). GAO found, however, that 14 of 24 agencies reviewed did not describe their major management challenges in their APPs as required. This is, in part, because the Office of Management and Budget's (OMB) guidance is not clear that major management challenges should be identified in the APP. GPRAMA also requires agencies to develop and report performance information—specifically performance goals, measures, milestones, planned actions, and an agency official responsible—needed to resolve the issue. However, GAO found that 22 of the 24 agencies reviewed did not report complete performance information for each of their major management challenges. Again, this may be in part because OMB's guidance is unclear. As a result, it was not always transparent what these agencies considered to be their major management challenges or how they planned to resolve these challenges. GAO also found that the number of major management challenges reported by these agencies ranged from none (Nuclear Regulatory Commission) to 17 (Department of Defense) with most having 5 or more. GAO found there were generally seven management functions that were most frequently cited as major management challenges across these 24 agencies: 1) acquisition and procurement, 2) contract management and contractor oversight, 3) cybersecurity, 4) financial management, 5) human capital management, 6) addressing improper payments, and 7) real property management.

GAO selected illustrative examples from the Environmental Protection Agency (EPA), Department of Homeland Security (DHS), and the National Aeronautics and Space Administration (NASA) to demonstrate actions agency officials took to help address an area that they determined to be a management challenge and was also one of GAO's high-risk areas. For example, DHS began implementing an action plan with milestones and performance measures to strengthen its management functions which is also a high risk issue area; and NASA implemented key components of an action plan including instituting new tools aimed at providing increased insight into project performance over its acquisition management high risk area. While more work remains for these three agencies, the actions taken to date show progress and align with GPRAMA requirements that challenges should also include performance information.

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## Abbreviations

AFR	Agency Financial Report
APP	Agency Performance Plan
APR	Agency Performance Report
APG	agency priority goal
A-11	OMB Circular A-11
A-136	OMB Circular A-136

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CAP goal	cross-agency priority goal
CFO Act	Chief Financial Officers Act
DHS	Department of Homeland Security
DOD	Department of Defense
DOJ	Department of Justice
EPA	Environmental Protection Agency
GPRA	Government Performance and Results Act of 1993
GPRAMA	GPRA Modernization Act of 2010
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IG	Inspector General
Interior	Department of the Interior
IRIS	Integrated Risk Information System
IRS	Internal Revenue Service
JCL	Joint Cost and Scheduled Confidence Level
NASA	National Aeronautics and Space Administration
NRC	Nuclear Regulatory Commission
NSF	National Science Foundation
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
PIC	Performance Improvement Council
SBA	Small Business Administration
SSA	Social Security Administration
State	Department of State
TSCA	Toxic Substances Control Act
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
VA	Department of Veterans Affairs

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June 15, 2016

### Congressional Committees

The federal government is one of the world's largest and most complex entities, with an estimated \$4 trillion in outlays in fiscal year 2016 funding a vast array of programs and operations. It faces a number of significant budget, management, and performance challenges as it seeks to meet diverse and complex goals. For example, across the federal government in 2015, our High Risk List identified 32 areas that are vulnerable to fraud, waste, and abuse or in need of broad-based transformation.<sup>1</sup> Those challenges include protecting the nation's cyber critical infrastructure, closing critical skills gaps in the federal workforce, and managing large federal contracts. Long-standing management challenges compromise the government's ability to achieve its mission. Additionally, weaknesses in management capacity, both government-wide and in individual agencies, have impaired efficient and effective government operations.

The GPRA Modernization Act of 2010 (GPRAMA), a significant enhancement of the planning and reporting framework established by the Government Performance and Results Act of 1993 (GPRA), provides important tools that can help agencies resolve their major management challenges.<sup>2</sup> GPRAMA defines major management challenges as "programs or management functions, within or across agencies, that have greater vulnerability to waste, fraud, abuse, and mismanagement (such as issues identified by the Government Accountability Office as high risk or issues identified by an Inspector General) where a failure to perform well could seriously affect the ability of an agency or the Government to achieve its mission or goals." Under GPRAMA, agencies are required to describe their major management challenges and include a strategy for addressing them in their Agency Performance Plans (APP). GPRAMA also requires agencies to report on progress toward resolving their major

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<sup>1</sup>GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015).

<sup>2</sup>The GPRA Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011). The Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

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management challenges in their Agency Performance Reports (APR).<sup>3</sup> These requirements can help agencies develop and use the performance information needed to effectively manage their programs and address major management challenges.<sup>4</sup>

A provision in GPRAMA requires us to review the implementation of the act at several critical junctures. This report is part of our response to that provision.<sup>5</sup> Our objectives for this report are to (1) assess the extent to which APPs and APRs address major management challenges that include, for example, our high-risk issues and challenges identified by agency inspectors general and (2) identify illustrative examples of actions that selected agencies reported taking to address their major management challenges.

To address the first objective, we reviewed available APPs and APRs issued in 2015 and related documents cross-referenced in these performance documents to determine the major management challenges reported by the 24 agencies covered under the Chief Financial Officers (CFO) Act of 1990, as amended.<sup>6</sup> We reviewed APPs to determine if agencies included performance information—performance goals, performance indicators, milestones, planned actions, and a responsible agency official for resolving major management challenges—as required by GPRAMA. We also reviewed other publicly available documents, such as agency financial reports and congressional budget justifications, based

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<sup>3</sup>In APRs, agencies are to report on progress in achieving all agency performance goals, including those related to resolving their major management challenges. 31 U.S.C. § 1116.

<sup>4</sup>GAO, *Managing for Results: Implementation of GPRA Modernization Act Has Yielded Mixed Progress in Addressing Pressing Governance Challenges*, [GAO-15-819](#) (Washington, D.C.: Sept. 30, 2015).

<sup>5</sup>Pub. L. No. 111-352, § 15(b)(2).

<sup>6</sup>31 U.S.C. § 901(b). The 24 CFO Act agencies, generally the largest federal agencies, are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs, as well as the Agency for International Development, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration.

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on relevant Office of Management and Budget (OMB) guidance and direction by agency officials. To corroborate our assessment and further understand how agencies identified and addressed their major management challenges, we interviewed officials from each of the 24 CFO Act agencies. Interviewees included officials involved in the agency's performance improvement activities and program officials. In cases where agency officials told us that they addressed their major management challenges as part of reporting progress toward achieving agency priority goals or strategic objectives, we analyzed associated information in the APP. We also interviewed OMB staff to understand OMB's role in assisting agencies, overseeing implementation of GPRAMA requirements, and in raising awareness of tools or leading practices agencies may use when identifying and reporting on their efforts to resolve major management challenges.

To address our second objective we selected three agencies among those that have made progress toward resolving major management challenges: the Department of Homeland Security (DHS), the Environmental Protection Agency (EPA), and the National Aeronautics and Space Administration (NASA). These agencies met the following criteria: (1) the agency issued an APP or other publicly available document (e.g., agency financial report, congressional budget justification) that identified fiscal year 2015 major management challenges; (2) the agency met one or more criteria for resolving a high-risk issue as of the publication of the 2015 High Risk List; and (3) the agency reported or discussed during interviews specific steps it had taken to resolve one or more major management challenges.<sup>7</sup> Other agencies that met these criteria were not selected to provide illustrative examples because we are conducting other ongoing work in the area. We reviewed internal documents provided by each agency that described its efforts in greater detail, including action plans, written communications between the agency and oversight bodies, and management briefings. We also interviewed officials at each of the three agencies responsible for overall agency performance and evaluation and for managing high-risk issues.

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<sup>7</sup>GAO, *High Risk Series: Key Actions to Make Progress Addressing High-Risk Issues*, [GAO-16-480R](#) (Washington D.C.: May 25, 2016.)

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We conducted this performance audit from March 2015 to June 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

GPRAMA requires agencies to report in their respective APPs major management challenges faced by the agency, and to identify performance information related to those major management challenges, including

- performance goals, defined as a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared;
- performance indicators (hereafter referred to as performance measures), defined as a particular value or characteristic used to measure output or outcome;
- milestones, defined as scheduled events signifying the completion of a major deliverable or a set of related deliverables or a phase of work;
- planned actions to address these challenges; and
- an agency official responsible for resolving the challenge.<sup>8</sup>

OMB issues guidance on implementing GPRAMA requirements in Circular A-11. The guidance instructs agencies, in part, to highlight the management issues and risks most critical to the agency's mission delivery (such as how the agency will address major management challenges that were identified by the inspector general (IG)) in a summary section or to reference where management challenges and priorities are addressed throughout the plan or report. The guidance instructs agencies to identify in the APP performance goals, planned actions, measures and/or milestones used to measure progress for the management priorities determined by the agency. According to the guidance, priorities may include major management challenges and risks,

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<sup>8</sup>31 U.S.C. § 1115(b)(9). See definitional provisions at 31 U.S.C. §1115(h).

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including those on our High Risk List. In the APR, agencies are to describe progress made on management priorities and challenges that had been described in the APP such as results of management objectives, performance goals, and measures that were established.<sup>9</sup>

GPRAMA cites our high-risk areas as examples of major management challenges. Our high-risk program is maintained in part to focus attention on government challenges that are high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or are most in need of transformation to address economy, efficiency, or effectiveness challenges.<sup>10</sup> To determine which federal government programs and functions should be designated high risk, we consider qualitative factors such as whether the risk involves public health or safety, service delivery, national security, national defense, economic growth, or privacy or citizens' rights, or could result in significantly impaired service, program failure, injury or loss of life, or significantly reduced economy, efficiency, or effectiveness. In addition, we also consider the exposure to loss in monetary or other quantitative terms. At a minimum, \$1 billion must be at risk. As of our 2015 update, 32 areas are on the High Risk List. The five criteria for removal are as follows:

- Leadership commitment. Demonstrated strong commitment and top leadership support.
- Capacity. Agency has the capacity (i.e., people and resources) to resolve the risk(s).
- Action plan. A corrective action plan exists that defines the root cause and solutions, and provides for substantially completing corrective measures including steps necessary to implement solutions we recommended.
- Monitoring. A program has been instituted to monitor and independently validate the effectiveness and sustainability of corrective measures.

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<sup>9</sup>OMB, Circular No. A-11, *Preparation, Submission and Execution of the Budget*. pt. 6, § 210 (November 2014).

<sup>10</sup>[GAO-16-480R](#).

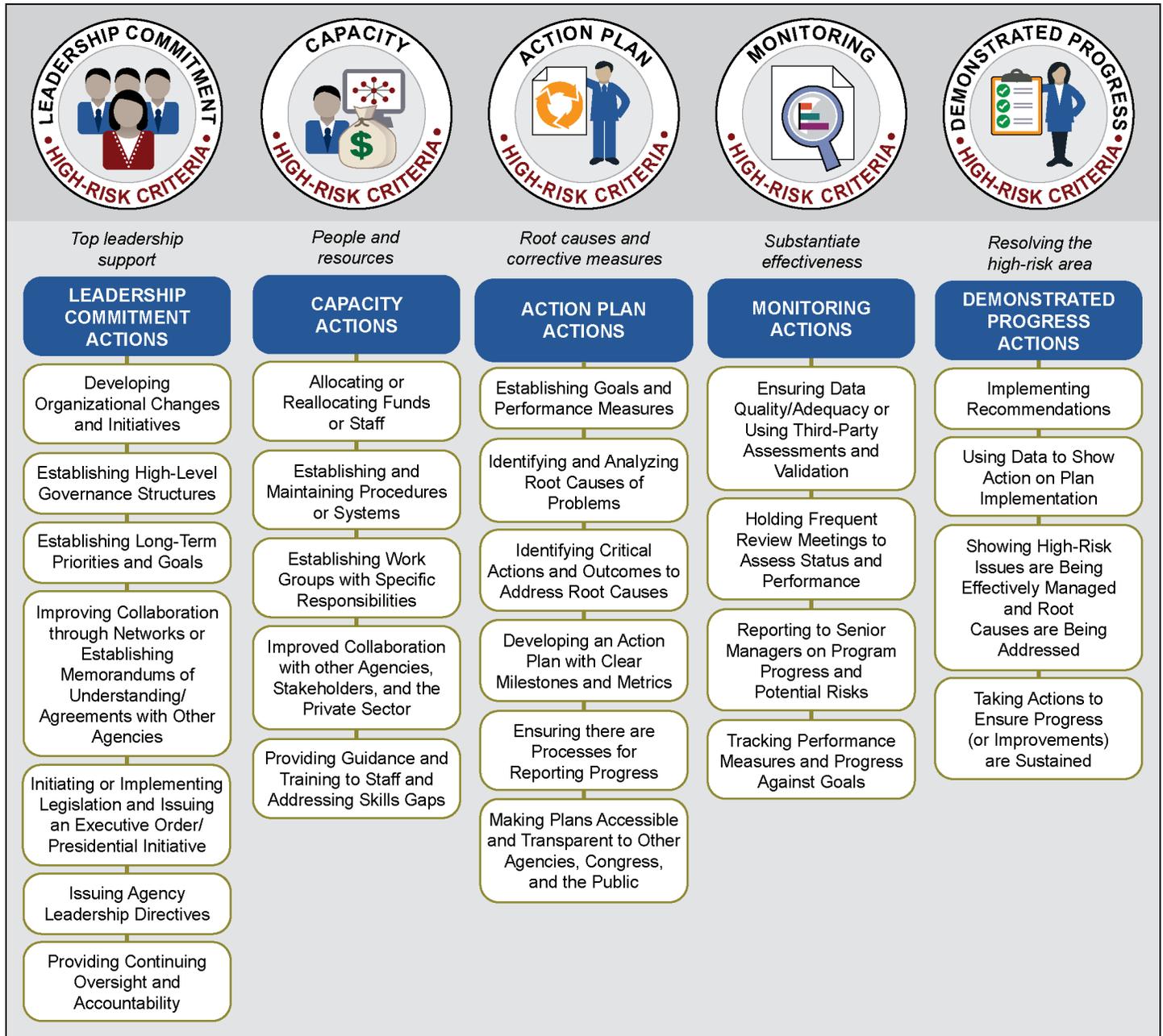
- 
- Demonstrated progress. Ability to demonstrate progress in implementing corrective measures and resolving the high-risk area.

In May 2016, we reported illustrative examples for each of the five criteria that demonstrate actions agencies have taken that led to progress or removal from our High Risk List.<sup>11</sup> Federal agencies can use these examples as guides to make additional progress on addressing the High Risk List. Figure 1 shows criteria for removal from the High Risk List and examples of actions leading to progress. Importantly, the actions listed are not “stand alone” efforts taken in isolation of other actions to address high-risk issues. That is, actions taken under one criteria may be important to meeting other criteria as well. For example, top leadership can demonstrate its commitment by establishing a business plan to address the high-risk issue and using data to gauge progress—actions which are also vital to addressing the action plan and monitoring criteria.

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<sup>11</sup>[GAO-16-480R](#).

Figure 1: Criteria for Removal from GAO’s High Risk List and Examples of Actions Leading to Progress



Source: GAO analysis. | GAO-16-510

Criteria for removal from the High Risk List generally align with GPRAMA requirements for addressing major management challenges. The GPRAMA requirement to identify an agency official responsible for

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resolving a challenge can help ensure oversight and accountability and demonstrate leadership commitment. Determining planned actions for resolving major management challenges can help agencies identify what resources are needed and, relatedly, if capacity gaps exist. Performance goals, measures, and milestones are necessary components of an action plan and an agency's ability to monitor and demonstrate progress toward resolving its challenges.

Each year, executive agency IGs, including those at the 24 CFO Act agencies, are to prepare a statement summarizing what the IG considers to be the most serious management and performance challenges facing the agency and briefly assess agency progress in addressing those challenges. Agencies are also required to include these statements in their performance and accountability report (PAR) (if they prepare one) or alternatively their agency financial report (AFR).<sup>12</sup> OMB guidance (Circular A-136) on preparing PARs and AFRs provides that in addition to including the IG statements, comments by the agency head, if made, should follow the IG's statement and address each IG challenge.<sup>13</sup>

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<sup>12</sup>For agencies submitting performance and accountability reports, IG statements are required to be included in those reports, pursuant to the Reports Consolidation Act of 2000, Pub. L. No. 106-531, 114 Stat. 2537 (Nov. 22, 2000), codified at 31 U.S.C. § 3516(d). For agencies submitting AFRs, OMB guidance on agency financial reporting requires agencies to include their IG statements in those reports, pursuant to OMB Circular No. A-136, *Financial Reporting Requirements*, sec. II.5.6 (September 2014).

<sup>13</sup>OMB Circular No. A-136, sec. II.5.6.

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## Strategies to Address Major Management Challenges Were Incomplete and Not Transparent in APPs and APRs

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### Agencies Identified a Mix of Programs and Management Functions among Major Management Challenges, but May Have Missed Opportunities to Identify Challenges

When identifying major management challenges, agencies can use their discretion to select the programs or management functions they deem to have greater vulnerability to waste, fraud, abuse, and mismanagement. In line with examples of possible challenge areas stated in GPRAMA, 14 of 24 agencies we reviewed told us that they automatically select our high-risk issues and issued identified by IGs to be major management challenges for the agency. Our analysis of APPs, APRs, other publicly available documents such as the AFR, and interviews with agency officials found that the number of major management challenges reported by these 24 agencies ranged from none (the Nuclear Regulatory Commission (NRC)) to 17 (the Department of Defense (DOD)), with most having 5 or more. Taken together, these 24 agencies reported in either the APP, other publicly available documents, or through interviews a total of nearly 190 major management challenges.

Our analysis also found that while challenges included mission-specific program areas (e.g., border security at DHS, overseeing health insurance marketplaces at the Department of Health and Human Services), more often, they focused on management functions that either affected or posed a risk to the agency's ability to meet its mission. As shown in table 1, we found there were generally seven management functions that were most frequently cited as major management challenges across the 24 government agencies we reviewed. For each area, there is an illustrative example of an associated major management challenge reported by one of these agencies.

