



U.S. Department
of Commerce



Office of
Inspector General

IBM Government Forum 2011: Managing Risk, Culture and Change



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May 4, 2011



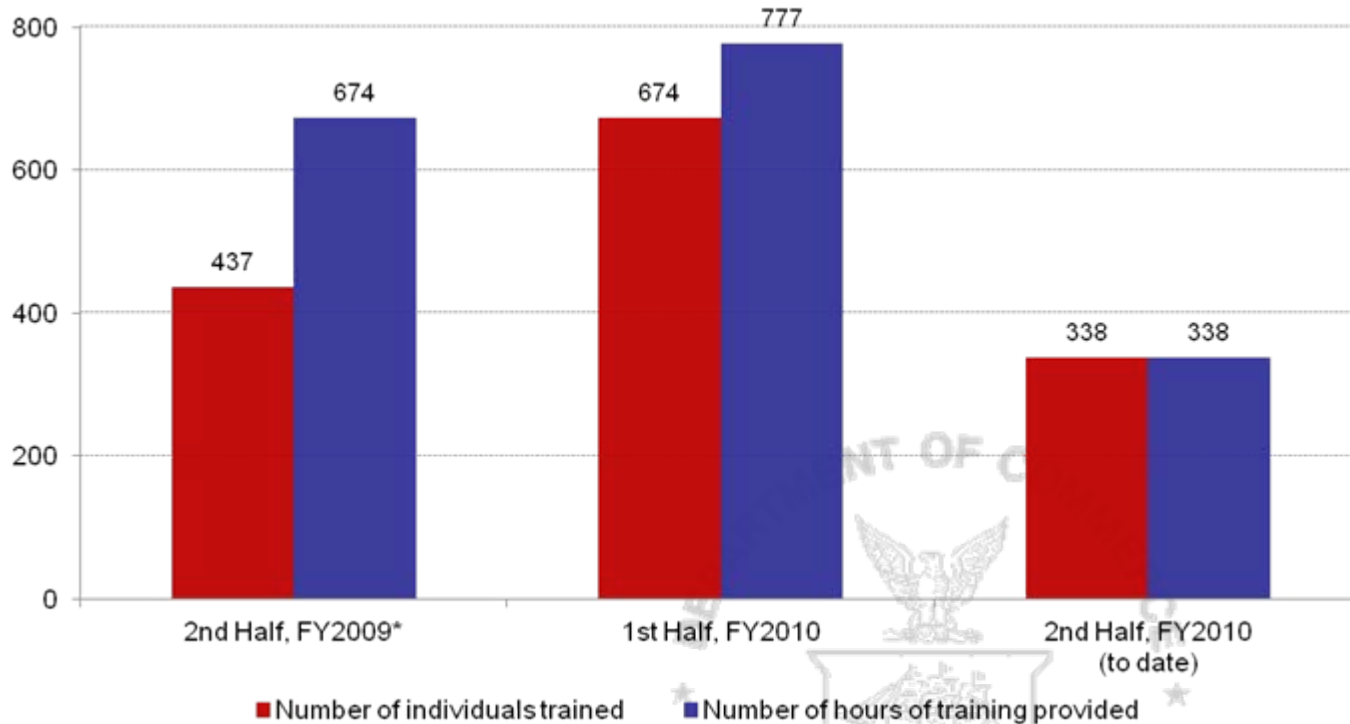
Topics to cover in this session

- How organizational culture and resistance to change are challenges to implementing a successful performance management program
- How to place a emphasis on innovation
- How to ensure that everyone understands and adopts performance management resources and policies set in place
- How to incorporate risk management





“Before”



Measure

OIG-Provided Training

Target

Training and briefings provided to federal grant and procurement employees and potential grant recipients, primarily in the areas of grant and contract management, fraud prevention

Related projects

OIG audits of program offices and grant recipients

* Information for the second half of FY 2009 only includes data from August and September 2009.

