

GAO Highlights

Highlights of [GAO-19-94](#), a report to congressional requesters

Why GAO Did This Study

The federal government can reduce duplicative efforts and free up resources for mission-critical activities by consolidating mission-support services that multiple agencies need—such as payroll or travel—within a smaller number of providers so they can be shared among agencies. However, migrating to a shared services provider has not consistently increased cost savings, efficiencies, or customer satisfaction, according to OMB and others who have observed these migrations.

GAO was asked to review previous shared services initiatives. This report: (1) identifies the progress and challenges associated with federal shared services initiatives for selected HR and financial management activities and (2) assesses OMB and GSA's actions to address those challenges. GAO analyzed planning and performance documents and interviewed officials from selected customer and provider agencies and from agencies involved with shared services policy and guidance. GAO also interviewed subject-matter experts familiar with shared services. GAO reviewed steps OMB and GSA are taking to identify and address challenges from past migrations to improve shared services performance.

What GAO Recommends

GAO is making four recommendations to OMB including to work with GSA to finalize a plan for monitoring the implementation of NewPay, among other actions. OMB staff did not comment on GAO's recommendations, but noted that OMB may update its shared services policy in the future.

View [GAO-19-94](#). For more information, contact Tranchau (Kris) T. Nguyen at (202) 512-2660 or Nguyentt@gao.gov.

March 2019

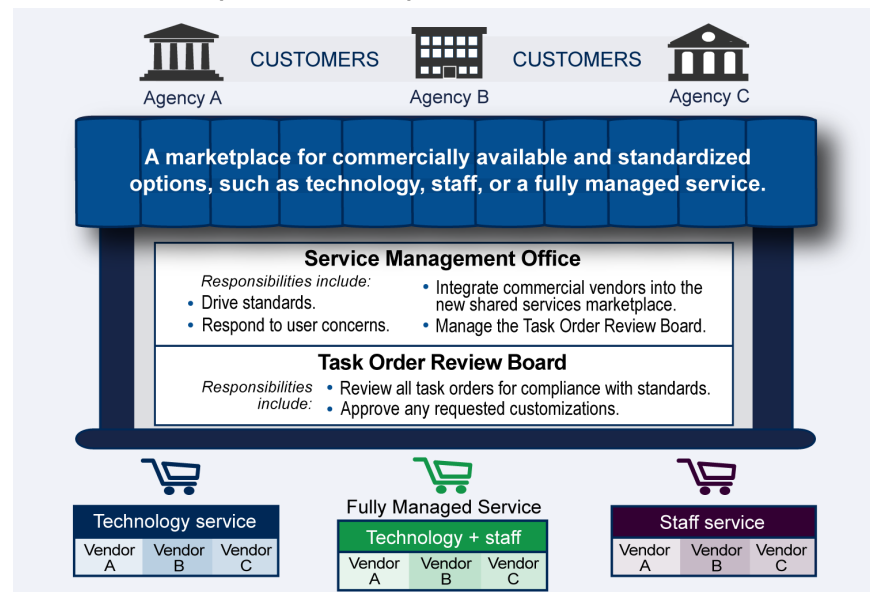
STREAMLINING GOVERNMENT

OMB and GSA Could Strengthen Their Approach to Implementing a New Shared Services Plan

What GAO Found

Efforts to promote greater use of shared services for human resources (HR) and financial management activities resulted in some cost savings and efficiency gains, but challenges impeded more widespread adoption. For example, the Office of Personnel Management estimates that shared services for HR, including payroll resulted in more than \$1 billion in government-wide cost-savings and cost avoidance between fiscal years 2002 and 2015. However, challenges include limited oversight, demand uncertainty among providers, and limited choices for customers. To address these challenges, the Office of Management and Budget (OMB) and the General Services Administration (GSA), as the shared services initiative leaders, introduced a new marketplace model in 2018 meant to better meet the needs of customers and service providers by offering more choices for purchasing shared services (see figure). They are also working on plans to create Service Management Offices and Task Order Review Boards to work with agencies to adopt standards for common management activities.

OMB and GSA's Proposed New Marketplace Model



Source: GAO analysis of Office of Management and Budget (OMB) and General Services Administration (GSA) planning documents. | GAO-19-94

GAO found that OMB and GSA were following some key change management practices such as improving interagency collaboration in their design of the marketplace model. However, implementation weaknesses may limit their success. For example, OMB and GSA do not have a plan to monitor the implementation of NewPay, a 2018 payroll shared services initiative designed to determine how well the new model works. A monitoring plan which includes performance goals and milestones could help OMB and GSA avoid gaps in service or costly delays as agencies transition to the new model for obtaining shared services.