**Table 1: Seven Management Functions Frequently Cited as Major Management Challenges across 24 Agencies and Illustrative Examples**

Management function	Definition	Example
Acquisition and procurement	Purchasing of federal goods and services.	The Department of Defense (DOD) identified weapons system acquisition, an area on our High Risk List, as a major management challenge in its fiscal year 2015-2018 Agency Strategic Plan. In this area, DOD expects to invest \$1.5 trillion (fiscal year 2014 dollars) in the development and procurement of its portfolio of 80 major defense acquisition programs. However, we reported in our 2015 High Risk report that many DOD programs still fall short of cost, schedule, and performance expectations. The results of these shortfalls are unanticipated cost overruns, reduced buying power, and in some cases a reduction in the capability ultimately delivered to the warfighter.
Contract management and contractor oversight	Managing and overseeing the use of contractors to perform services for the government.	The Department of State (State) identified contract management as a major management challenge in its fiscal year 2014 Agency Financial Report (AFR). Specifically the State Inspector General (IG) found that contract files with a total value of more than \$6 billion were incomplete or could not be located. As a result, these contracts were a significant financial risk and were conducive to fraud.
Cybersecurity	Safeguarding computerized (cyber) information systems and electronic data used to carry out operations and to process, maintain, and report essential information. This includes the protection of personally identifiable information.	The Department of Veterans Affairs' fiscal year 2014 Performance and Accountability Report (PAR) described actions it was taking to address our government-wide high risk issue in cybersecurity, an issue it considers a major management challenge. The issue is high risk in part because security of cyber information systems and electronic data is vital to public confidence and the nation's safety, prosperity, and well-being.
Financial management	The ability to control costs; ensure basic accountability; anticipate future costs and claims on the budget; measure performance; maintain funds control; prevent and detect fraud, waste, and abuse; address pressing management issues; and prepare auditable financial statements.	In 2015, the Department of Homeland Security (DHS) IG reported that the Federal Emergency Management Agency continued to experience challenges managing a disaster assistance program. Specifically, the DHS IG found that of the \$5.9 billion it audited, disaster assistance recipients did not properly spend \$1.36 billion, (23 percent) of the disaster assistance grants. DHS told us IG issues are major management challenges for the agency.
Human capital management	Meeting agency human capital needs in areas such as strategic workforce planning, workforce training, performance management, recruitment and hiring, and diversity.	The Department of the Interior (Interior) identified our strategic human capital high risk area as one of its major management challenges in its fiscal year 2015/2016 Annual Performance Plan. We reported that Interior had persistent problems in hiring, training, and retaining sufficient staff for oversight and management of oil and gas operations on federal lands and waters, one of the federal government's largest nontax sources of revenue.

Management function	Definition	Example
Managing improper payments	Safeguarding federal expenditures against improper payments and establishing mechanisms to recoup those funds when improper payments occur.	In the Department of the Treasury's fiscal year 2014 Agency Financial Report, the Treasury Inspector General for Tax Administration found that the Internal Revenue Service (IRS) did not have an effective process to ensure that claimants qualified for the Earned Income Tax Credit at the time tax returns were processed. The IG stated that IRS estimates that it paid between \$124 billion and \$148 billion in improper Earned Income Tax Credit payments in fiscal years 2003 through 2013. Treasury officials told us IG issues were considered major management challenges.
Real property management	Managing federal buildings and structures, including the management of excess and underutilized property and the appropriate use of leasing.	The General Services Administration (GSA) identified real property management, an area we identified as high risk, as one of its major management challenges in its fiscal year 2016 Congressional Justification. We found that GSA has not developed or applied criteria to rank and prioritize the potential long-term ownership solutions to current high-value leases among other capital investments. For example, in 2013, we found that high-value leases account for more than one-third of GSA's annual rent paid to private sector landlords and for more than a quarter of the total lease square feet, while representing just 3 percent of GSA's leases.

Source: GAO prior work and analysis of agency documents. GAO-16-510

We found that some agencies may not be fully identifying all potential challenges. For example, while most (17 of 24) agencies cited challenges in strategic human capital management broadly, fewer than half of the agencies (11 of 24) identified gaps in mission critical occupations and skills as part of that challenge. This is in contrast with a January 2016 Office of Personnel Management (OPM) update on closing skills gaps that showed 23 out of the 24 agencies had a total of 60 mission-critical occupation gaps.<sup>14</sup> For example, the OPM update showed that NRC, which did not identify any major management challenges, had skills gaps in mission-critical occupations of probabilistic risk assessment and cyber. NRC told us that these two areas are not currently considered to be mission-critical occupation gaps, rather these are areas where additional expertise is needed and they have developed mitigation strategies. However, OPM told us that gaps that are projected to exist are skills gaps. We have also reported that mission-critical skills gaps in such occupations as cybersecurity and acquisition pose a high-risk to the

<sup>14</sup>This update was provided to us by OPM in response to open recommendations associated with: GAO, *Federal Workforce: OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps*, GAO-15-233 (Washington, D.C.: Jan. 30, 2015).

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nation: whether within specific federal agencies or across the federal workforce, they impede federal agencies from cost-effectively serving the public and achieving results. Identifying an area to be a major management challenge allows agencies to focus on those challenges, in part, because GPRAMA requires agencies to identify an agency official responsible for the challenge and to develop a set of performance measures that can be used toward resolving the challenge.

One way agencies can help ensure that they identify all potential major management challenges is to leverage the strategic review process. OMB established a strategic review process in which agencies, beginning in 2014, were to conduct leadership-driven, annual reviews of their progress toward achieving each strategic objective—the outcome or impact the agency is intending to achieve through its various programs and initiatives—established in their strategic plans.<sup>15</sup> OMB staff told us that they envisioned agencies would identify major management challenges and plan how to address them during their annual strategic review process. However, OMB staff acknowledged that not all agencies use the strategic review process to identify and address major management challenges, but OMB staff told us that in the future they will suggest agencies use the strategic review process for this purpose. We previously reported that because agencies are to identify goals and strategies to resolve major management challenges they face, strategic reviews could help agencies identify opportunities to better address issues on our High Risk List.<sup>16</sup> Officials at GSA and the Department of Agriculture, for example, told us that they found the strategic review process useful in not only setting agency goals to meet their mission, but also considering the challenges or risks that could impede their ability to meet those goals.

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### Most Agencies Did Not Report Major Management Challenges in Their APPs

GPRAMA requires agencies to describe their major management challenges and identify associated performance information in their APP. We found, however, that most agencies did not report their major management challenges in their APPs as required. As a result, it was not

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<sup>15</sup>OMB, Circular No. A-11, pt. 6, § 270 (Aug. 2012). OMB updated this guidance in its July 2013, July 2014, and June 2015 revisions to Circular No. A-11.

<sup>16</sup>GAO, *Managing for Results: Practices for Effective Agency Strategic Reviews*, [GAO-15-602](#) (Washington, D.C.: July 29, 2015).

always transparent what agencies considered to be their major management challenges.

Our review of APPs found that 10 of the 24 agencies clearly described major management challenges within the APPs, while the remaining 14 agencies did not. Some of those 14 agencies told us that their major management challenges were described in other publicly available documents, which while transparent, is not consistent with GPRAMA requirements. Table 2 shows which agencies clearly described their major management challenges in their APPs, which ones described the challenges in a document outside of their APPs, and which ones did not clearly describe their challenges in a publicly available document.

**Table 2: Documents in which the 24 Chief Financial Officer Act Agencies Described Their Major Management Challenges**

Clearly described major management challenges in Agency Performance Plan (APP)	Clearly described major management challenges in other (non-APP) publicly available documents	Did not clearly describe major management challenges
Department of Education	Agency for International Development	Department of Agriculture
Environmental Protection Agency	Department of Defense	Department of Commerce
Department of Health and Human Services	Department of Energy	Department of Interior
Department of Homeland Security	Department of Justice	Department of Labor
Department of Housing and Urban Development	General Services Administration	Department of Transportation
Department of State	National Science Foundation	Nuclear Regulatory Commission
National Aeronautics and Space Administration	Department of Treasury	Small Business Administration
Office of Personnel Management		
Social Security Administration		
Department of Veterans Affairs		

Source: GAO (analysis) and 24 Chief Financial Officer Act agencies (APPs and other publicly available documents). | GAO-16-510

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We found that 7 of the 14 agencies, while not in compliance with GPRAMA requirements, were transparent about their challenges because they clearly described their challenges in other publicly available documents. Of these 7, 6 described their challenges in the AFR.<sup>17</sup> The 6 agencies that described their challenges in the AFRs, but not the APPs, may have done so, in part, because A-11 guidance was not clear. We found that A-11 guidance creates ambiguity when the law is clear about expectations. Specifically, the guidance permits agencies that have provided information about their major management challenges in their AFRs to not report on major management challenges in their APPs. OMB staff agreed that the guidance could be clarified.<sup>18</sup>

Additionally, some agency officials told us that they interpreted OMB's guidance to require the selection of IG issues as major management challenges. A-11 guidance states, in part, that agencies "should highlight the management issues and risks most critical to the agency's mission delivery such as how the agency will address major management challenges that were identified by the Inspector General." DOD and EPA officials told us that while IG issues are key inputs to identifying major management challenges, officials also emphasized that it is necessary for the agency to take ownership and independently determine its challenges to ensure all areas and risks to the mission are considered.

For the remaining 7 of 14 agencies, we found no indication that the agency considered issues discussed in the APP or other publicly available documents to be major management challenges. As a result, we were not able to independently locate the major management challenges for these agencies. Instead, we relied on agency officials to tell us what issues the agency considered major management challenges. For example, in its 2015/2016 annual performance plan and 2014 report, Interior officials told us that their major management challenges were addressed within their discussion of management initiatives. We found, however, that it was not clear that initiatives to promote improvements in

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<sup>17</sup>DOD described major management challenges in its strategic plan.

<sup>18</sup>Specifically, OMB's guidance indicates that information to be included in the APP on management priorities may include major management challenges and risks including those on the GAO High-Risk List, if summary improvement plans were not already included in the fiscal year 2014 AFR.

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areas such as workforce diversity, employee engagement, and employee safety, while important, were major management challenges for the agency. NRC officials told us that the agency does not have major management challenges because it proactively addresses and mitigates management challenges through ongoing processes. However, they told us that it was not clear what to report if the agency determined it did not have challenges that rose to the level of a major management challenge. OMB A-11 guidance is also silent on this.

GPRAMA requires agencies to report their major management challenges in their APP. Because they did not follow GPRAMA, it was not always transparent what agencies considered to be their major management challenges. Proper reporting of challenges can provide Congress and other stakeholders with a comprehensive list of agency issues that are most vulnerable to fraud, waste, abuse, and mismanagement or where a failure to perform could seriously affect the ability of the agency to achieve its missions or goals. If challenges are not reported in the APP, it will be difficult for Congress and other stakeholders to make informed decisions about those challenges.

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### Most Agency Plans for Addressing Major Management Challenges Did Not Include Required Performance Information

GPRAMA helps agencies address major management challenges by requiring them to develop and report performance information—specifically, performance goals, measures, milestones, planned actions, and assign an agency official to resolve the issue. Our previous work has found that agency leadership’s use of performance information to guide decision making leads to better-managed programs and improved results.<sup>19</sup> We reviewed APPs and other publicly available documents agencies issued during fiscal year 2015 to determine whether the 24 agencies had included all the required performance factors for each major management challenge, regardless of how and where the challenges were described in the APP. In cases where agencies did not clearly identify their challenges as shown in table 1 above, agency officials told us in which documents the challenges were addressed and in some cases we found that the required performance information was also included in these or other documents. However, nearly all 24 agencies

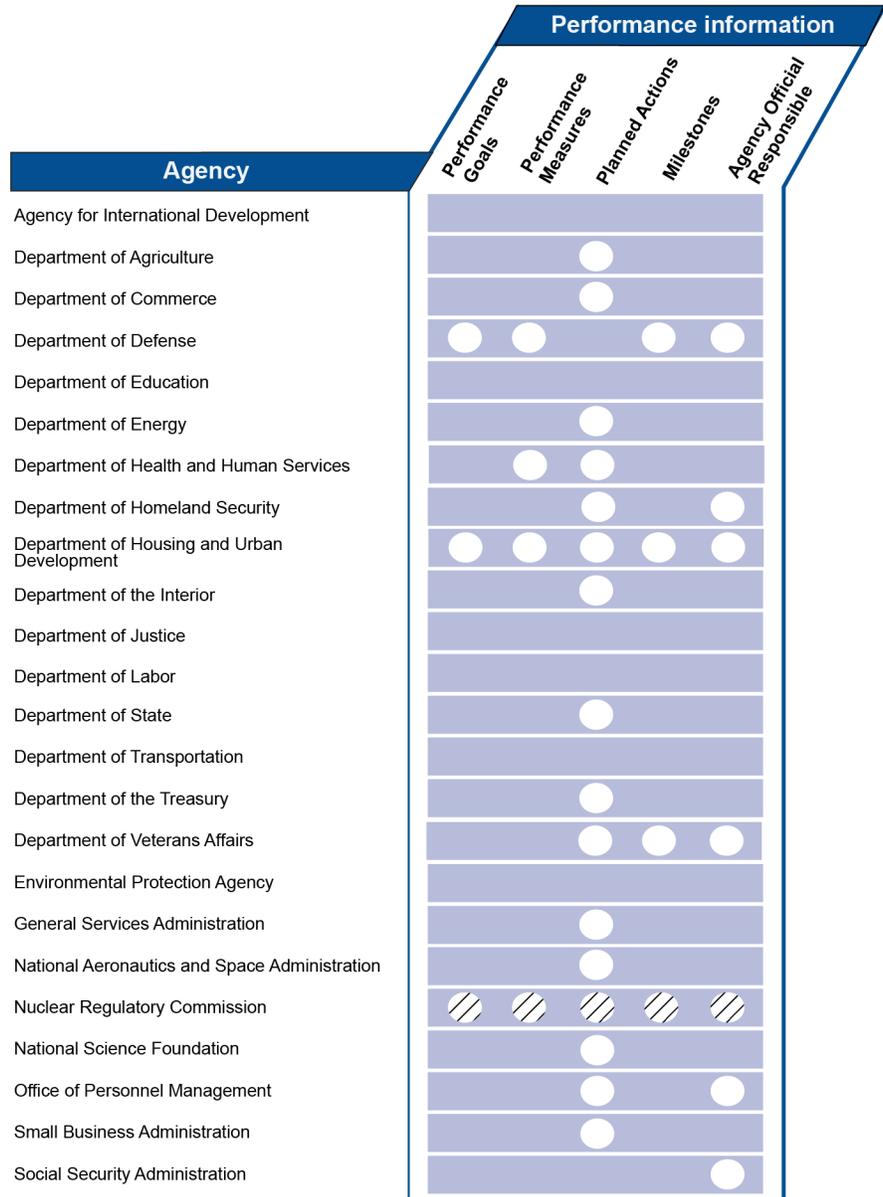
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<sup>19</sup>GAO, *Managing For Results: Agencies Report Positive Effects of Data-Driven Reviews on Performance but Some Should Strengthen Practices*, [GAO-15-579](#) (Washington D.C.: July 7, 2015).

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did not report complete performance information for each of their major management challenges. As shown in figure 2, the Department of Housing and Urban Development (HUD) was the only agency that provided all performance information for each of its major management challenges in fiscal year 2015 documents.

**Figure 2: Nearly All 24 Chief Financial Officers Act Agencies Did Not Report Complete Performance Information Required under the GPRA Modernization Act**



- Agency reported major management challenges information
- ◐ Agency reported no major management challenges, performance information not applicable

Source: GAO analysis of Agency Performance Plans or other publicly-available documents. | GAO-16-510

Note: The Social Security Administration in its fiscal year 2017 Agency Performance Plan identified all required performance information for each of its major management challenges.

Performance goals. Our analysis found that only 2 of 24 agencies, DOD and HUD, publicly reported performance goals for each of their major management challenges. For example, HUD identified grants management as a major management challenge in its 2016 APP and established the following objective in order to improve the grants management process: “Make the grants management process more efficient and effective by automating and streamlining processes improving timeliness, and tracking performance.” To track progress, HUD established timeliness targets for this goal. As a result, HUD will be able to measure progress and determine whether it is meeting established time frames for processing grants. In some cases—such as DHS and NASA—agencies had performance goals for resolving major management challenges, but the goals were in internal action plans and were not publicly available.

Performance measures. Our analysis found that only 3 of 24 agencies reported performance measures for the goals to address each of their major management challenges. One of the agencies, HHS, identified managing improper payments as a major management challenge and established performance measures to track progress for some programs. For example, as shown in figure 3, HHS set targets to reduce the percentage of improper payments under the Medicare Part C program and measured performance against those targets over time.

**Figure 3: Example of a Department of Health and Human Services Performance Measures to Resolve a Major Management Challenge (Improper Payments)**



<i>Reduce the Percentage of Improper Payments Made Under the Part C Medicare Advantage Program (Lead Agency - CMS; Measure ID - MIP5)</i>						
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Target</b>	10.4%	10.9%	9%	8.5%	9.14%	8.79%
<b>Result</b>	11.4%	9.5%	9%	9.5%	Nov 15, 2016	Nov 15, 2017
<b>Status</b>	Target Not Met	Target Exceeded	Target Met	Target Not Met	Pending	Pending

Source: Department of Health and Human Services fiscal year 2017 Annual Performance Plan and Report. | GAO-16-510

Planned actions. Our analysis found that 15 of 24 agencies reported the actions they were planning to take to resolve each of their challenges. APPs that contain specific actions to resolve major management

challenges provide congressional and other decision makers with an understanding of how the agency plans to improve its management. Planned actions should also consider the agency's capacity (i.e., people and resources) needed to achieve performance goals. For example, the Department of State identified managing contracts and grants as a major management challenge. Figure 4 is an illustrative example of one set of planned actions the agency said it would take to address the challenge.