Status & Significant Developments

- Significant increases in training due to increases in demand related to ARRA requirements.
- Prior to March 2009 OIG training was not tracked and currently is only tracked for ARRA-related activities.

Actions Planned

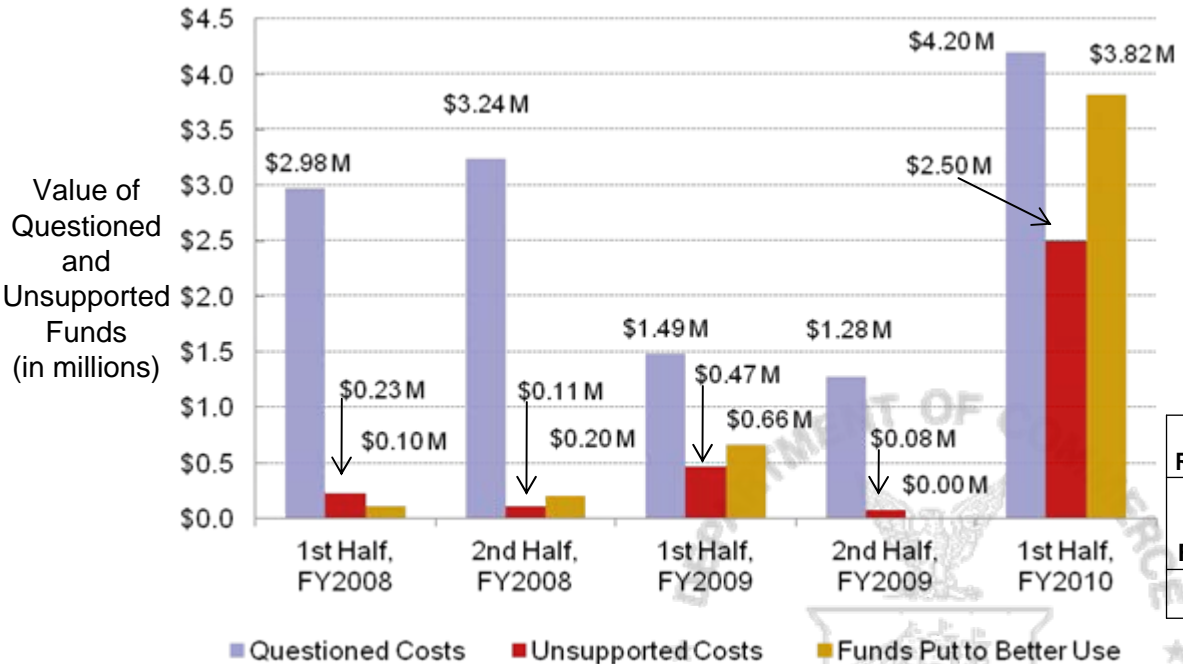
- Continue to track training provided by OIG.
- Increase DOC management awareness of the availability of this non-audit service.

Milestones

- Fall 2010
- Ongoing



“Before”



Measure

- Single audits oversight (OMB Circular A-133)

Target

- Compliance with DOC grant terms, laws and regulations

Related projects

- OIG audits of program offices and grant recipients

| | 1st Half, FY2008 | 2nd Half, FY2008 | 1st Half, FY2009 | 2nd Half, FY2009 | 1st Half, FY2010 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Reports Received | 579 | 920 | 226 | 1528 | 1081 |
| Reports with Findings | 166 | 193 | 104 | 147 | 147 |
| % | 29% | 21% | 46% | 10% | 14% |