**Figure 4: State Planned Actions for Resolving a Major Management Challenge (Contracts and Grants Management)**

2. MANAGING CONTRACTS, ACQUISITION, AND GRANTS	
<b>Challenge Summary</b>	<i>The Department continues to face challenges managing contracts and grants, including cooperative agreements.</i>
<b>Actions Taken</b>	A memorandum was issued in April 2014 from the Procurement Executive to all warranted contracting officers and Federal Acquisition Certification-Contracting Officer's Representative (FAC-COR) Program certified individuals reminding them of their responsibility to maintain adequate records of contract administration actions. The Department designated a contract file audit coordinator to manage the new file audit efforts. Desk Officers performed a contract file review at Baku, Yerevan, and Tbilisi to initiate the file audit program. In May 2014, the Department issued Procurement Information Bulletin No. 2014-10, Contract Files, to create new contract file audit requirements.
<b>Actions Remaining</b>	Contracting officers will be provided information on COR contract file deficiencies. This information may be used by contracting officers to determine the competency of CORs for appointment on their contracts. The Department will track significant failure of contracting officers and CORs to perform contract file duties and will use this information to determine appropriate remedies which may include additional oversight of the individual, remedial training, reduction of warrant level, suspension of warrant, or suspension of COR certification.
3. INFORMATION SECURITY AND MANAGEMENT	

Source: U.S. Department of State's agency financial report for fiscal year 2014. | GAO-16-510

Milestones. Our analysis found that only 3 of 24 agencies reported milestones for monitoring progress toward resolving each of their major management challenges. Without milestones, it is not clear that agencies are on track to implement planned actions needed to accomplish their goals. We recently reported that OMB had taken action, together with the

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Performance Improvement Council,<sup>20</sup> to develop a template for reporting quarterly progress on milestones and other actions for cross-agency priority (CAP) goals—outcome-oriented goals covering a limited number of policy areas as well as goals for management improvements needed across the government. The template directs CAP goal teams to report plans with a list of specific milestones that should include milestone due dates and information on milestone status. We reported that nearly all of the CAP goal quarterly updates released in June 2014 for the second quarter of fiscal year 2014 included milestone due dates and information on their status.<sup>21</sup>

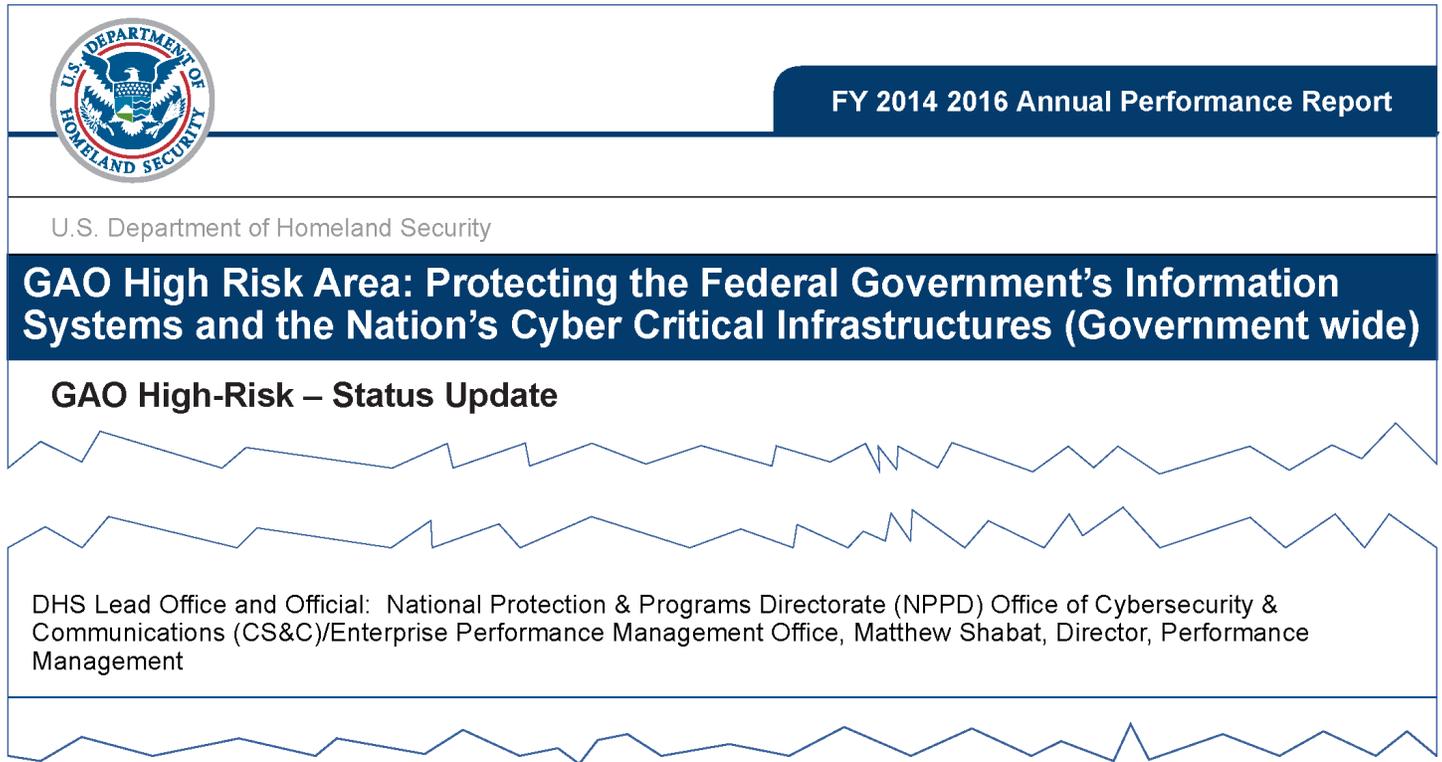
Agency official responsible for resolving the challenge. Our analysis found that only 6 of 24 agencies reported an agency official responsible for resolving each of their major management challenges. For example, DHS reported the agency official responsible for major management challenges associated with our high-risk issues. Identifying the agency official responsible can help the agency establish leadership involvement and drive accountability. These are two of the most important factors in driving successful performance improvement. They allow agencies to overcome resistance, marshal resources, build and maintain organization-wide commitment, and help to ensure that follow through is persistent. Figure 5 shows DHS's agency official responsible for resolving one of DHS's major management challenges, a government-wide high-risk issue related to cybersecurity.

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<sup>20</sup>The Performance Improvement Council (PIC) is chaired by OMB's Deputy Director for Management and composed of Performance Improvement Officers (PIOs) from each of the 24 CFO Act agencies as well as other PIOs and individuals designated by the Chair. The PIC is charged with, among other responsibilities, facilitating the exchange of successful performance improvement practices among agencies, working to resolve government-wide or crosscutting performance issues, and assisting OMB in implementing certain GPRAMA requirements.

<sup>21</sup>GAO, *Managing For Results: Implementation of GPRA Modernization Act Has Yielded Mixed Progress in Addressing Pressing Governance Challenges*, [GAO-15-819](#) (Washington, D.C.: Sept. 30, 2015).

Figure 5: Department of Homeland Security Agency Official Responsible for Resolving a Major Management Challenge



Source: U.S. Department of Homeland Security agency's annual performance report for fiscal years 2014-2016. | GAO-16-510

When we spoke to agencies about why performance information was not in their APPs, some agency officials told us that the relevant performance information was reported within the context of strategic objectives or agency priority goals (APG) related to the challenges. Our analysis, however, found that a majority of the 24 agencies did not always provide all the required performance information within the context of their strategic objectives or APGs. For example, OPM told us that performance information for its four major management challenges was addressed in sections of the APP on APGs or strategic objectives. We reviewed OPM's fiscal year 2016 APP and found that for each of OPM's four reported challenges—information technology development/security, administration of the Affordable Care Act, federal retirement processing and oversight and quality of background investigation processing—OPM included planned actions and an agency official responsible within the context of a strategic objective or APG. For two challenges, OPM also included

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performance goals and measures.<sup>22</sup> As shown in figure 2, however, we found OPM did not report performance goals, measures, and milestones for each of its challenges. OPM also told us they recognize that addressing those challenges are essential to achieving their strategic goals and will continue to measure, monitor and report progress toward their resolution.

We also found that agencies that reported their IG challenges as major management challenges only in the AFR also did not include all the required performance information. For example, the National Science Foundation (NSF) identified nine IG issues in its AFR as major management challenges. For each of the nine challenges the AFR describes the challenge and anticipated next steps (planned actions). However, the AFR does not provide the other performance information required by GPRAMA. While this level of discussion may be in line with OMB's A-136 guidance concerning inclusion of IG statements in AFRs (or PARs), it is not sufficient for purposes of complying with the GPRAMA requirement to address performance information related to major management challenges. As discussed previously, OMB's A-11 guidance created ambiguity here which may have contributed to why these agencies did not provide the required performance information. Finally, for other agencies it was not clear why they had not reported performance information in their APPs or other publicly available documents.

Performance information—specifically, performance goals, measures, milestones, planned actions, and an agency official assigned to resolve major management challenges—provides the foundation for agencies to address major management challenges. Without this information, it is unclear if agencies are able to identify performance shortfalls, pinpoint options for improvement, make informed decisions, and provide oversight and accountability over the challenges they have identified.

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<sup>22</sup>OPM added performance goals and measures related to the administration of the Affordable Care Act in its fiscal year 2017 APP.

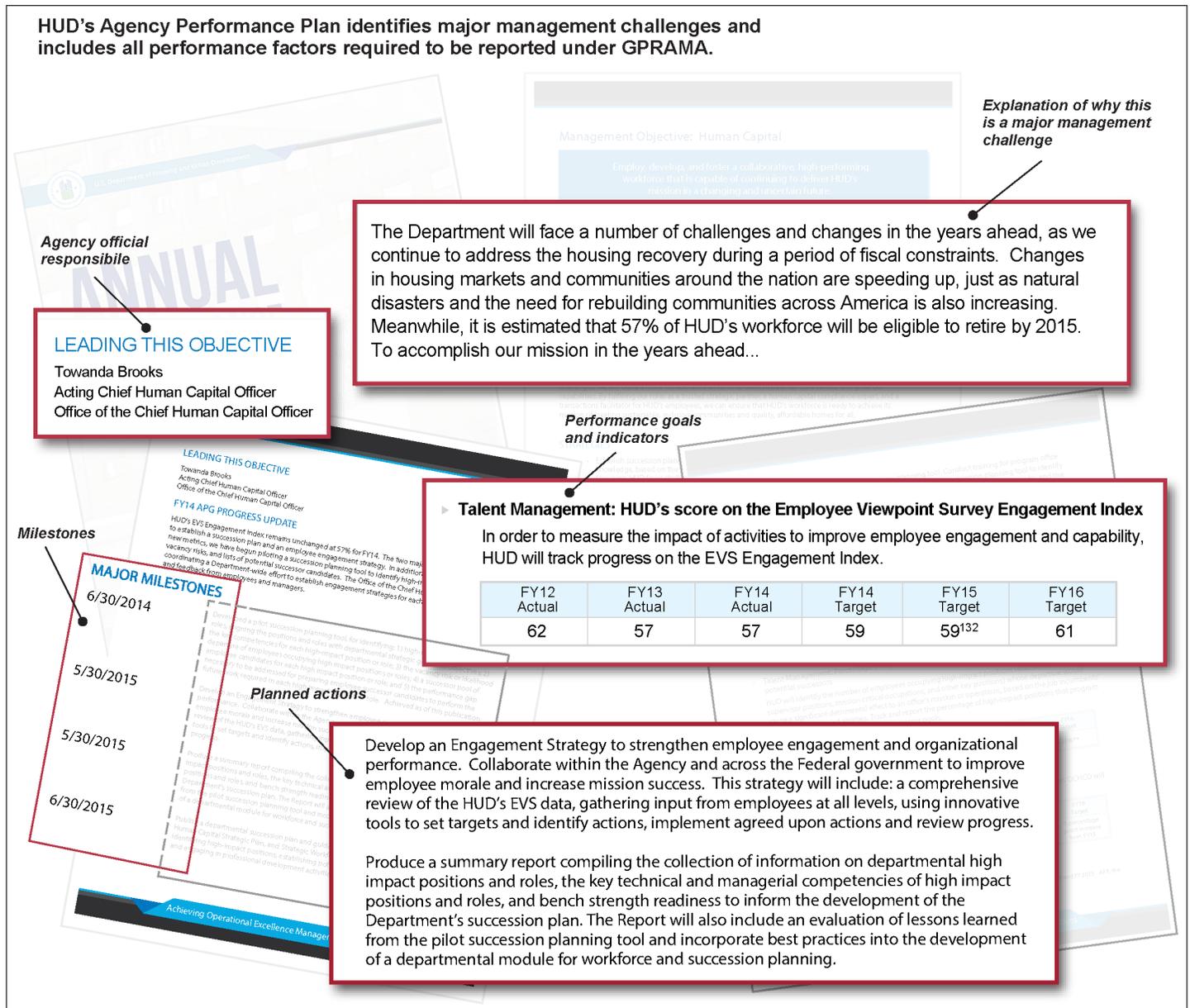
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**HUD, DOD, and the Social Security Administration Demonstrate Different Approaches Agencies Could Use to Meet Reporting Requirements under GPRAMA**

As previously shown in figure 2, HUD reported performance information for each of its major management challenges in a transparent manner as required under GPRAMA, while DOD did so for four of five performance factors. However, both agencies took different approaches to reporting the information. HUD used a summary section to describe general major management challenges facing the agency. DOD reported on its challenges within the context of specific strategic objectives and cross-referenced where it was addressed. Moreover, during the course of our review the Social Security Administration (SSA) made changes to its APP and included and cross-referenced all the required performance information in its fiscal year 2017 APP. These approaches, while different, demonstrate how agencies can address major management challenges and meet the requirements of GPRAMA.

Within its APP, HUD included a section titled, “Achieving Operational Excellence: Management Challenges and Objectives.” The section describes each of the eight major management challenges along with performance goals, milestones, performance measures, planned actions, and the name and title of an agency official responsible for resolving the challenge. Figure 6 shows an example of how HUD reported that it would address a major management challenge in the area of human capital management.

**Figure 6: HUD's Agency Performance Plan Included All Elements Required by GPRAMA for Reporting on Major Management Challenges**



Source: U.S. Department of Housing and Urban Development's (HUD) Annual Performance Report fiscal year 2014, Plan fiscal year 2016. | GAO-16-510

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DOD took a different reporting approach based in part on how it determined its challenges. According to DOD officials, they consider major management challenges to be those issues that could affect their ability to meet their mission as defined in their strategic objectives. They first determined that 17 of our 32 high-risk areas posed a risk to certain DOD strategic objectives. Then, they reported their plans for resolving those challenges within the context of the affected strategic objective. As shown in figure 7, they included a matrix that cross-references where they addressed major management challenges within the report.

**Figure 7: The Department of Defense Cross-References Major Management Challenges to Strategic Objectives**

Department of Defense Strategic Objectives		GAO High-Risk Areas																
<b>Goal 1:</b> Defeat our Adversaries, Deter War, and Defend the Nation	SO 1.1: Refocus counterterrorism efforts towards building partnership capacity while retaining robust capabilities for direct action.	G1: Department of Defense Approach to Business Transformation G2: Department of Defense Business Systems Modernization G3: Department of Defense Support Infrastructure G4: Department of Defense Financial Management G5: Department of Defense Supply Chain Management G6: Department of Defense Weapon System Acquisition G7: Department of Defense Contract Management G8: Strategic Human Capital Management G9: Limiting Federal Government Fiscal Exposure by Better Managing Climate Change Risk G10: Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information G11: Establishing Effective Mechanisms for Sharing and Managing Terrorism Related Information to Protect the Homeland G12: Managing Federal Real Property G13: Mitigating Gaps in Weather Satellite Data G14: Ensuring Effective Protection of Technologies Critical US National Security Interests G15: Improving and Modernizing Federal Disability Programs G16: Improving the Management of Information Technology Acquisitions G17: Managing Risks and Improving Veterans Affairs Health Care																
	SO 1.2: Maintain a sufficient missile defense capability to protect the U.S. and establish partnerships with our friends and allies to support their efforts to provide defense from missile attacks.																	
	SO 1.3: Enhance the effectiveness of the Department's support to civil authorities.																	
	SO 1.4: Remain vigilant regarding national vulnerabilities to known and emergent military threats posed by internal and external agents, and in concert with other federal departments and agencies, be prepared to execute Defense missions to disrupt, dismantle and defeat military threats.																	
<b>Goal 2:</b> Sustain a Ready Force to Meet Mission Needs	SO 2.1: Rebalance the Joint Force for a broad spectrum of conflict.																	
	SO 2.2: Deliver, position, and sustain forces from any point of origin to any point of employment.																	
<b>Goal 3:</b> Strengthen and Enhance the Health and Effectiveness of the Total Workforce	SO 3.1: Service members separating from Active Duty are prepared for the transition to civilian life.																	
	SO 3.2: Foster and encourage workforce initiatives that ensure employees are trained, engaged, and benefitting from a quality work life.																	
	SO 3.3: Ensure that we maintain a highly-skilled military and civilian workforce shaped for today's and tomorrow's needs.																	
<b>Goal 4:</b> Achieve Dominant Capabilities through Innovation and Technical Excellence	SO 4.1: Preserve investments to maintain our decisive technological superiority.																	
	SO 4.2: Seek innovative approaches to improve cyber capability against growing threats.																	
	SO 4.3: Improve acquisition processes from requirements definition to execution phase and through lifecycle enhancements, to acquire and sustain military-unique and commercial items.																	
	SO 4.4: Expand core capabilities in support of military interest.																	
<b>Goal 5:</b> Reform and Reshape the Defense Institution	SO 5.1: Achieve efficiencies and effectiveness to redirect resources to direct support of combat, combat support, and combat service support elements of the DoD.																	
	SO 5.2: Improve financial processes, controls, and information via audit readiness.																	
	SO 5.3: Establish an enterprise framework for valuation and accountability of results, outcomes, cost, and risk.																	
		G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	G11	G12	G13	G14	G15	G16	G17
1.1																		
1.2																		
1.3																		
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2.1																		
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4.4																		
5.1		♦	♦	♦											♦			
5.2																		
5.3																		

Source: Department of Defense, Agency Strategic Plan, fiscal years 2015-2018. | GAO-16-510

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We found that DOD reported performance goals, milestones, performance measures, and an agency official responsible for resolving the listed challenges.<sup>23</sup> As a next step, DOD could improve on its efforts by describing planned actions it will take to resolve the challenges. In addition, DOD reported this information in its strategic plan that covers 4 years rather than in a report that is issued annually. Without an annual focus on major management challenges as required by GPRAMA, DOD's progress on these issues against reported milestones and how it is dealing with new challenges that may emerge will not be transparent.

Finally, during the course of our review SSA made significant progress by reporting performance information for all of its challenges in its 2017 APP.<sup>24</sup> As previously discussed, in its 2016 APP SSA had only identified the agency official assigned for resolving challenges (see figure 2). However, in its 2017 APP, SSA included all the performance information required for resolving its major management challenges. According to SSA officials, they enhanced their reporting process in response to our discussions with them. In reviewing SSA's 2017 APP, we found that it had demonstrated yet another way that agencies could cross-reference where their challenges are addressed. Each major management challenge was clearly identified in an appendix titled, "Our Management and Performance Challenges." For each challenge, SSA listed planned actions for resolving those challenges and cross-referenced to the report page where a description of those actions and associated performance information could be found. In addition, SSA listed challenges and risks for meeting its mission within the discussion of each strategic objective.

Cross-referencing to strategic objectives or APGs where major management challenges are addressed helps agencies improve the completeness and transparency of agency reporting. As previously noted, some agencies told us that they included performance information about their major management challenges within the context of strategic objectives or APGs. Of the agencies that told us they included

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<sup>23</sup>We did not assess the extent to which the performance information would address each challenge.

<sup>24</sup>Social Security Administration, *Annual Performance Plan for Fiscal Year 2017, Revised Performance Plan for Fiscal Year 2016, and Annual Performance Report for Fiscal Year 2015*, accessed March 23, 2016, <https://www.ssa.gov/agency/performance/>.

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performance information for their major management challenges within strategic objectives or APGs, only DOD and more recently SSA clearly demonstrated where they address their challenges.

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## Some Agencies Identified Useful Strategies for Addressing Major Management Challenges

Consistent with the examples of actions we identified in our recent report related to high-risk issues, the following illustrative examples from the Environmental Protection Agency (EPA), the Department of Homeland Security (DHS), and the National Aeronautics and Space Administration (NASA) show actions agency officials reported taking to help them address one of our high-risk areas, which they also determined to be a major management challenge.<sup>25</sup> While more work remains for these three agencies, the actions taken to date show progress and align with GPRAMA requirements that challenges should also include performance information.

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## Leadership Commitment Actions: EPA Established Multiple Goals to Bring Sustained Attention to Toxic Chemical Assessment and Control Efforts

Issue: EPA's ability to effectively implement its mission of protecting public health and the environment is dependent on credible and timely assessments of the risks posed by chemicals. Such assessments are the cornerstone of scientifically sound environmental decisions, policies, and regulations under a variety of statutes including the Toxic Substances Control Act (TSCA).<sup>26</sup> We have previously reported that EPA has found much of TSCA difficult to implement, hampering the agency's ability to obtain certain chemical data or place limits on chemicals.<sup>27</sup> We added this issue to the High Risk List in 2009 because EPA had not developed sufficient chemical assessment information under this and other programs

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<sup>25</sup>[GAO-16-480R](#).

<sup>26</sup>Toxic Substances Control Act, Pub. L. No. 94-469, 90 Stat. 2003 (1976).

<sup>27</sup>Congress recently passed the "Frank R Lautenberg Chemical Safety for the 21st Century Act" reforming TSCA; the President is expected to sign the bill.

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to limit exposure to many chemicals that may pose substantial health risks.<sup>28</sup>

Agency actions: In our 2015 High Risk report, we reported that EPA met the criteria for leadership commitment because of the Administrator's explicit support for taking action on toxics, including modernizing TSCA by working with the White House to establish Principles for TSCA reform. According to EPA, these Principles present Administration goals for updated legislation that will give EPA the mechanisms and authorities to expeditiously target chemicals of concern and promptly assess and regulate new and existing chemicals. The EPA Administrator and top leadership have also expressed support for implementing TSCA as it currently exists to the maximum extent possible in the near term. EPA officials told us that bringing sustained leadership commitment to TSCA-related implementation efforts was needed to help the agency obtain the commitment and resources to conduct assessments, and to more effectively partner with key stakeholders. One aspect of EPA's approach to get leadership commitment was to leverage three existing strategic planning tools: Administrator priorities, strategic objectives, and agency priority goals (APG). EPA found that each of the three had unique benefits for engaging different levels and offices within the agency and, when taken together, helped ensure that TSCA-related implementation efforts were a top priority. While EPA continues to make TSCA-related implementation an agency priority, congressional consideration of TSCA reform legislation is ongoing as of May 2016.

EPA officials define Administrator priorities as issues that demand ongoing involvement of the Administrator and extensive involvement of Assistant Administrators and Regional Administrators across the agency. In designating TSCA-related implementation efforts as an Administrator priority, EPA officials told us that it has helped to reinforce the need to pursue and maintain a risk assessment and risk management effort that is not legally mandated and has enabled a better understanding of

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<sup>28</sup>GAO, *High-Risk Series: An Update*, [GAO-09-271](#) (Washington, D.C.: Jan. 22, 2009). This high-risk area addresses EPA's implementation of TSCA, as well as implementation of the Integrated Risk Information System (IRIS) Program. This high-risk area was added because of the need for broad-based transformation in the area of assessing and controlling toxic chemicals. Regarding the IRIS Program, we previously identified long-standing challenges in such areas as developing sufficient assessment information and determining the program's need for people and resources.

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funding and personnel resources needed to implement TSCA. In addition, according to EPA officials, making TSCA-related efforts a strategic objective contributed to efforts to establish performance goals, performance measures, and milestones that have been useful in prioritizing assessment resources.

Finally, EPA made TSCA-efforts part of an APG, which is a target area where agency leaders want to achieve near-term performance acceleration through focused senior leadership attention. Officials told us that making this an APG created a sense of urgency and focused the attention of not only top leadership, but also of offices and personnel throughout the agency who make the day-to-day decisions. We found that making this an APG also helped EPA demonstrate how it planned to address and measure progress toward resolving this challenge.<sup>29</sup> In addition to helping EPA meet its mission, EPA officials also attributed this three-pronged approach to helping them meet leadership commitment criteria needed to remove the issue from our High Risk List.<sup>30</sup>

EPA's actions show that having priorities and goals that include identifying officials responsible for sustaining attention to this high-risk area aligns with GPRAMA requirements and can help an agency establish leadership involvement, drive accountability, and encourage collaboration across the agency.

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### Action Plan Actions: DHS's Action Plan Helps Strengthen Management Functions

Issue: From its inception in 2003, implementing and transforming DHS was a high-risk area due to the challenges arising from the transformation of 22 agencies into one department. In our 2013 high-risk update, we found that DHS had made considerable progress in strengthening and integrating its management functions. The 2015 High Risk update reflects a narrowing of the high-risk area from transforming the agency to strengthening DHS's management functions, which include acquisition, financial, information technology, and human capital. We recently

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<sup>29</sup>As shown in figure 2, EPA did not report performance information for all of its major management challenges. For this particular challenge, however, associated performance information was clearly presented.

<sup>30</sup>In the 2015 High Risk update, EPA's IRIS Program also met the criteria for leadership commitment.

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reported that DHS's efforts to strengthen and integrate its management functions have resulted in it meeting three and partially meeting two of GAO's criteria for removal from the high-risk list.<sup>31</sup> However, considerable work remains in several areas for DHS to fully achieve the remaining actions and outcomes and thereby strengthen its management functions.

Agency actions: In our 2015 High Risk report, we found DHS met criteria for having an action plan, and we reported that its strategy and approach to continuously refining actionable steps and implementing the outcomes, if implemented effectively and sustained, provide a path for DHS to be removed from our High-Risk List. Specifically, DHS developed an action plan, which contained milestones and key performance measures, as one part of a broader strategy to address this high-risk issue. To develop the action plan, DHS (1) reviewed the High Risk List to understand what equities the agency held for the issues, (2) consulted with program officials and subject matter experts to ensure management is responsive to the issues and that proposed corrective actions were feasible and (3) met with us to discuss how DHS's proposed actions would mitigate risks associated with the issues. The result of this work was the development of the Integrated Strategy for High Risk Management – Strengthening Management Functions, a report that identified how DHS plans to achieve outcomes to address management challenges across the agency. DHS publishes this report bi-annually and includes actions taken and accomplishments since the last report. Recent versions of the plan included identification of agency officials responsible for outcomes; milestones for projected actions, and reasons why changes were made, if any, to milestone dates; key performance measures; and an agency self-assessment of its progress against the five criteria for being removed from our High Risk List.

DHS officials told us that a number of other complementary actions have also been needed to help ensure action plan implementation and sustained attention from senior leadership and lines of business. For example, DHS developed an intranet web page that describes the high risk issues having DHS equities, the basis for the designation, narratives highlighting completed and on-going actions to address the issues, points

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<sup>31</sup>GAO, *Department of Homeland Security: Progress Made, but Work Remains in Strengthening Acquisition and Other Management Functions*, [GAO-16-507T](#) (Washington, D.C.: Mar 16, 2016).

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of contact, and our recommendations related to each of the issues. According to DHS officials, the web page provides a one-stop resource to help staff across program offices and geographic regions collaborate more effectively. DHS's actions are also in line with GPRAMA requirements for resolving major management challenges. Planned actions such as developing a web page to track progress are an example of how an agency can use planned actions to meet milestones and make progress toward achieving goals.

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### Action Plan Actions: NASA Implemented a Process to Improve Acquisition Management

Issue: Since 1990, we have designated NASA's acquisition management as high risk, because cost and schedule growth on large, complex projects significantly impacts NASA's overall performance. NASA's major acquisitions are highly complex and specialized and often push the state of the art in space technology. Therefore, they have inherent technical, design, and integration risks. Our work has identified a number of programmatic factors, including poor cost estimating and underestimating risks associated with the development of its major systems.

Agency actions: In 2007, NASA developed a comprehensive plan to address systematic weaknesses related to how it manages its acquisitions. The plan addressed several areas including strengthening program/project management, increasing accuracy in cost estimating, and facilitating monitoring of contractors' cost performance. We reported in our 2015 High Risk update that NASA had implemented key components of the agency's action plan including instituting new tools aimed at providing increased insight into project performance, such as the collection of earned value management data and the Joint Cost and Scheduled Confidence Level (JCL) process. Through the JCL process, NASA has sought to address cost and schedule overruns for certain major projects when establishing the agency's baseline commitment.<sup>32</sup>

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<sup>32</sup>Major projects with an estimated lifecycle cost of greater than \$250 million are required to complete a JCL. The agency baseline commitment establishes and documents an integrated set of requirements, cost, schedule, technical content, and an agreed-to joint cost and schedule confidence level (JCL) that forms the basis for NASA's commitment with the Office of Management and Budget and Congress. NPR 7120.5E, Appendix A (Aug. 14, 2012).

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Introduced in 2009, the JCL is an analysis process which determines a confidence level, or likelihood, of a project meeting its cost and schedule commitments. Our prior work assessing large-scale acquisitions at DOD, DHS, and NASA indicates that NASA remains the only agency among these three that requires projects to complete such an analysis.<sup>33</sup> The move to probabilistic estimating marks a major departure from NASA's prior practice of establishing a point estimate and adding a percentage on top of that point estimate to provide for contingencies. The JCL process provides information to agency decision makers when they set cost and schedule baselines for major projects. The cost and schedule baselines are then used by the agency to measure and report project progress over time to stakeholders, including Congress. NASA officials told us that the adoption of the JCL process has likely contributed to the recent decreases in cost and schedule growth in NASA's portfolio as compared to historical levels. Nevertheless, we have found that some projects that used the JCL process when setting baselines still faced issues with acquisition management. In addition, according to agency officials, while JCL provides insight into the acquisition management function, a continuous commitment to data quality to continue improving the JCL's accuracy is necessary to sustain its benefits to the agency.

By instituting new tools aimed at providing increased insight into project performance reported as part of the agency's action plan, NASA has taken actions that allow managers to report on progress and effectively use performance information for decision making. These actions also align with our previous work that shows that federal agencies can use performance information to identify performance improvement opportunities, improve program implementation and organizational

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<sup>33</sup>GAO, *NASA: Assessments of Selected Large-Scale Projects [Reissued on March 26, 2015]*, [GAO-15-320SP](#) (Washington, D.C.: Mar. 26, 2015).

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processes, and make other important management and resource allocation decisions.<sup>34</sup>

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## Conclusions

Given the significance of major management challenges that threaten agencies' abilities to meet their missions, it is important that agencies have clear goals and performance information that will enable them to measure the progress they are making toward resolving major management challenges. Effective implementation of GPRAMA's requirements on major management challenges can provide agency managers with critical information that could be used to manage high risk and other top management issues.

Agencies need to take further actions to effectively meet GPRAMA's requirements to include major management challenges in their APPs and then to develop performance information (performance goals, performance measures, planned actions, milestones, and an agency official responsible) for each challenge. Including major management challenges in the APP promotes both transparency and accountability. Not having this information limits the ability of decision makers, including Congress and other stakeholders, to take action on critical issues that can affect an agency's ability to deliver results. Furthermore, setting goals, measuring performance, establishing milestones, developing a set of planned actions, and identifying officials dedicated to managing challenges allows agencies to track progress, understand where gaps exist, and design and implement opportunities for improvement. However, most of the 24 agencies we reviewed have not adhered to the requirements of GPRAMA, in part, because OMB's current guidance is unclear and inconsistent with the law's requirements.

The experiences of EPA, DHS, and NASA illustrate actions agencies have taken to make progress to address major management challenges

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<sup>34</sup>GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: Sept. 9, 2005). Agencies can adopt or apply a number of practices that can enhance the use of performance information for policy and program decisions aimed at improving results. Those practices include but are not limited to demonstrating management commitment; improving the usefulness of performance information to better meet management's needs; developing agency capacity to effectively use performance information; and frequently and effectively communicating performance information within the agency.

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that were also identified as high-risk areas. Although more work remains at these agencies, each demonstrated how applying performance information like those required in GPRAMA and criteria for removal from our High Risk List can help make progress toward resolving major management challenges.

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## Recommendations for Executive Action

To improve the public reporting of major management challenges and to ensure performance information is useful, transparent, and complete, we recommend the following actions:

- The Administrator of the U.S. Agency for International Development (USAID) should describe USAID's major management challenges and identify performance goals, performance measures, planned actions, milestones, and an agency official responsible for resolving each of its major management challenges as part of USAID's agency performance plan.
- The Secretary of Agriculture should describe the Department of Agriculture's (USDA) major management challenges and include performance goals, performance measures, milestones and an agency official responsible for resolving each of its major management challenges as part of USDA's agency performance plan.
- The Secretary of Commerce should describe the Department of Commerce's major management challenges and include performance goals, performance measures, milestones and an agency official responsible for resolving each of its major management challenges as part of the Department of Commerce's agency performance plan.
- The Secretary of Defense should include planned actions for each of the Department of Defense's (DOD) major management challenges and ensure that required information about its major management challenges, currently in DOD's Agency Strategic Plan for Fiscal Years 2015-2018, be included in its agency performance plan so that progress toward resolving each of its major management challenges is transparent and reported annually.
- The Secretary of Education should include performance goals, performance measures, milestones, planned actions, and an agency official responsible for resolving each of the Department of Education's major management challenges as part of the department's agency performance plan.
- The Secretary of Energy should describe the Department of Energy's major management challenges and include performance goals,

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performance measures, milestones and an agency official responsible for resolving each of its major management challenges as part of the Department of Energy's agency performance plan.

- The Secretary of Homeland Security should include performance goals, performance measures, and milestones for each of the Department of Homeland Security's (DHS) major management challenges as part of DHS's agency performance plan.
- The Attorney General should describe the Department of Justice's major management challenges and include performance goals, performance measures, milestones, planned actions and an agency official responsible for resolving each of its major management challenges as part of the Department of Justice's agency performance plan.
- The Secretary of Labor should describe the Department of Labor's major management challenges and include performance goals, performance measures, milestones, planned actions, and an agency official responsible for resolving each of its major management challenges as part of the Department of Labor's agency performance plan.
- The Secretary of State should include performance goals, performance measures, milestones, and an agency official responsible for resolving each of its major management challenges as part of the Department of State's agency performance plan.
- The Secretary of Transportation should describe the Department of Transportation's major management challenges and include performance goals, performance measures, milestones, planned actions and an agency official responsible for resolving major management challenges as part of the Department of Transportation's agency performance plan.
- The Secretary of the Treasury should include performance goals, performance measures, milestones, and an agency official responsible for resolving major management challenges as part of the Department of the Treasury's agency performance plan.
- The Administrator of the Environmental Protection Agency (EPA) should include performance goals, performance measures, milestones, planned actions and an agency official responsible for resolving each of its major management challenges as part of EPA's agency performance plan.
- The Administrator of the General Services Administration (GSA) should describe GSA's major management challenges and include

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performance goals, performance measures, milestones and an agency official responsible for resolving each of its major management challenges as part of GSA's agency performance plan.