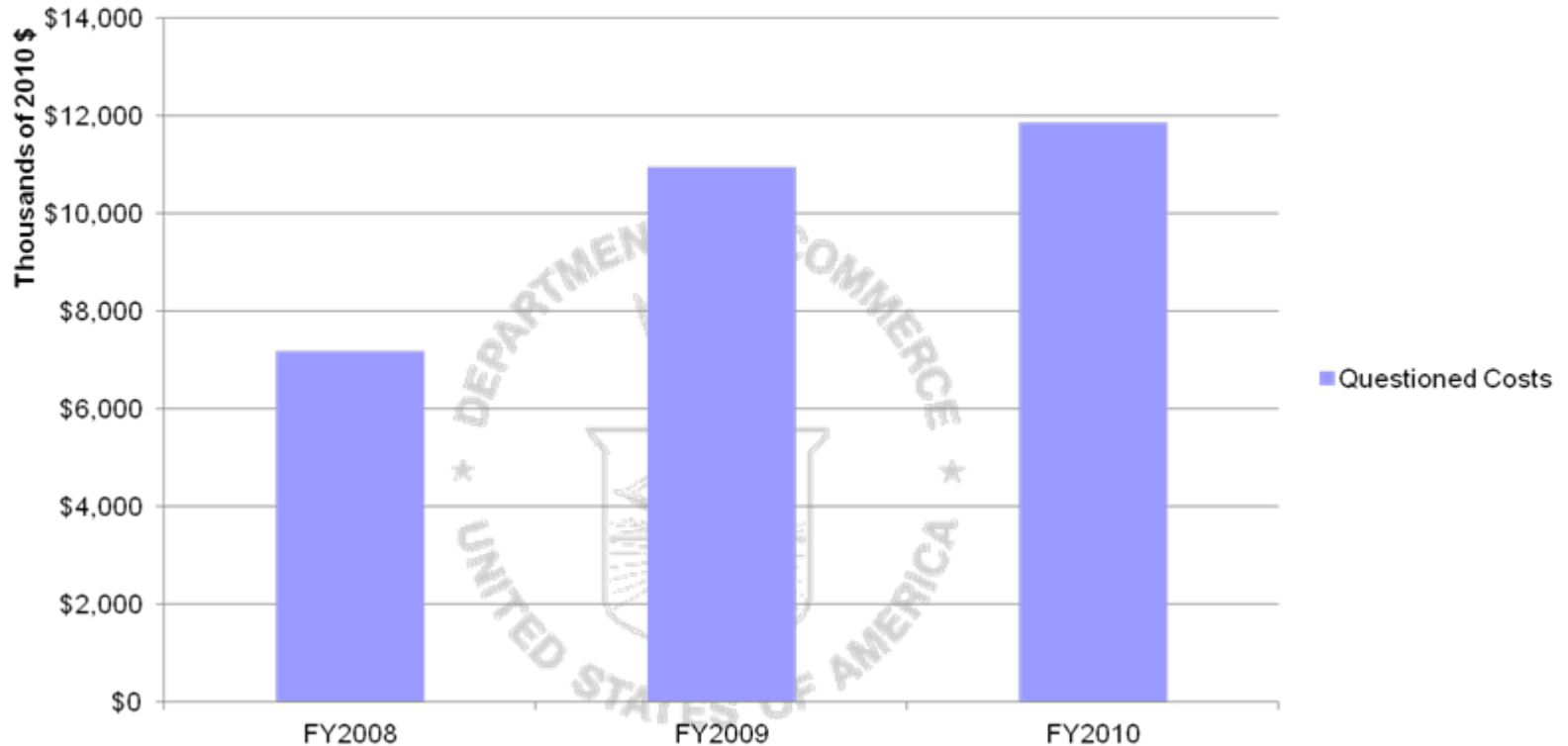
Status & Significant Developments

- The increasing volume of grants issued by Department requires additional resources for OIG reviews.
- On average, over a three-year period, 17% of reports had findings that require notification to the grants office and grant recipient of issues requiring correction.
- Volume of costs questioned has remained on average under \$5M per six-month period.
- Compliance and internal control issues represent a larger number of findings but impact cannot be quantified.