- The Secretary of Health and Human Services (HHS) should include performance goals, milestones and an agency official responsible for resolving each of HHS's major management challenges as part of HHS's agency performance plan.
- The Secretary of the Interior should describe the Department of Interior's major management challenges and include performance goals, performance measures, planned actions, milestones and an agency official responsible for resolving each of its major management challenges as part of the Department of the Interior's agency performance plan.
- The Administrator of the National Aeronautics and Space Administration (NASA) should include performance goals, performance measures, milestones and an agency official responsible for resolving major management challenges as part of NASA's agency performance plan.
- The Chairman of the U.S. Nuclear Regulatory Commission should affirmatively state that the agency does not have major management challenges when applicable in the Nuclear Regulatory Commission's agency performance plan.
- The Director of the National Science Foundation (NSF) should describe NSF's major management challenges and identify performance goals, performance measures, milestones, and an agency official responsible for resolving each of its major management challenges as part of NSF's agency performance plan.
- The Director of the Office of Personnel Management (OPM) should identify performance goals, performance measures, and milestones for each of OPM's major management challenges as part of OPM's agency performance plan.
- The Administrator of the Small Business Administration (SBA) should describe SBA's major management challenges and include performance goals, performance measures, milestones, and an agency official responsible for resolving major management challenges as part of SBA's agency performance plan.
- The Secretary of Veterans Affairs (VA) should include performance goals and milestones for each of its major management challenges as part of VA's agency performance plan.

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To help participating agencies improve their public reporting, we recommend that the Director of OMB take the following action:

- Revise relevant guidance to align with GPRAMA and require agencies to describe their major management challenges and identify performance goals, performance measures, milestones, planned actions, and an agency official responsible for resolving each of the challenges in their APP. The guidance should also address how to report in the event that the agency determines it does not have major management challenges.

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## Agency Comments on Our Evaluation

We provided a draft of this report to each of the 24 CFO Act agencies and OMB for review and comment. Overall, 19 of the 23 agencies with a recommendation directed to them concurred with the recommendation, two agencies neither agreed nor disagreed with the recommendation, and two agencies did not concur. The Department of Housing and Urban Development in an email to us, and the Social Security Administration in its comment letter agreed with the overall report's findings and conclusions.

Eleven agencies concurred with the respective recommendations directed to them. The U.S. Agency for International Development, Department of Commerce, Department of Defense, Department of Energy, General Services Administration, Department of Health and Human Services, National Aeronautics and Space Administration, and Department of Veterans Affairs concurred in response letters which are included as appendices I through XVIII in this report. The Department of Transportation concurred with the recommendation directed to it via email. The Department of Agriculture concurred via email stating that it intends to address the recommendations as part of the fiscal year 2018 budget formulation process. Staff from the Office of Management and Budget (OMB) concurred with the recommendation to OMB in oral comments. Technical comments provided by these agencies were incorporated as appropriate.

Although the following eight agencies concurred with the recommendations directed to them, they provided additional comments for our consideration:

- In subsequent discussions with Office of Personnel Management (OPM) officials they stated that they had planned actions and an agency official responsible for the four major management

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challenges in the 2016 agency performance plan and directed us to those pages. We reviewed that information and agree that the agency performance plan contained both planned actions and an agency official responsible for each challenge. Accordingly, we made changes to the report findings and recommendation.

- The Department of State (State) noted that it identified its major management challenges in its agency performance plan. We reviewed State's agency performance plan and found a reference that its IG challenges were its major management challenges. Accordingly, we revised the report where appropriate to reflect this information.
- The Environmental Protection Agency (EPA) disagreed with our finding that it did not clearly describe its major management challenges in its agency performance plan. EPA noted that its Congressional Budget Justification (CBJ) included its agency performance plan. We reviewed EPA's fiscal year 2016 CBJ and found that major management challenges were clearly described and revised the report where appropriate to reflect this information.
- The Department of Homeland Security (DHS) commented in its letter that it has made improvements to its agency performance plan that met GPRAMA requirements and requested that the recommendation be closed as implemented. We disagree that all the GPRAMA requirements have been met. DHS states in its response letter, for example, that it does not develop specific action plans to address IG challenges (which it identifies as major management challenges) because it "aggressively tracks and monitors recommendations associated with IG reports." Nevertheless, GPRAMA requires that each major management challenge include performance information for resolving the challenge. We reviewed DHS's management response to IG challenges and were not able to find performance goals, measures or milestones for those challenges. As such, we maintain that the recommendation to include performance goals, measures, and milestones remains valid.
- The Department of Justice (Justice) disagreed with the report's finding that it did not clearly describe its major management challenges in a publicly-available document. Justice noted that its management response letter to top management and

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performance issues identified by its IG stated that the agency considered these issues to be major management challenges. We agree that Justice identified its major management challenges in a publicly-available document, the agency financial report. Accordingly, we made changes to the report where appropriate. However, we disagree with Justice's assertion that the management response letter provided planned actions and milestones for each of its challenges as required under GPRAMA. The management letter discussed actions it had previously taken to address IG issues, but generally did not discuss further actions it planned on taking or when such actions were expected to be completed for each of its challenges. Finally, Justice noted that there are certain management challenges wherein performance measures may not be as relevant and/or appropriate, and that other planned actions and/or milestones are more effective responses. GPRAMA addresses this possibility. Specifically, GPRAMA states that if an agency, in consultation with OMB, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, OMB may authorize an alternative form of measurement.<sup>35</sup> Further, we have recently reported that milestones, if clearly linked to outcomes, can be a way to report and track progress.<sup>36</sup>

- The Department of Labor (Labor) expressed concern that the report's discussion of mission critical skills and occupations gaps expands the definition of a major management challenge. Specifically, Labor states "the report notes that agencies have discretion to select challenges, but then questions whether agencies are "fully identifying all potential challenges." Using the Office of Personnel Management (OPM)-identified "gaps" as an example considerably expands the scope of the term." We disagree that a focus on mission-critical skills gaps expands the scope of what should be considered a major management challenge. The intent of this example was to show that there are other sources of information that agencies can and should

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<sup>35</sup>31 U.S.C. § 1115 (c).

<sup>36</sup>GAO-16-509.

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consider when identifying major management challenges. Furthermore, the mission-critical skills and occupation gaps identified in OPM's update were the result of an OPM-led effort in partnership with the Chief Human Capital Officers Council (which includes chief human capital officers representing executive departments) to address our high-risk area in Strategic Human Capital Management. Under this high-risk area, we have found that mission-critical skills gaps are a government-wide issue. Our high-risk issues are included as part of the definition of a major management challenge.

Labor also expressed concern about redundancy in reporting, stating that the "report does not accept agencies' cross-references and calls for additional information on major management challenges that have already been identified, monitored, and reported." We disagree with Labor's characterization of the report. The draft included examples from the Department of Defense (DOD) and the Social Security Administration (SSA) that demonstrated how an agency can cross-reference to performance information within its agency performance plan. Cross-referencing in this way can help reduce reporting redundancy while being clear about the agency's strategy for addressing those challenges.

- The Nuclear Regulatory Commission (NRC) disagreed with the report's characterization that an OPM study identified mission-critical occupation gaps for the agency. NRC stated that probabilistic risk assessments are not currently considered to be gaps, but are occupations where additional expertise is needed. NRC requested that the reference to NRC and mission-critical occupation gaps be removed. We spoke with OPM to clarify this point. According to OPM, projected skills needs are considered to be skills gaps and that it would be more accurate to say "NRC identified skills gaps in the mission-critical occupations of probabilistic risk assessment and cyber." We updated the body of the report to clarify this point.
- The Small Business Administration (SBA) commented that the report should reflect that the agency clearly described its major management challenges in the agency financial report. We disagree. The agency financial report includes a copy of the IG report, Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2015. We believe that reprinting the IG report in the agency financial report

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is not sufficient to demonstrate that SBA considered the IG issues to be its major management challenges. As such, we made no changes to the report because these are challenges identified by the IG and it is not clear that SBA's leadership agrees that this is the complete set of major management challenges the agency faces.

SBA also commented that the report should reflect that it included planned actions for its challenges. As discussed in the report, in cases where agencies did not clearly identify their challenges, we relied on agency officials to tell us in which documents the challenges were addressed. In this case, SBA told us what its major management challenges were and where planned actions were located within the agency financial report. We found that SBA had planned actions for its challenges in its agency financial report and updated to the report where appropriate. We maintain, however, that the recommendation that SBA include all performance information in the agency performance plan as required under GPRAMA remains valid.

The following two agencies neither agreed nor disagreed with the recommendation directed to them:

- The Department of Education states that, if finalized, it would “fully consider the recommendation as it considers the best way to improve and communicate its efforts in the management challenges areas and in addressing these issues through the audit resolution process.”
- The Department of Treasury had no comments on the report.

The following two agencies did not agree with the recommendation directed to them:

- The Department of the Interior (Interior) stated that its “major management challenges identified by the Department’s Office of Inspector General are discussed as part of the Department’s efforts to implement mission areas, goals, strategic objectives, and performance measures.” Interior stated that this approach is sufficient for responding to GPRAMA requirements. We disagree. The agency performance plan does not state that the IG’s management challenges are also the agency’s major management challenges. It is also unclear what performance

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information in the agency performance plan is associated with resolving them. Interior prepared a table in its response letter that references to “the related sections of the [agency performance plan and report] where [major management challenge topics] are directly or indirectly discussed.” This table provided helpful clarification. Including such a table or similar cross-referencing in the agency performance plan would address our recommendation.

- The National Science Foundation (NSF) stated in its letter that its process for reporting major management challenges is consistent with both A-11 guidance and the Reports Consolidation Act of 2000. We acknowledged in the report that NSF identifies its IG challenges as its major management challenges, clearly described those challenges in the AFR and included planned actions for those challenges. However, the AFR does not clearly include performance goals, measures, milestones, and an agency official responsible for resolving the challenges as required under GPRAMA.<sup>37</sup> NSF stated in its letter that a number of its management challenges also have been performance goal topics, while other challenges do not lend themselves to having performance goals. According to NSF, the GPRAMA requirement for each management challenge to always have a corresponding performance goal will increase burden without improving agency performance. Our review of the agencies’ efforts did not identify this as a major issue.

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We are sending copies of this report to the Director of OMB and the heads of the agencies we reviewed as well as appropriate congressional committees and other interested parties. In addition, this report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on

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<sup>37</sup>The Reports Consolidation Act, while permitting the consolidation of required financial and performance management reports, does not serve to exempt agencies from these GPRAMA requirements.

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the last page of this report. GAO staff who made key contributions to this report are listed in appendix XIX.

A handwritten signature in black ink, reading "J. Christopher Mihm". The signature is written in a cursive style with a large, stylized "J" and "M".

J. Christopher Mihm  
Managing Director, Strategic Issues

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*List of Committees*

The Honorable Ron Johnson  
Chairman  
The Honorable Thomas R. Carper  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable James Lankford  
Chairman  
The Honorable Heidi Heitkamp  
Ranking Member  
Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Jason Chaffetz  
Chairman  
The Honorable Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
House of Representatives

The Honorable Mark Meadows  
Chairman  
The Honorable Gerald E. Connolly  
Ranking Member  
Subcommittee on Government Operations  
Committee on Oversight and Government Reform  
House of Representatives

# Appendix I: Comments from the U.S. Agency for International Development



MAY 13 2016

J. Christopher Mihm  
Director  
Strategic Issues  
U.S. Government Accountability Office  
44 G Street  
Washington, DC 20548

Re: MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans, GAO-16-510

Mr. Mihm:

I am pleased to provide the United States Agency for International Development's (USAID's) formal response to the Government Accountability Office (GAO) draft report entitled "*MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans*" (GAO-16-510).

This letter, together with the enclosed USAID comments, is provided for incorporation as an appendix to the final report. Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff while conducting this GAO engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Angelique M. Crumbly".

Angelique M. Crumbly  
Assistant Administrator  
Bureau for Management

Enclosure: a/s

- 2 -

**USAID COMMENTS ON GAO DRAFT REPORT**

No. GAO-16-510

To improve the public reporting of major management challenges and to ensure performance information is useful, transparent, and complete, we recommend the following actions:

*Recommendation 1:* The Administrator of the U.S. Agency for International Development (USAID) should describe its major management challenges and identify performance goals, performance measures, planned actions, milestones, and an agency official responsible for resolving each of its major management challenges as part of USAID's agency performance plan.

*Response:* USAID concurs with the recommendation to include performance information on its major management challenges in its annual performance plan. The Agency will implement the recommendation in next year's report to demonstrate our commitment to transparency, accountability, and the intent of the Government Performance and Results Act Modernization Act (GPRAMA).

USAID identifies its major management challenges in its Annual Performance Plan and Annual Performance Report ([APP/APR](#)). The APP/APR directs readers to USAID's Agency Financial Report ([AFR](#)) where it lists and describes the Agency's most serious management and performance challenges and actions taken to address. USAID complies with the A-11 guidance as written for identifying major management challenges in the APP. USAID uses a corrective action plan to address each challenge and has an internal system to manage the action plan for each challenge. This system allows USAID to create milestones and target completion dates for the action plan associated with the challenge. The Agency tracks and addresses these challenges individually through multiple internal Agency leadership forums.

# Appendix II: Comments from the Department of Commerce



THE DEPUTY SECRETARY OF COMMERCE  
Washington, D.C. 20230

May 19, 2016

J. Christopher Mihm  
Managing Director  
Strategic Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Mihm:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report entitled *Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans* (GAO-16-510).

On behalf of the Department of Commerce, I offer the following comments on the draft report. While we have referenced the Major Management Challenges identified by the Department's Office of Inspector General, as well as GAO's High Risk List, in our Annual Performance Plan and Report and Summary of Performance and Finance, we agree with GAO's recommendation to:

- Describe the major management challenges identified by the Department in our Performance Plan;
- Include information on performance goals, performance measures, and milestones for addressing each of the major management challenges; and
- Identify an agency official responsible for resolving each major management challenge.

We will identify specific actions we plan to take to implement this recommendation in our Statement of Action.

If you have any questions, please contact Barry Berkowitz, Senior Procurement Executive and Director, Office of Acquisition Management, at (202) 482-4248.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Andrews", is written over a horizontal line.

Bruce H. Andrews

# Appendix III: Comments from the Department of Defense



**OFFICE OF THE DEPUTY CHIEF MANAGEMENT OFFICER**  
9010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-9010

April 29, 2016

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington DC 20548

Dear Mr. Mihm,

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) draft report GAO-16-510, "MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans," dated April 18, 2016 (GAO Code 451138). The Department concurs with the recommendation and provides the attached official written comments for inclusion in the report.

The Department appreciates the opportunity to respond to your draft report. We look forward to your continued cooperation and dialog toward our common goal of managing for results by identifying, reporting, and resolving major management challenges throughout the DoD.

Should you have any questions, please contact Dr. Sherri Malace, 571-372-3097, Sherri.R.Malace.civ@mail.mil.

Sincerely,

**TILLOTSON.DAVID**  
**D.III.1109966815**

Digitally signed by  
TILLOTSON.DAVID.III.1109966815  
DN: c=US, o=U.S. Government, ou=DoD,  
ou=FKI, ou=OSD,  
cn=TILLOTSON.DAVID.III.1109966815  
Date: 2016.04.29 07:48:41 -0400

David Tillotson  
Assistant Deputy Chief Management Officer

Enclosure:  
DoD Comments to the GAO Draft Report  
dated April 18, 2016

GAO DRAFT REPORT DATED APRIL 18, 2016  
GAO-16-510 (GAO CODE 451138)

“MANAGING FOR RESULTS: AGENCIES NEED TO FULLY IDENTIFY AND  
REPORT MAJOR MANAGEMENT CHALLENGES AND ACTIONS TO RESOLVE  
THEM IN THEIR AGENCY PERFORMANCE PLANS”

DEPARTMENT OF DEFENSE (DoD) COMMENTS  
TO THE GAO RECOMMENDATION

**RECOMMENDATION:** To improve public reporting of major management challenges and ensure performance information is useful, transparent, and complete, the GAO recommends the Secretary of Defense include planned actions for each of its major management challenges and ensure that required information about its major management challenges, currently in DoD’s Agency Strategic Plan for Fiscal Years 2015-2018, be included in its agency performance plan so that progress towards resolving each of its major management challenges is transparent and reported annually.

**DoD RESPONSE:** Concur. The Department’s update to the Agency Strategic Plan (ASP) for Fiscal Years 2015-2018, set for release May 2016, significantly builds upon ASP version 1.0 and largely addresses this GAO report recommendation. The DoD ASP v2.0 identifies specific major management challenges, planned actions, programs, initiatives, and supporting resources for the necessary Government Performance and Results Act, Modernization Act (GPRAMA) progress reviews, reporting, and improvement accountability cycles. The Defense Department’s ASP (v2.0) provides a single comprehensive plan at both strategic and performance plan levels, and undergoes an annual review for necessary updates. This streamlined approach facilitates solid alignment between short and long term goals, and enables DoD to more effectively pace itself for today and tomorrow’s national security priorities, challenges, and resource shifting requirements.

# Appendix IV: Comments from the Department of Education



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

May 6, 2016

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Mihm:

Thank you for providing the U.S. Department of Education (the Department) the opportunity to review and comment on the U.S. Government Accountability Office's (GAO's) draft report entitled "Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans" (GAO-16-510). It is the Department's understanding that under the *GPRAModernization Act of 2010* (GPRAMA), GAO periodically reviews implementation of the law. This particular study reflects agency adherence to GPRAMA and Circular A-11 guidance issued by the Office of Management and Budget (OMB) regarding implementation of the law and examines the extent to which agency Annual Performance Plans (APPs) and Annual Performance Reports (APRs) address major management challenges that include, for example, GAO High-Risk issues and challenges identified by the Department's Inspector General. The study also identifies examples that selected agencies reported taking to address their major management challenges.

In the draft report, GAO recommends to OMB that it revise the Circular A-11 guidance to align with GPRAMA requirements. It also recommends that the Secretary of Education "include performance goals, performance measures, milestones, planned actions, and an agency official responsible for resolving each of its major management challenges as part of the Department of Education's agency performance plan."

We thank you for the thoughtful recommendation. As your draft report highlights, the Department includes a clear description in the APP of all major management challenges. In addition to this information, the Department also references information published by its Office of Inspector General (OIG) on major management challenge areas in the Agency Financial Report (AFR) and the combined APR-APP. Specifically, these documents link to the OIG's Management Challenges Reports. See <http://www2.ed.gov/about/offices/list/oig/managementchallenges.html>. Furthermore, the Department publishes a Semiannual Report on Audit Follow-up which highlights accomplishments implementing OIG audit recommendations. See <http://www2.ed.gov/about/offices/list/ocfo/pubs.html>.

[www.ed.gov](http://www.ed.gov)

400 MARYLAND AVE., SW, WASHINGTON, DC 20202

*The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

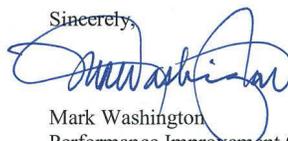
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Although we do not delineate in the APR-APP each action, indicator, milestone, and agency official responsible for resolving the management challenges, the OIG and Semiannual reports provide summary information on progress and planned actions for each management challenge area, and thus, this information is publicly available and ascertainable. The Department does, in fact, track and monitor goals, measures, milestones, actions, and responsible officials for each recommendation and finding for GAO and OIG audits. This information is part of the Department's Audit Accountability and Resolution Tracking System (AARTS) and includes our progress addressing all recommendations related to management challenge areas.

We are committed to ensuring appropriate transparency on the work associated with the management challenge areas and are committed to continually improving our efforts to fully address those areas in the most effective manner. If the recommendation is made final, we would fully consider GAO's recommendation as the Department considers the best way to improve and communicate our efforts in the management challenges areas and in addressing these issues through the audit resolution process.

Thank you for your work on these important issues and your consideration of our comments. If you have additional questions or need additional information, we remain available to assist you. We look forward to receiving the final report.

Sincerely,



Mark Washington  
Performance Improvement Officer  
Office of the Deputy Secretary

# Appendix V: Comments from the Department of Energy



Department of Energy  
Washington, DC 20585

May 19, 2016

Mr. David Trimble  
Director  
Natural Resources and Environment  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Mr. Trimble:

Thank you for providing a draft copy of the Government Accountability Office (GAO) report, "*Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans (GAO-16-510)*". We have reviewed the draft report and provide the following comments below.

The Department of Energy (DOE) included management priorities and associated key challenges and departmental initiatives to address these challenges in the FY 2015 Agency Financial Report (AFR). DOE established 2016-2017 Agency Priority Goals with performance targets and milestones for several of the identified management challenges. DOE will incorporate the other management challenges, with performance goals, performance measures, milestones and an agency official responsible for resolving each of the challenges, in the FY 2018 Performance Plan submitted with the DOE FY 2018 Congressional justifications.

If you have any questions, please contact me, or Chris Johns, Office of Budget at 202-586-4180.

Sincerely,

  
Joseph S. Hezir  
Chief Financial Officer

Enclosure



**Response to Report Recommendations**

**Recommendation 1:** The Secretary of Energy should describes its major management challenges and add performance goals, performance measures, milestones and an agency official responsible for resolving each of its major management challenges as part of the Department of Energy's agency performance plan.

**Management Response: Concur**

As required by law, DOE will incorporate major management challenges and add performance goals, performance measures, milestones and an agency official responsible for resolving each of its major management challenges as part of the Department of Energy's FY 2018 Agency Performance Plan in a manner consistent with revised guidance to be issued in OMB Circular A-11. Per OMB Memorandum 16-10 "Requirements for the FY 2018 Budget Process", the DOE Performance Plan will be published concurrent with the Department's FY 2018 Congressional Justifications.

**Estimated Completion Date:** Spring 2017 concurrent with FY 2018 Budget Request submission

# Appendix VI: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation  
Washington, DC 20201

MAY 12 2016

J. Christopher Mihn  
Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Mr. Mihn:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, *Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans* (GAO-16-510).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

A handwritten signature in cursive script that reads "Jim R. Esquea".

Jim R. Esquea  
Assistant Secretary for Legislation

Attachment

**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: MANAGING FOR RESULTS: AGENCIES NEED TO FULLY IDENTIFY AND REPORT MAJOR MANAGEMENT CHALLENGES AND ACTIONS TO RESOLVE THEM IN THEIR AGENCY PERFORMANCE PLANS (GAO-16-510)**

The U.S. Department of Health and Human Services (HHS) appreciates the opportunity from the Government Accountability Office (GAO) to review and comment on this draft report.

**GAO Recommendation**

The GAO recommends that the Secretary of HHS should add performance goals, milestones and an agency official responsible for resolving each of its major management challenges as part of HHS's agency performance plan.

**HHS Response**

HHS concurs with this recommendation. The Department understands that the Office of Management and Budget (OMB) is planning to revise the A-11 guidance for preparing the Annual Performance Plan and Annual Performance Report (APP/APR) to address the recommendations included in this report. The content of A-11 represents, in part, OMB's interpretation of and instructions for executive branch compliance with the GPRA Modernization Act of 2010 (GPRAMA). HHS has complied with OMB's A-11 guidance in the preparation of past APR/APR and will comply with any modifications OMB makes to bring A-11 into alignment with GPRAMA.

HHS considers addressing the major management challenges identified each year by its Office of the Inspector General an important part of the Department's performance improvement efforts. HHS includes performance measures related to major management challenges in its APP/APR. The APP/APR contains a number of performance measures that align to the major management challenges, as shown below. These measures contain targets, which represent progress milestones, and are assigned to a lead agency and program, which is responsible for tracking the progress of these measures. In addition, as part of the APP/APR, HHS provides a description of planned actions to improve the performance in each program tracked by indicators.

**1. Protecting an Expanding Medicaid Program from Fraud, Waste, and Abuse**

*Estimate the Improper Payment Rate in the Medicaid Program (Lead Agency - CMS; Measure ID - MIP9.1)*

*Estimate the Improper Payment Rate in the Children's Health Insurance Program (CHIP) (Lead Agency - CMS; Measure ID - MIP9.2)*

**2. Fighting Fraud, Waste, and Abuse in Medicare Parts A and B**

*Reduce the Percentage of Improper Payments Made Under the Medicare Fee-for-Service Program (Lead Agency - CMS; Measure ID - MIP1)*

*Increase the Percentage of Medicare Providers and Suppliers Identified as High Risk that Receive an Administrative Action (Lead Agency - CMS; Measure ID - MIP8)*

**3. The Meaningful and Secure Exchange and Use of Electronic Information and Health Information Technology**

**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: MANAGING FOR RESULTS: AGENCIES NEED TO FULLY IDENTIFY AND REPORT MAJOR MANAGEMENT CHALLENGES AND ACTIONS TO RESOLVE THEM IN THEIR AGENCY PERFORMANCE PLANS (GAO-16-510)**

*Increase the number of eligible providers (professionals and hospitals) who receive an incentive payment from the CMS Medicare and Medicaid EHR Incentive Programs for the successful adoption or meaningful use of certified EHR technology (Lead Agency - ONC; Measure ID - 1.B.4)*

*Increase the percent of office-based primary care physicians who have adopted electronic health records (basic) (Lead Agency - ONC; Measure ID - 1.A.2)*

*Percent of office-based physicians who are electronically sharing patient information with any providers outside their organization (Lead Agency - ONC; Measure ID - 1.E.4)*

*Percent of non-federal acute care hospitals that are electronically exchanging patient health information with any providers outside their organization (Lead Agency - ONC; Measure ID - 1.E.7)*

*Increase the percentage of public health agencies that can receive production Electronic Laboratory Reporting (ELR) Meaningful Use compliant messages from certified Electronic Health Record (EHR) technology used by eligible hospitals (Lead Agency - CDC; Measure ID - 8.B.1.3a)*

*Identify key design principles that can be used by health IT designers to improve Personal Health Information Management (PHIM) (Lead Agency - AHRQ; Measure ID - 1.3.60)*

**4. Administration of Grants, Contracts, and Financial and Administrative Management Systems**

*Decrease improper payments in the title IV-E foster care program by lowering the national error rate. (Lead Agency - ACF; Measure ID - 7S)*

*Reduce total amount of sub-grantee Community Services Block Grant (CSBG) administrative funds expended each year per total sub-grantee CSBG funds expended per year. (Lead Agency - ACF; Measure ID - 12B)*

*Increase the number of innovative acquisitions for IT services throughout the Department in collaboration with the HHS IDEA Lab (Lead Agency - IOS; Measure ID - 1.7)*

**5. Ensuring Appropriate Use of Prescription Drugs**

**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: MANAGING FOR RESULTS: AGENCIES NEED TO FULLY IDENTIFY AND REPORT MAJOR MANAGEMENT CHALLENGES AND ACTIONS TO RESOLVE THEM IN THEIR AGENCY PERFORMANCE PLANS (GAO-16-510)**

*Reduce the Percentage of Improper Payments Made Under the Part D Prescription Drug Program (Lead Agency - CMS; Measure ID - MIP6)*

*Decrease by 10 percent the total morphine milligram equivalents (MME) dispensed (Lead Agency - FDA; Measure ID - TBD)*

*Increase by 15 percent the number of prescriptions dispensed for naloxone (Lead Agency - FDA; Measure ID - TBD)*

*Increase by 10 percent the number of unique patients receiving prescriptions for buprenorphine and naltrexone in a retail setting (Lead Agency - FDA; Measure ID - TBD)*

*Increase the percentage of hospitals reporting implementation of antibiotic stewardship programs fully compliant with CDC Core Elements for Hospital Antibiotic Stewardship Programs (Lead Agency - CDC; Measure ID - 3.2.5)*

*Decrease the Percentage of Long-Stay Nursing Home Residents Receiving an Antipsychotic Medication (Lead Agency - CMS; Measure ID - MSC5)*

**6. Ensuring Quality in Nursing Home, Hospice, and Home- and Community-Based Care**

*Decrease the prevalence of pressure ulcers in nursing homes (Lead Agency - CMS; Measure ID - MSC1)*

*Decrease the Percentage of Long-Stay Nursing Home Residents Receiving an Antipsychotic Medication (Lead Agency - CMS; Measure ID - MSC5) =*

**7. Implementing, Operating, and Overseeing the Health Insurance Marketplaces**

*Track the Number of Individuals who have Confirmed Enrollment through the Health Insurance Marketplaces (Lead Agency - CMS; Measure ID - PHI5)*

**8. Reforming Delivery and Payment in Health Care Programs**

*Alternative Payment Models: Increase the percentage of Medicare Fee-for-Service (FFS) Payments Tied to Quality and Value through Alternative Payment Models (Lead Agency - CMS; Measure ID - MCR30.1)*

**9. Effectively Operating Public Health and Human Services Programs**

**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: MANAGING FOR RESULTS: AGENCIES NEED TO FULLY IDENTIFY AND REPORT MAJOR MANAGEMENT CHALLENGES AND ACTIONS TO RESOLVE THEM IN THEIR AGENCY PERFORMANCE PLANS (GAO-16-510)**

*Increase the number of new Chemical, Biological, Radiological, and Nuclear threats (CBRN) medical countermeasures (MCM) under Emergency Use Authority (EUA) or licensed (Lead Agency - ASPR; Measure ID - 2.4.13)*

*Influenza vaccine production (Lead Agency - FDA; Measure ID - 234101)*

*Increase laboratory surge capacity in the event of terrorist attack on the food supply. (Radiological and chemical samples/week). (Lead Agency - FDA; Measure ID - 214305)*

*Increase the percentage of public health agencies that directly receive CDC Public Health Emergency Preparedness funding that can convene within 60 minutes of notification a team of trained staff that can make decisions about appropriate response and interaction with partners. (Lead Agency - CDC; Measure ID - 13.5.3)*

**10. Ensuring the Safety of Food, Drugs, and Medical Devices**

*The average number of days to serotype priority pathogens in food (Screening Only). (Lead Agency - FDA; Measure ID - 214306)*

*Develop biomarkers to assist in characterizing an individual's genetic profile in order to minimize adverse events and maximize therapeutic care. (Lead Agency - FDA; Measure ID - 262401)*

*Reducing foodborne illness in the population. By December 31, 2013, decrease the rate of Salmonella Enteritidis (SE) illness in the population from 2.6 cases per 100,000 (2007-2009 baseline) to 2.1 cases per 100,000. (Lead Agency - FDA; Measure ID - 212409)*

*Reducing foodborne illness in the population. By December 31, 2017, working with federal, state, local, tribal, and industry partners, improve preventive controls in food production facilities and reduce the incidence rate (reported cases per 100,000 population per year) of Listeria monocytogenes (Lm) infections by 8 percent. (Lead Agency - FDA; Measure ID - TBD)*

# Appendix VII: Comments from the Department of Homeland Security



U.S. Department of Homeland Security  
Washington, DC 20528

**Homeland  
Security**

May 20, 2016

J. Christopher Mihm  
Managing Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Re: Draft Report GAO-16-510, "MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans"

Dear Mr. Mihm:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's positive recognition of the action plan (i.e., the "Integrated Strategy for High Risk Management") the Under Secretary for Management has developed to address the high-risk issue of "Strengthening DHS Management Functions," highlighted in this draft report as one of three useful strategies for addressing major management challenges that other agencies might want to follow. DHS senior leadership is committed to promoting and improving the efficiency and effectiveness of the Department using plans like this, through the DHS Unity of Effort Initiative, and via other avenues that create opportunities for our employees to achieve the strategies, goals, and objectives the DHS mission commands.

For example, the Department is achieving efficiencies in acquisition management (one of our major management challenges) under the Unity of Effort initiative, particularly during the earliest phases of the acquisition cycle through improved outreach and analysis. Our Acquisition Initiative in Motion (AIiM) Initiative now provides recurring activities to enhance how the Department does business, offering a framework for communicating the Department's approach to industry engagement and acquisitions. AIiM answers the call for greater collaboration and transparency with the private sector, and has increased our understanding of industry business models and strategies to strengthen our acquisition process and program oversight.

The draft report contained one recommendation for DHS with which the Department concurs. Specifically, GAO recommended that the Secretary of Homeland Security:

**Recommendation:** Add performance goals, performance measures, and milestones for each of its major management challenges as part of DHS's agency performance plan.

**Response:** Concur. DHS agrees it is important to develop and report performance information for major management challenges and believes it already complies with this GPRAMA Modernization Act of 2010 (GPRAMA) requirement, as appropriate. Specifically, DHS divides its major management challenges into three categories, those:

1. identified by the Department that relate to its strategic missions,
2. GAO High-Risk List issues having DHS equities, and
3. major management and performance challenges reported by the OIG.

Each of these categories, which are all addressed in the DHS Annual Performance Report (APR), includes important challenges that DHS senior leadership, program officials, and others take seriously. However, each is also developed by a different group (i.e., DHS, GAO, and OIG) with a different methodology, purpose, intent, and level of detail. Each warrants an "appropriate" response to help ensure they are being addressed in the most effective and efficient manner possible.

We understand GAO's desire to maximize transparency and we believe that creating additional detailed performance goals, measures, and milestones tracking and monitoring activities in one location may be a worthwhile goal. However, doing so would duplicate other equivalent efforts and represent an imprudent expenditure of limited resources. Please see the attached actions DHS already takes to address its major management challenges. Given the process we have in place and the actions we have already taken, we request that GAO consider this recommendation resolved and closed as implemented.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,



Jim H. Crumpacker, CIA, CFE  
Director  
Departmental GAO-OIG Liaison Office

# Appendix VIII: Comments from the Department of the Interior



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

MAY 13 2016

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Mihm:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled *Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans* (GAO-16-510). We appreciate GAO's efforts in reviewing and assessing the extent to which agency performance plans and reports address major management challenges.

The GAO issued a recommendation that the Department's agency performance plan should describe its major management challenges and add performance goals, milestones, planned actions and an agency official responsible for resolving each of its major management challenges.

The Department does not concur with this recommendation as we address the major management challenges in the Annual Performance Plan and Report (APP&R). Throughout the APP&R, major management challenges identified by the Department's Office of Inspector General (OIG) are discussed as part of the Department's efforts to implement mission areas, goals, strategic objectives, and performance measures. We believe this approach is sufficient. The enclosed table provides references to the related sections of the APP&R where these topics are directly or indirectly discussed. In addition, pages 151-174 of the APP&R include the Management Initiatives Appendix, where the Department focuses on ensuring efficient and effective management across its programs, and the dedicated GAO High Risk List appendix addresses expressed concerns on oil and gas revenue management. Further, the Department has a performance goal that tracks the implementation of audit recommendations issued by the OIG and GAO that directly align with the major management challenges.

If you have any questions, or need additional information, please contact me.

Sincerely,

Kristen J. Sarri  
Principal Deputy Assistant Secretary  
Policy, Management and Budget

Enclosure

**Appendix VIII: Comments from the Department of the Interior**

Enclosure: The following table provides APP&R page references and performance measures that cover the topics listed in the DOI Office of Inspector General's (OIG) Report on Major Management Challenges (from the DOI Agency Financial Report). The table includes the specific areas of concern under each Major Management Challenge and corresponding performance measures or discussion.