Intermediate Step: Balanced Scorecard – Beginning Analysis

Questioned Costs in OIG, External Audits





FY 2011 Audit and Evaluation Plan

“As always, our work will address Top Management Challenges faced by the Department. To meet this goal, we will include reviews of the Census Bureau’s early planning of the 2020 decennial, acquisition and contract operations Department-wide, IT security, USPTO’s programs and operations, and the development and acquisition of NOAA’s environmental satellite programs.”

Memorandum for Executive Management, Nov 2010

| Areas / Bureaus Covered | | # Audits, Evaluations |
|-------------------------|---|-----------------------|
| Acquisition | OAM – (acquisition savings plan, workforce, award fees) NTIA – Booz Allen contract, NOAA, NIST, Census (Recovery Act contract fraud), NIST (Recovery Act construction contracts) | 6 |
| Grants | NTIA (PSIC*) Analyze Audit Findings for all Commerce Bureaus through Single Audit Trend Analysis | 2 |
| Information Technology | CIO (application risk, web applications, security awareness / training, FISMA*) PTO (end-to-end modernization) | 5 |
| Other DOC operations | OS (Financial Statements*, Purchase cards, Improper payments*) | 3 |
| Bureau Programs | NOAA (Fisheries enforcement, forfeiture fund, JPSS, and GOES-R satellite) PTO (patent backlog, telework program) NTIA (BTOP, PSIC) Census (American Community Survey, 2020 planning, MAF / TIGER) NIST (Recovery Act NIST Construction grants) | 12 |
| Subtotal | | 28 |
| Carry forward | | 25 |
| Total | | 53 |



Balanced Scorecard – Why are we developing?

To quantitatively measure our achievement of *strategic goals*

STRATEGIC GOALS

Deliver timely, relevant, and high-impact OIG products.

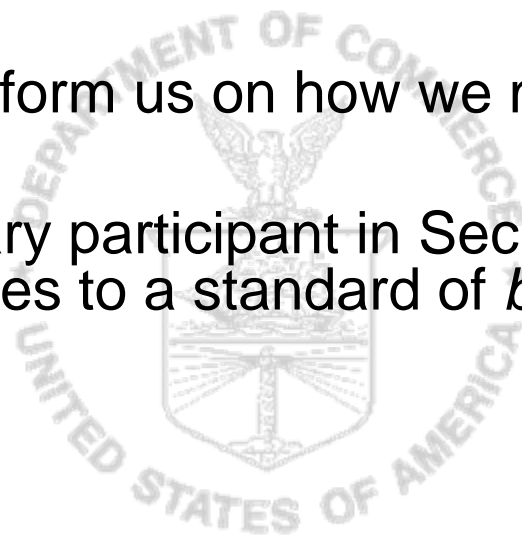
Attract and retain a highly motivated, multidisciplinary workforce.

Institute effective processes for planning and prioritizing work.

Develop a robust infrastructure to support a high-performing OIG.

Thus, to inform us on how we might improve

To be an exemplary participant in Secretary Locke's initiative by holding ourselves to a standard of *best practices*







Office of Inspector General

Balanced Scorecard Performance Measures and Projects

★ February 28, 2011 ★

| DOC Theme | OIG Strategic Goal | OIG Strategic Objective | Performance Measures and Strategic Plan Projects |
|---|---|--|--|
| Customer Service | Deliver timely, relevant, and high-quality OIG products | Timely delivery of OIG products | % of cases where requests for legal and policy analysis from OIG requestors are timely |
| | | | % of Congressional requests' response within established timeframes |
| | | | % of hotline complaints referred within 10 working days of receipt |
| | | Valuable, high quality information is available to stakeholders | % of audit recommendations accepted and implemented |
| | | | Audit feedback survey |
| | | | Number of planned reports completed over the fiscal year |
| Organizational Excellence | Institute effective processes for planning, prioritizing, and conducting work | Balanced Scorecard in place | Develop OIG Balanced Scorecard |
| | | Risk based audit and evaluation work plan successfully implemented | % of action plans received within 60 days |
| | | | Potential savings from OIG recommendations or investigative recoveries |
| | | Processes in place to rapidly deploy investigative resources when needed | % of open preliminary inquiries less than 120 days old |
| | | | % of open full investigations less than one year old |
| | | | % of open whistleblower cases less than one year old |
| | | | % of open special investigations less than one year old |
| | | | Successfully implement timely, relevant investigations and reporting |
| | | | Build capacity for administrative inquiries and investigations |
| | | | Build capacity for proactive investigative operations |
| | | | Develop and implement a program to provide whistleblower protection |
| | | Complete internal/external Office of Investigations Quality Assurance Review | |
| Staff understands strategic direction of their work | Implement annual Audit & Evaluation Plan | | |