MAJOR MANAGEMENT CHALLENGE	CORRESPONDING SECTION IN APP&R	PAGES	AREA OF CONCERN	Related Performance Measures
Energy Management	Powering Our Future and Responsible Use of the Nation's Resources: Account for Energy Revenues	89-90	Oil and gas revenues and oversight	<ul style="list-style-type: none"> <li>Percent of federal and Indian revenues disbursed on a timely basis per statute (\$ Billions)</li> <li>Total Office of Natural Resources Revenue (ONRR) Compliance Collections (\$Millions)</li> <li>Three-year average compliance Return on Investment (\$)</li> <li>Percent of oil and gas revenue transmitted by ONRR recorded in the Trust Funds Accounting System within 24 hours of receipt.</li> </ul>
	Appendix C: GAO High Risk List	179-182		<ul style="list-style-type: none"> <li>Status of GAO High Risk List in Appendix C</li> </ul>
	Powering Our Future and Responsible Use of the Nation's Resources: Renewable Energy	80-84	Renewable energy production and oversight Barriers to renewable energy	<ul style="list-style-type: none"> <li>Number of megawatts of approved capacity authorized on public land and the Outer Continental Shelf for renewable energy development while ensuring full environmental review (since the start of FY 2010)</li> <li>Percent of hydropower facilities in good condition as measured by the Facility Reliability Rating.</li> <li>Percent of time that Bureau of Reclamation hydroelectric generating units are available to the interconnected Western electrical system during daily peak demand periods.</li> </ul>
Powering Our Future and Responsible Use of the Nation's Resources: Environmental Compliance and Safety		75-79	Regulating hydraulic fracturing on Federal and tribal lands	<ul style="list-style-type: none"> <li>Percent of oil and gas acres reclaimed to appropriate final land condition.</li> <li>Percent of producing fluid mineral cases that have a completed inspection during the year.</li> </ul>

**Appendix VIII: Comments from the Department of the Interior**

			Ensuring adequate hiring and retention (of petroleum engineers and technicians)	
Climate Change	Celebrating and Enhancing America's Great Outdoors: Managing/Protecting Against Wildland Fire	28-30	Adequate funding for Wildland Fire suppression	<ul style="list-style-type: none"> <li>• Percent of DOI-managed landscape acres that are in a desired condition as a result of fire management objectives</li> <li>• Percent of DOI-managed treatments that reduce risk to communities that have a wildland fire mitigation plan</li> <li>• Percent of wildfire on DOI-managed landscapes where the initial strategy(ies) fully succeeded during the initial response phase</li> </ul>
	<p>Ensuring Healthy Watersheds and Sustainable, Secure Water Supplies: Availability of Water to Tribal Communities</p> <p>Building a Landscape Level Understanding of Our Resources: Provide Scientific Data to Protect, Instruct, and Inform Communities</p>	111-114  139-143	Mitigating the impact of climate change on tribal water	<ul style="list-style-type: none"> <li>• Annual percent of (tribal water) projects completed in support of water management, planning, and pre-development.</li> <li>• Number of linear miles of functional BIA irrigation project canals servicing irrigated lands.</li> <li>• Percent of revenue generating irrigation projects for which comprehensive condition assessments have been completed annually</li> <li>• Percentage of irrigation projects that have been reviewed during the reporting year and found to be in compliance with regulations</li> <li>• Percentage of maintenance projects that are completed within established timeframes</li> <li>• Percent of U.S. with current groundwater quality status and trends information.</li> <li>• Number of water monitoring sites supported jointly with State, local, or tribal cooperators.</li> <li>• Percent of U.S. with completed, consistent water availability products.</li> </ul>

**Appendix VIII: Comments from the Department of the Interior**

<p>Ensuring Healthy Watersheds and Sustainable, Secure Water Supplies: Manage Watersheds for the 21<sup>st</sup> Century (Basin Studies) and Extend Water Supplies Through Conservation</p> <p>Building a Landscape Level Understanding of Our Resources: Provide Water and Land Data to Customers</p>	<p>106-110</p> <p>139-143</p>	<p>Water scarcity</p>	<ul style="list-style-type: none"> <li>• Percent of basin studies that have been completed</li> <li>• Acre feet of water conservation capacity enabled through Reclamation's Priority Goal conservation programs</li> <li>• Annual acre feet of water reclaimed and delivered</li> <li>• Percent of WaterSMART Grant and Title XVI agreements awarded by fiscal year end</li> <li>• Percent of U.S. with groundwater availability status and trends information.</li> <li>• Percent of U.S. with completed, consistent water availability products.</li> <li>• Number of knowledge products on the water availability and quality of the Nation's water resources provided to support management decisions</li> </ul>
<p>Building a Landscape Level Understanding of Our Resources: Provide Science to Understand, Model, and Predict Ecosystem, Climate, and Land Use Change</p>	<p>122-129</p>	<p>Ensuring adequate funding and lack of overlap among Landscape Conservation Cooperatives</p>	<ul style="list-style-type: none"> <li>• Percent of critical science information products available for successful control and management of targeted groups of invasive species.</li> <li>• Percent of targeted ecosystems with information products forecasting ecosystem change.</li> <li>• Number of systematic analyses and investigations completed.</li> <li>• Number of formal workshops or training provided to customers.</li> <li>• Number of terabytes of data managed cumulatively.</li> <li>• Number of remote sensing products distributed.</li> </ul>
<p>Building a Landscape Level Understanding of Our Resources: Ensure the use of landscape-level capabilities and mitigation actions</p> <p>Assess and forecast climate change and its effects</p>	<p>116-121</p> <p>127-129</p>	<p>Sea level rise and risk to Insular Areas</p>	<ul style="list-style-type: none"> <li>• Number of communities on the Geospatial Platform that provide information relevant to landscape level decision making</li> <li>• Number of tools registered on the Geospatial Platform that can be used to support landscape level decision making</li> <li>• Number of landscape conservation designs available to inform management decisions</li> </ul>

**Appendix VIII: Comments from the Department of the Interior**

Information Technology	Management Initiatives appendix: Dependability and Efficiency of Information Technology	157-158	Threats from cyber attacks Staffing and procurement difficulties	Progress and plans for effective management of IT is discussed using narrative; includes Federal Information Technology Acquisition Reform Act (FITARA) implementation and addressing cybersecurity.
			Continuous monitoring	
			Cloud computer security	
Water Programs	Ensuring Healthy Watersheds and Sustainable, Secure Water Supplies: Improve Reliability of Water Delivery	103-105	Aging infrastructure	<ul style="list-style-type: none"> <li>Percent of water infrastructure in good condition as measured by the Facility Reliability Rating (FRR) [high- and significant-hazard dams]</li> <li>% complete of milestones for on-going surface water storage projects</li> <li>% of annual water facility condition assessments completed</li> <li>% of formal reviews completed (Includes Periodic Facility Reviews and Comprehensive Facility Reviews on high and significant hazard dams, and Reviews of Operation and Maintenance examination at reserved works associated facilities)</li> </ul>
	Ensuring Healthy Watersheds and Sustainable, Secure Water Supplies: Manage Watersheds for the 21 <sup>st</sup> Century (Basin Studies) and Extend Water Supplies Through Conservation	106-110	Rural Water Projects Extreme drought	<ul style="list-style-type: none"> <li>Acre feet of water conservation capacity enabled through Reclamation's Priority Goal conservation programs</li> <li>% of WaterSMART Grant and Title XVI applications evaluated timely</li> <li>Annual acre feet of water reclaimed and delivered</li> <li>Installed capacity of water conveyance systems in CFS-Miles (nominal flow rate (CFS) per pipe size times installed length (miles))</li> <li>Percent of WaterSMART Grant and Title XVI agreements awarded by fiscal year end</li> <li>Percent of basin studies that have been completed</li> </ul>

**Appendix VIII: Comments from the Department of the Interior**

Responsibilities to American Indians and Insular Areas	Strengthening Tribal Nations and Insular Communities: Economic Opportunity; Self Governance and Self Determination	49-59	Management of contracts and grants in Indian Country	<ul style="list-style-type: none"> <li>• Maintain loss rates on DOI guaranteed and insured loans of less than 5%</li> <li>• Percent of P.L. 93-638 Title IV contracts (Title IV compact agreements) with clean audits.</li> <li>• Percent of Single Audit Act reports submitted during the reporting year for which management action decisions on audit or recommendations are made within 180 days.</li> </ul>
	Strengthening Tribal Nations and Insular Communities: Make Communities Safer	62-66	Barriers to Federal investigation in Indian Country	<ul style="list-style-type: none"> <li>• Percent of BIA-funded Tribal judicial systems receiving an acceptable rating under independent Tribal judicial system reviews.</li> <li>• Part I offenses committed per 100,000 Indian community residents</li> <li>• Part II offenses committed per 100,000 Indian community residents</li> <li>• Natural, cultural and heritage resource crimes per 100,000 population</li> <li>• Percentage of BIA field agency law enforcement programs that participate in community policing</li> <li>• Percent of BIA/tribal law enforcement agencies on par with recommended national ratio of staffing</li> <li>• Percent of tribal courts reviewed, having criminal jurisdiction and receiving Federal government funding, that comply with speedy trial process requirements</li> </ul>
	Strengthening Tribal Nations and Insular Communities: Meeting Indian Trust Responsibilities	44-48	Short (10-year) implementation time challenges for Land-Buy Back Program	<p>"The Land Buy-Back Program for Tribal Nations was established to implement the land consolidation aspects of the Cobell Settlement Agreement. As of October, 2015, purchase offers totaling more than \$1.7 billion have been sent to approximately 66,500 individual landowners with fractional interests at 19 locations. Of these offers, nearly \$715 million have been accepted with almost 1.5 million equivalent acres purchased."</p>
	Strengthening Tribal Nations and Insular Communities: Indian Education	60-61	Obstacles to control and oversight at	<ul style="list-style-type: none"> <li>• Percent of BIE schools achieving Annual Yearly Progress (AYP)</li> <li>• Percent of BIA/BIE school facilities in acceptable</li> </ul>

**Appendix VIII: Comments from the Department of the Interior**

	Strengthening Tribal Nations and Insular Communities: Economic Opportunity	52-59	Indian Schools	condition, as measured by the Facilities Condition Index
	Empower Insular Communities: Improve Quality of Life	67-69	Energy development on tribal lands and insular areas	<ul style="list-style-type: none"> <li>Percent of sustainable harvest of forest biomass (on Indian lands) utilized for energy and other products.</li> <li>(Insular area) Residential cost per kilowatt hour for power compared to the national average</li> </ul>
Acquisition and Financial Assistance	Management Initiatives appendix: Improving Acquisition and Real Property Management	151-163		<ul style="list-style-type: none"> <li>Percentage of total prime contract dollars awarded to small businesses</li> </ul>
Disaster Response	Management Initiatives appendix: Safety, Security, and Preparedness	164-170	Effective coordination of emergency response planning	<ul style="list-style-type: none"> <li>Bureau I-READ index values</li> <li>Bureau progress in identifying and incorporating needed policy guidance or revisions into DOI bureaus' Environmental Safeguards plans for emergency preparedness and response</li> </ul>
			Fluctuations and coordination in funding	<ul style="list-style-type: none"> <li>Status of DOI bureau annual update to the bureau's catalog of response and recovery resources and points of contacts</li> </ul>
Operational Efficiencies	Management Initiatives appendix: Building a 21st Century Workforce	152-153	Hiring and retention	<ul style="list-style-type: none"> <li>Improvement in the National Best Places to Work rating (Partnership for Public Service), as compared to the 2012 baseline</li> </ul>
	Management Initiatives appendix: Financial Integrity and Transparency	162-163	Workers' compensation programs	While the plans and progress for "building a 21 <sup>st</sup> century workforce is discussed, there are no specific targets for workers' compensation.
			Recreation fees and revenue collection	<ul style="list-style-type: none"> <li>Number of Significant Deficiencies Reported in Auditor's Report on Internal Controls</li> <li>No specific performance measures on "recreation fee revenue collection"</li> </ul>
Public Safety	Celebrating and Enhancing America's Great Outdoors: Recreation and Visitor Experience	38-42	Increased tourism	<ul style="list-style-type: none"> <li>Percent of visitors satisfied with the quality of experience</li> <li>Percent satisfaction among visitors served by facilitated programs</li> <li>Percent of visitors understanding and appreciating the</li> </ul>

**Appendix VIII: Comments from the Department of the Interior**

Public Safety	Management Initiatives appendix: Safety, Security, and Preparedness	164-170	Park safety and security Public perception of law enforcement	<p>significance of the park they are visiting</p> <ul style="list-style-type: none"> <li>Bureau I-READ (Interior Readiness) index values</li> </ul> <p>While the progress and plans for Safety, Security and Preparedness are discussed there are no specific measures on public perception of law enforcement.</p>
	Celebrating and Enhancing America's Great Outdoors: Managing/Protecting Against Wildland Fire	28-30	Human and environmental costs of wildland fire	<ul style="list-style-type: none"> <li>Percent of DOI-managed landscape acres that are in a desired condition as a result of fire management objectives</li> <li>Percent of DOI-managed treatments that reduce risk to communities that have a wildland fire mitigation plan</li> <li>Percent of wildfire on DOI-managed landscapes where the initial strategy(ies) fully succeeded during the initial response phase</li> </ul>
	Powering Our Future and Responsible Use of the Nation's Resources: Environmental Compliance and Safety	75-79	Hazards associated with hydraulic fracturing	Plans and progress on creating regulations for responsible and safe hydraulic fracturing operations are discussed; quantitative performance measures are not applicable.

# Appendix IX: Comments from the Department of Labor

U.S. Department of Labor

Office of the Assistant Secretary  
for Administration and Management  
Washington, D.C. 20210



MAY 17 2016

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Director Mihm:

Thank you for the opportunity to comment on draft report GAO-16-510: *Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans.*

In general, the Department of Labor agrees that a clearer definition of major management challenges would help agencies fulfill GPRAMA requirements. The report notes that agencies have discretion to select challenges, but then questions whether agencies are “fully identifying all potential challenges” (pp. 8-12). Using the Office of Personnel Management (OPM)-identified “gaps” as an example considerably expands the scope of the term.

The Department is also concerned about redundancy in reporting. Agencies already address management challenges identified by GAO and IGs in the APR by referencing and including hyperlinks to the Agency Financial Report (AFR) Top Management and Performance Challenges section. This GAO report does not accept agencies’ cross-references (p. 14) and calls for additional information on major management challenges that have already been identified, monitored, and reported.

### **Recommendation**

The Secretary of Labor should describe its major management challenges and include performance goals, performance measures, milestones, planned actions, and an agency official responsible for resolving each of its major management challenges as part of the Department of Labor’s agency performance plan.

### **Management Response**

*The Department of Labor will develop a plan for complying with the GPRMA major management challenges reporting requirement when OMB has clarified its expectations regarding the scope and threshold of “major” challenges, acceptable reporting methods (e.g., cross-reference and/or summary), and how to integrate these components with Strategic Reviews, especially new requirements for Enterprise Risk Management, proposed in the current draft of OMB Circular A-123.*

If you have any questions, please contact Holly Donnelly, Director, Performance Management Center, at [Donnelly.Holly.A@dol.gov](mailto:Donnelly.Holly.A@dol.gov).

Sincerely,



T. Michael Kerr  
Assistant Secretary for  
Administration and Management

# Appendix X: Comments from the Department of State



**United States Department of State**  
**Comptroller**

*Washington, DC 20520*

**MAY 16 2016**

Dr. Loren Yager  
Managing Director  
International Affairs and Trade  
Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548-0001

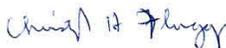
Dear Dr. Yager:

We appreciate the opportunity to review your draft report, "MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans." GAO Job Code 451138.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Carly Smith, Division Director, Office of Performance and Planning, Bureau of Budget and Planning at (202) 647-8413.

Sincerely,

  
Christopher H. Flaggs

Enclosure:  
As stated

cc: GAO – J. Christopher Mihm  
BP – Douglas Pitkin  
State/OIG - Norman Brown

**Department of State Comments on GAO Draft Report**

**MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report  
Major Management Challenges and Actions to Resolve  
Them in their Agency Performance Plan**  
(GAO-16-510, GAO Code 451138)

The Department of State appreciates the opportunity to comment on the draft report *Managing for Results: Agencies Need to Fully Identify and Report major Management Challenges and Actions to Resolve Them in their Agency Performance Plans*

**Recommendation:** The Secretary of State should describe its major management challenges and add performance goals, performance measures, milestones, and an agency official responsible for resolving each of its major management challenges as part of the Department of State's agency performance plan.

**Response:** The Department of State concurs with the recommendation. Subject to further clarifying guidance in OMB circular A-11, the Department will include additional existing performance information on its major management challenges in its annual performance plan. The Department will implement the recommendation in next year's report to demonstrate our commitment to transparency, accountability, and the intent of the Government Performance and Results Act Modernization Act (GPRAMA).

Consistent with the GPRAMA, the Department already identifies its major management challenges in its Annual Performance Plan and Annual Performance Report ([APP/APR](#)). Further, the APP/APR directs readers to State's Agency Financial Report ([AFR](#)) where it lists and describes the Department's most serious management and performance challenges and actions taken to address. The Department tracks and addresses these challenges individually through multiple internal leadership forums throughout the year.

# Appendix XI: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420

May 13, 2016

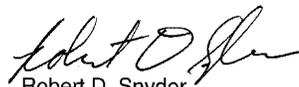
Mr. J. Christopher Mihm  
Managing Director  
Strategic Issues and Investigative  
Services  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Mihm:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**MANAGING FOR RESULTS: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans**" (GAO-16-510). VA agrees with GAO's conclusions.

The enclosure sets forth the action to be taken to address the GAO draft report recommendation.

Sincerely,

  
Robert D. Snyder  
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to  
Government Accountability Office (GAO) Draft Report  
***“MANAGING FOR RESULTS: Agencies Need to Fully Identify and  
Report Major Management Challenges and Actions to Resolve  
them in their Agency Performance Plans”***  
(GAO-16-510)

**GAO Recommendation:** To improve the public reporting of major management challenges and to ensure performance information is useful, transparent, and complete, GAO recommends that the Secretary of Veterans Affairs identify performance goals and milestones for each of its major management challenges as a part of VA’s agency performance plan.