 Projects from the FY2011 Strategic Business Plan
 Performance Measures for recurrent OIG tasks



Office of Inspector General Balanced Scorecard Performance Measures

★ February 28, 2011 ★

| | Performance Measure Short Description | Target |
|---|---|---------|
| Office of Audit and Evaluation | 1 % of audit recommendations accepted and implemented | 90% |
| | 2 % of action plans received within 60 days | 75% |
| | 3 Potential savings from OIG recommendations or investigative recoveries | \$30M |
| | 4 Number of planned reports completed over the fiscal year | 33 |
| | 5 Audit feedback survey | TBD |
| Office of Investigations | 6 % of hotline complaints referred within 10 working days of receipt | 70% |
| | 7 % of open preliminary inquiries less than 120 days old | 80% |
| | 8 % of open full investigations less than one year old | 75% |
| Office of Special Investigations | 9 % of agents who receive at least one training course per FY | 80% |
| | 10 % of open whistleblower disclosure or reprisal cases less than one year old | 75% |
| Office of Administration | 11 % of open special investigations less than one year old | 85% |
| | 12 % of acquisition pendency time not exceeding two weeks | 80% |
| | 13 % deadlines met in budget formulation process | 100% |
| | 14 % of admin requests responded to within 24 hours and resolved within 5 days | 95% |
| | 15 % of 80-day hiring model deadlines within OIG control that are met | 80% |
| Office of Counsel | 16 Department mandated IT metrics | Various |
| | 17 % of IT customer service requests resolved within 48 hours | 90% |
| | 18 % of FOIA requests responded to within 20 business days | 85% |
| | 19 % of cases where requests for legal and policy analysis from OIG requestors are timely | 85% |
| All OIG | 20 % of responses to Congressional requests within established timeframes | 85% |
| | 21 % on aggregated high-performance metric from OPM survey | TBD |
| | 22 % on aggregated communications metric from OPM survey | TBD |
| | 23 % on aggregated leadership metric from OPM survey | TBD |
| | 24 % of OIG attending at least one diversity education event at a federal agency | 90% |
| | 25 % of supervisors who receive at least one supervisory training course per FY | 80% |
| | 26 % of supervisors who attend at least one diversity training event per FY | 80% |

Metrics with current data
 Metrics without current data



FY 2011 Strategic Business Plan

MISSION

To improve the programs and operations of the Department of Commerce through independent and objective oversight.

CORE VALUES

INTEGRITY

We are honest, ethical, and objective.
We hold ourselves to high standards and are willing to take tough stands.
We honor our commitments to each other and our stakeholders.

EXCELLENCE

We are forward-looking and seize opportunities to improve the Department's performance.
We deliver timely, relevant, and high-impact products and services.
We encourage risk-taking that leads to new ideas and innovative solutions.

ACCOUNTABILITY

We operate as independent, transparent, and trusted brokers serving our stakeholders.
We are passionate about delivering results that drive positive change.
We are trustworthy and can be counted on to do what we say.





FY 2011 Strategic Business Plan

VISION

We work as a seamless integrated team delivering valuable products to serve the public and to support decision-makers in the Department of Commerce, OMB, and Congress.

We are a trusted broker to our stakeholders.

We are catalysts for positive change throughout the Department.

We are fully staffed and have the resources to get the job done.

We have a diverse, competent, enthusiastic, and productive workforce and a cadre of effective managers at every level of the organization.

We execute risk assessment processes to drive strategic and operational plans, priorities, and programs.

We have efficient, effective processes and a state-of-the-art infrastructure.

We have performance metrics to drive high performance and accountability.



STRATEGIC GOALS

Deliver timely, relevant, and high-impact OIG products.

Attract and retain a highly motivated, multidisciplinary workforce.

Institute effective processes for planning and prioritizing work.

Develop a robust infrastructure to support a high-performing OIG.



FY 2011 Action Plan

OIG FY 2011 STRATEGIC DELIVERABLES

STRATEGIC DELIVERABLE

LEAD

DUE

INVESTIGATIONS



13. Complete internal Quality Assurance Review (QAR) and pass the external peer review (summer 2011).



February 2011

14. Successfully implement timely, relevant investigations and reporting. Ensure every agent opens one devel-



September 2011

17. Develop and implement a program to provide for whistleblower protection. Incorporate training, outreach, liaison, coordination, and Office of Special Counsel certification.



September 2011

set up people, policy, process, and infrastructure.



Relationship to Performance Plans

Objective 17

Develop and implement a program to provide for whistleblower protection. Incorporate training, outreach, liaison, coordination and Office of Special Counsel certification.

Project Lead



Deliverables

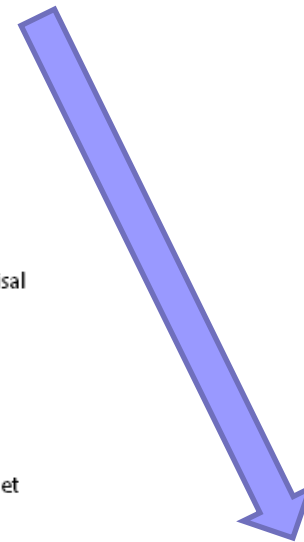
13 planned

First Quarter

1. Post second blog on OIG intranet, including case study and project status update. (12/30/10)
2. Establish whistleblower protection web-page on OIG's public website. (12/30/10)
3. Produce report to Congress on disposition of pending Recovery Act whistleblower reprisal investigation. (12/30/10)
4. Meet with the U.S. Office of Special Counsel (OSC) to initiate OSC's agency certification process for OIG. (12/30/10)
5. Benchmark other OIGs and agencies to identify potential best practices. (12/30/10)

Second Quarter

6. Design and deliver whistleblower protection training for OIG staff, and post third intranet blog. (3/31/11)
7. Prepare briefing on OIG's whistleblower protection program for Inspector General to deliver to Department of Commerce senior leadership. (3/31/11)
8. Initiate outreach, education, and training for the Department of Commerce and its bureaus to continually promote awareness and sensitivity to whistleblower protections. (3/31/11)



Appraisal Period: FY 2011



| Objectives | Activities | Outcome Measures |
|--|--|---|
| D. Improve protections for whistleblowers across the Department of Commerce. | D.1 Policies and processes for whistleblower protection are improved in all Commerce components. | D.1.1 Develops and implements a program to provide for whistleblower protection across Commerce by September 30, 2011. The plan incorporates outreach by the AIG for Whistleblower Protections to each Commerce component, training, ongoing liaison, and coordination to assure component implementation of actions to meet this goal. Strategic Deliverable 17. |



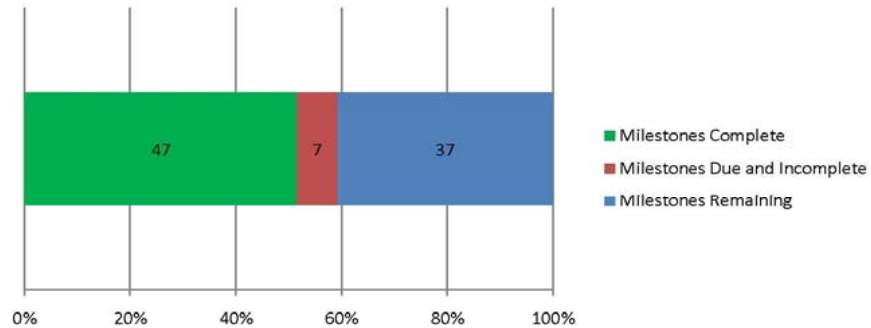
“After”