**VA Comment:** Concur. The Department of Veterans Affairs (VA) is taking the next step in the evolution of its implementation of performance management. VA is in the process of validating requirements for and beginning to implement a managing for results/strategic operating model to link agency goals and desired outcomes to programs, initiatives and project activities, and outputs. Included in this framework is performance tracking, program monitoring, and risk management.

# Appendix XII: Comments from the Environmental Protection Agency



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

**MAY 18 2016**

OFFICE OF THE  
CHIEF FINANCIAL OFFICER

Mr. J. Christopher Mihm  
Managing Director  
Strategic Issues  
United States Government Accountability Office  
Washington, DC 20548

Dear Mr. Mihm:

Thank you for the opportunity to review and comment on the U.S. Government Accountability Office's draft report, "Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plan" (GAO-16-510). The purpose of this letter is to provide the U.S. Environmental Protection Agency's response to the draft report findings and recommendations. Although the EPA generally agrees with GAO's recommendation, the agency believes its major management challenges are described in the APP, as explained below in our response to the recommendation.

In its examination of information from selected federal agencies to assess the extent to which APPs and Annual Performance Reports address major management challenges, GAO found that the EPA did not describe its major management challenges and identify associated performance information, as required by the Government Performance and Results Act Modernization Act of 2010. GAO cited the EPA's strategy for addressing challenges associated with toxic chemical assessment and control, which was identified on GAO's High Risk List, as an illustrative example of how having priorities and goals and identifying responsible officials align with GPRAMA requirements and can help meet criteria needed to remove an issue from the High Risk List.

The EPA disagrees that it did not describe its major management challenges in its APP. The EPA's FY 2017 Congressional Budget Justification ("FY 2017 Justification of Appropriation Estimates for the Committee on Appropriations"), which includes the agency's FY 2017 APP and FY 2015 APR, provides a discussion of the EPA's major management challenges on page 1050. The Major Management Challenges section of the APP is consistent with the discussion of management challenges included in the EPA's Agency Financial Report, which GAO cites on page 13 of the subject report. In addition, EPA's APP weaves information on challenges, including management challenges, throughout the plan. The information can be found in the goal overviews, program project fact sheets, and the executive overview and eight-year performance data results table, which comprise the APR. The EPA agrees, however, that where applicable, its discussion of major management challenges can be strengthened by including available performance information—performance goals, measures, milestones, planned actions, and responsible agency officials—related to the issue. Moreover, we believe that we can enhance transparency, as GAO recommends, by more clearly referencing where management challenges and priorities are addressed throughout the plan.

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**Appendix XII: Comments from the  
Environmental Protection Agency**

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The agency's additional comments, which are editorial and/or technical in nature, were provided in a separate response on May 2, 2016.

GAO Recommendation

The Administrator of the EPA should describe its major management challenges and include performance goals, performance measures, milestones, planned actions and an agency official responsible for resolving each of its major management challenges as part of EPA's agency performance plan.

EPA Response

The EPA disagrees with GAO's finding that we do not describe major management challenges in our APP. However, we generally agree with the recommendation that the agency include appropriate performance information, in compliance with GPRAMA. In response to GAO's recommendation, EPA plans to leverage its current processes (strategic review and management integrity) to strengthen the discussion of the major management challenges in the APP. For example, in FY 2016 the EPA redesigned its strategic reviews to focus more specifically on risks and challenges and, for the first time, conducted a strategic review of progress toward its mission-support goals. We anticipate that, as GAO suggests in the draft report, our refocused strategic reviews may assist the agency in identifying and addressing management challenges. As appropriate, we will discuss these management challenges, in addition to those already identified by the Inspector General or on GAO's high-risk list, in the summary section. In addition, to the extent applicable we will include available performance information related to the management challenge—performance goals, measures, milestones and planned actions—and the official responsible for addressing the challenge. In many cases, we may be able to rely on references to other sections of the APP, such as the eight-year table of performance data results included in the APR, to provide relevant performance information and increase transparency.

Thank you again for the opportunity to review the draft report. If you have any questions or need further information, please contact Meshell Jones-Peeler at (202) 564-3160.

Sincerely,



David A. Bloom  
Deputy Chief Financial Officer

cc: James Jones, OCSPP  
Bob Trent, OCFO

# Appendix XIII: Comments from the General Services Administration



The Administrator

**MAY 19 2016**

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Dodaro:

Thank you for the opportunity to review and comment on the draft U.S. Government Accountability Office (GAO) report: *Managing for Results – Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans* (GAO-16-510).

The U.S. General Services Administration (GSA) concurs with the GAO recommendation that GSA should describe the major management challenges and relevant performance goals, measures, and milestones as part of GSA's agency performance plan. In addition, GSA will identify an agency official responsible for resolving each of its major management challenges.

The Office of the Chief Financial Officer will work with our business lines to ensure that major management challenges are addressed in our Annual Performance Plan and Report as well as our annual strategic review.

If you have any questions, please contact me at (202) 501-0800 or Ms. Lisa A. Austin, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

A handwritten signature in blue ink that reads "Denise T. Roth".

Denise Turner Roth  
Administrator

cc: Ms. Lisa Pearson, Assistant Director, GAO

1800 F Street, NW  
Washington, DC 20405-0002  
[www.gsa.gov](http://www.gsa.gov)

# Appendix XIV: Comments from the National Aeronautics and Space Administration

National Aeronautics and Space Administration  
Headquarters  
Washington, DC 20546-0001



MAY 13 2016

Reply to Attn of: Office of the Chief Financial Officer

J. Christopher Mihm  
Managing Director  
Strategic Issues  
United States Government Accountability Office  
Washington, DC 20548

Dear Mr. Mihm:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, "Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans" (GAO-16-510), dated April 18, 2016.

In the draft report, GAO makes one recommendation addressed to the NASA Administrator intended to provide the public with greater transparency into how NASA is managing its major management challenges within the overall performance framework of the Agency. NASA's response to GAO's recommendation, including planned corrective actions, follows:

**Recommendation 1:** The Administrator of NASA should add performance goals, performance measures, milestones and an agency official responsible for resolving major management challenges as part of NASA's agency performance plan.

**Management's Response:** Concur. NASA's end-of-year performance report currently provides extensive detail on performance goals, performance measures, milestones, and responsible agency officials for all strategic objectives. For those management challenges internally identified through the Strategic Review process, NASA believes that we are already meeting the GAO's intent. In the case of management challenges identified by the GAO and the NASA Office of Inspector General, beginning with the FY2016 Annual Performance Report/FY2018 Annual Performance Plan, NASA intends to provide greater traceability between those management challenges and the relevant strategic objectives.

**Estimated Completion Date:** The FY2016 Annual Performance Report/FY2018 Annual Performance Plan will be released concurrent with the FY2018 President's Budget Request.

Once again, thank you for the opportunity to review and comment on this draft report. If you have any questions or require additional information, please contact Ellen Gertsen at (202) 358-0812 or [ellen.gertsen@nasa.gov](mailto:ellen.gertsen@nasa.gov).

Sincerely,



Andrew Hunter  
NASA Performance Improvement Officer  
and Deputy CFO for Strategy, Budget, and Performance

# Appendix XV: Comments from the Nuclear Regulatory Commission



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

May 9, 2016

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
Government Accountability Office  
441 G St. N.W.  
Washington, DC 20548

Dear Mr. Mihm:

Thank you for the opportunity to review and comment on the draft report, "Managing for Results. Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans." The U.S. Nuclear Regulatory Commission (NRC) agrees with the recommendation for the agency but would like to offer the following comments for your consideration in finalizing the report.

1. Context for NRC's approach for reporting major management challenges

While the draft report accurately states that the NRC's 2015 Agency Performance Plan (APP) does not list any major management challenges, it does not provide the reasoning and context for this approach. The agency proactively addresses and mitigates management challenges through ongoing processes. Therefore, we did not identify any programs or management functions that have greater vulnerability to waste, fraud, abuse, and mismanagement, as defined by Government Performance and Results Act Modernization Act of 2010 (GPRAMA) to be major management challenges. Specific examples of agency practices to support this include:

- Under the agency's performance management process, senior NRC management reviews agency performance in all areas on a quarterly basis. Challenges are proactively identified and reviewed, and appropriate mitigation strategies are developed. Progress in mitigating challenges are reviewed during subsequent quarterly reviews so adjustments can be made if needed to improve results.
- Although NRC's 2015 APP does not list any major management challenges, it does describe the agency's management objectives, which are set forth by the NRC 2014-2018 Strategic Plan (<http://pbadupws.nrc.gov/docs/ML1424/ML14246A439.pdf>), and their associated performance goals, performance indicators, and timeframes. NRC developed these management objectives based on their importance to the agency's ability to meet our safety and security goals as well as with consideration of the Office of the Inspector General (OIG)'s assessment of the agency's challenges.
- The NRC's 2015 Performance and Accountability Report (PAR) (<http://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1542/>) includes the OIG's annual assessment of the agency's "most serious management and performance challenges." The agency reviews and addresses challenges identified by the OIG

J. Mihm

-2-

through existing programs and processes as appropriate with respect to priority and available resources. The 2015 OIG assessment states "...NRC is continually making progress to address OIG recommendations and improve the efficiency and effectiveness of its programs...Challenges do not necessarily equate to problems" (see page 121 of the NRC 2015 PAR (<http://pbadupws.nrc.gov/docs/ML1532/ML15320A347.pdf>)).

2. Status of mission critical occupation (MCO)

The draft report states an "Office of Personnel Management (OPM) update" found that NRC had MCO gaps in probabilistic risk assessment (PRA) and cyber. NRC does not agree with this characterization. In fall 2015, in response to OPM's request, NRC conducted an evaluation to identify high-risk MCOs using OPM's multi-factor model, which did not identify any specific areas. Despite the formal results, OPM still requested the identification of 2-3 MCOs that the agency considered at-risk and would monitor and evaluate. In response, the NRC identified PRA and cyber.

In parallel with the OPM evaluation, NRC had been independently developing a Strategic Workforce Plan outlining additional skill needs based on anticipated workload changes. This plan identified PRA and cyber as occupations that are not currently considered to be MCO gaps but where additional expertise is needed. NRC has been applying several specific mitigation strategies, as well as exploring additional ones, to ensure these areas do not become MCO gaps in the future.

Since the formal evaluation using OPM's model did not identify any high-risk MCOs, and the agency is implementing efforts to ensure PRA and cyber do not become MCO gaps, NRC respectfully requests the reference to NRC and MCO gaps be removed.

3. Clarification of NRC comment on Office of Management and Budget (OMB) Circular A-11

We would like to request clarification on how NRC comments regarding OMB Circular A-11, "Preparation, Submission, and Execution of the Budget," are characterized. Specifically, our comment was that the guidance in OMB A-11 does not acknowledge that an agency may have challenges it is appropriately managing, including those identified by the OIG, and therefore do not meet the GPRAMA definition of major management challenges for inclusion in the APP.

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**Appendix XV: Comments from the Nuclear  
Regulatory Commission**

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J. Mihm

-3-

If you have any questions regarding our comments, please contact Mr. John Jolicoeur at  
John.Jolicoeur@nrc.gov or 301-415-1642.

Sincerely,

A handwritten signature in blue ink, appearing to read "Victor M. McCree". Below the signature, the letters "FOIR" are written in a smaller, lighter blue font.

Victor M. McCree  
Executive Director for Operations

cc: M. Johnson, OEDO  
D. Dorman, OEDO  
R. Lewis, OEDO  
H. Rasouli, OEDO  
J. Cai, OEDO  
J. Jolicoeur, OEDO  
M. Wylie, OCFO  
D. Holley, OCFO  
J. Coyle, OCFO  
I. Solorio, OCHCO

# Appendix XVI: Comments from the National Science Foundation

NATIONAL SCIENCE FOUNDATION  
4201 WILSON BOULEVARD  
ARLINGTON, VIRGINIA 22230



OFFICE OF THE  
DIRECTOR

Ms. Lisa Pearson  
Assistant Director  
Strategic Issues  
United States Government Accountability Office  
Washington, DC 20548

Dear Ms. Pearson,

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO's) draft report entitled, *Managing For Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans* (GAO 16-510).

The National Science Foundation (NSF) is committed to developing and implementing sound and effective performance plans—including strategies to address major management challenges. While NSF appreciates GAO's attention to this important topic, NSF does not concur with GAO's recommendation that NSF “*should describe its major management challenges and identify performance goals, performance measures, milestones, and an agency official responsible for resolving each of its major management challenges as part of NSF's agency [sic] performance plan.*”

Since 2000, all major NSF management challenges are addressed annually in the Agency Financial Report. For each challenge, NSF identifies current progress, efforts underway, significant actions taken during the previous fiscal year, and anticipated next steps for the fiscal year to come. At the beginning of each fiscal year the Performance Improvement Officer and the Chief Operating Officer meet with the responsible agency officials to set expectations for the forthcoming year and then progress is monitored on a quarterly basis. NSF's rationale for this approach is detailed below.

1. **NSF's process for reporting major management challenges is consistent with both A-11 guidance and the Reports Consolidation Act of 2000.** As the GAO 16-510 report states, “the guidance permits agencies that have provided information about their major management challenges in their AFRs to *not* report on major management challenges in their APPs.” NSF is one of eight CFO Act agencies that takes advantage of this provision to streamline our accountability reporting. This flexibility is a strength of the guidance, as it allows agencies to conserve labor and reduce duplication of effort. It is also consistent with the Reports Consolidation Act of 2000, which established what has proven to be a valuable framework for reducing duplication of both reports and effort in monitoring and reporting on financial and performance information.

**2. When appropriate, NSF does set performance goals that address major management challenges.**

Since the passage of the GPRA Modernization Act, a number of NSF's management challenges have also been NSF performance goal topics, including concerns about Intergovernmental Personnel Act assignments, the U.S. Antarctic Program, American Recovery and Reinvestment Act stewardship, and financial system modernization – all topics of both management challenges and performance goals between FY 2011 and FY 2015. These topics were made goals because NSF determined that addressing them through the performance process would add value without increasing burden. Other management challenges, such as improving grant administration or encouraging the ethical conduct of research, have been more ongoing and broader in scope, and are less suited to advancement through the performance process. Requiring each management challenge to always have a corresponding performance goal will increase burden without improving agency performance.

**3. All of NSF's major management challenges are published in the AFR.** Financial Reporting Requirements (Circular No. A-136) Section II.5.6 states, "The PAR or AFR will include a statement prepared by the agency's Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the agency and briefly assesses the agency's progress in addressing those challenges." This combined with the A-11 guidance (and associated discretion) in addition to the Reports Consolidation Act contributes to NSF's overarching rationale for reporting the major management challenges in the AFR and not in the Annual Performance Plan.

In summary, NSF is committed to continually enhancing agency performance efforts and to implement GPRAMA in an efficient and accurate manner. If you have any questions concerning this response, please feel free to contact Kathryn Sullivan, NSF GAO Liaison, at [ksulliva@nsf.gov](mailto:ksulliva@nsf.gov). NSF appreciates greatly the opportunity to provide comments and we look forward to receiving your final report.

Sincerely,



Richard O. Buckius  
Chief Operating Officer

# Appendix XVII: Comments from the Office of Personnel Management



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Mihm:

Thank you for providing us the opportunity to respond to the Government Accountability Office (GAO) draft report GAO-16-510 entitled: "*Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans.*"

We recognize that even the most well run programs benefit from external evaluations and we appreciate your input as we continue to enhance our programs. A response to your recommendation is provided below.

**Recommendation:** The Director of the Office of Personnel Management (OPM) should identify performance goals, performance measures, and milestones for each of its major management challenges as part of OPM's agency performance plan.

**Management Response:**

**We concur.** As the report recognizes, OPM has consistently addressed management challenges as demonstrated by its consideration of the agency's challenges in the development of its strategic plan, annual performance plans, and agency priority goals. As part of this comprehensive reporting approach, we will ensure that we clearly identify goals, strategies, activities and responsible parties for each challenge. .

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact me at [Jonathan.Foley@opm.gov](mailto:Jonathan.Foley@opm.gov) or (202)606-4794.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Foley".

Jon Foley  
Performance Improvement Officer  
Planning and Policy Analysis

1

# Appendix XVIII: Comments from the Social Security Administration



**SOCIAL SECURITY**  
Office of the Commissioner

May 12, 2016

Mr. J. Christopher Mihm  
Managing Director, Strategic Issues  
United States Government Accountability Office  
441 G. Street, NW  
Washington, DC 20548

Dear Mr. Mihm

Thank you for allowing us to review the draft report, "Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans" (GAO-16-510). We agree with the report's findings and conclusions and have no further comments.

If you have any questions, please contact me at (410) 965-0520. Your staff may contact Gary S. Hatcher, Senior Advisor for the Audit Liaison Staff, at (410) 965-0680.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank Cristaudo".

Frank Cristaudo  
Executive Counselor to the Commissioner

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

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# Appendix XIX: GAO Contact and Staff Acknowledgement

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## GAO Contact

J. Christopher Mihm, (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov)

---

## Staff Acknowledgments

In addition to the individual named above, Lisa Pearson, Assistant Director, Shea Bader, Analyst-in-Charge, Virginia Chanley, Karin Fangman, Jonathan Harmatz, Jennifer Kamara, Dainia Lawes, Summer Lingard-Smith, David Lysy, Taylor Matheson, Diane Raynes, Robert Robinson, Molly Traci, and Kristin Van Wychen made major contributions to this report.

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Automated answering system: (800) 424-5454 or (202) 512-7470

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## Congressional Relations

Katherine Siggerud, Managing Director, [siggerudk@gao.gov](mailto:siggerudk@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

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## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, DC 20548



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