| | Performance Measure | Target | |
|----------------------------------|--|--------|--------------------------|
| Office of Audit and Evaluation | m01 % of reports complete in given period's SAR | 90% | Office of Investigations |
| | m02 % of action plans received within 60 days | 75% | |
| | m03 % of \$1M target on questioned costs in OIG, External Audits | 90% | |
| | m04 % of \$100,000 target on funds put to better use in OIG, External Audits | 90% | |
| | m05 % completed within 60 days of deadline identified on job start | 80% | |
| | m06 % of OAE staff has certifications and/or advanced degrees | 50% | |
| | m07 % of OAE staff meets GAGAS CPE requirement | 90% | |
| | m08 % score on OAE, OI customer satisfaction surveys | 85% | |
| | m09 % of target on external training sessions | 90% | |
| | m10 % recommendations accepted from reports in current period | 75% | |
| | m11 % recommendations implemented within 3-yr period | 75% | |
| | m12 % of high priority recommendations validated by OIG | 20% | |
| Office of Special Investigations | m13 % of hotline complaints referred within 10 working days of receipt | 70% | Administration |
| | m14 % of preliminary investigations completed within 180 days | 70% | |
| | m15 % of full investigations completed within 365 days | 70% | |
| | m16 Average number of days on open cases | | |
| Office of Special Investigations | m17 % of Whistleblower Reprisal cases accepted by OSC | 100% | Administration |
| | m18 % of Investigations referred by OSC complete within 365 days | 100% | |
| | m19 % of Investigations referred by Cong. Committee complete within 365 days | 75% | |
| Legislative Affairs | m20 Average number of days pendency time on acquisitions | | Administration |
| | m21 % deadlines met in budget process, including timely delivery to IG | 95% | |
| | m22 % admin requests responded within 24 hours plus resolved in 72 | 95% | |
| | m23 % of new hires brought on within OIG 80 day hiring model | 50% | |
| | m24 % of OIG staff attend at least one diversity education event sponsored by DOC | | |
| | m25 % of eligible employees are on new performance plans by March 31, 2011 | | |
| | m26 % of supervisors receive at least one supervisory training course per FY | | |
| | m27 % of OIG supervisors who attend at least one diversity training event per FY | | |
| | m28 % of SSNs blocked by Websense prior to leaving OIG | 90% | |
| | m29 % up time, excluding scheduled maintenance (87.6 hours/yr) | 99% | |
| | m30 % patches installed within deadline, determined by level of priority | 90% | |
| Legislative Affairs | m31 % resolution of customer service requests within 16 business hours | 90% | Administration |
| | m32 % Audit, Security and System logs reviewed daily | 90% | |
| Legislative Affairs | m33 % score on Hill customer satisfaction surveys | 85% | Administration |
| | m34 % Congressional requests' initial response within 5 business days plus agreed deadline met | 90% | |
| Legislative Affairs | m35 % on aggregated high-performance culture metric from OPM survey, administered by HR | 80% | OIG |
| | m36 % on aggregated communications metric from OPM survey, administered by HR | 80% | |
| | m37 % on aggregated leadership/management metric from OPM survey, administered by HR | 80% | |
| Office of Counsel | m38 % of cases where requests related to FOIA or Privacy Act are returned within twenty business days of receipt or as otherwise negotiated | 85% | Administration |
| | m39 % of cases where requests for legal and policy analysis products to OIG stakeholders are returned within ten business days of receipt or as otherwise negotiated | 85% | |
| | m40 % of balanced scorecard data collected, analyzed, and presented to OIG community | 50% | ADIG |



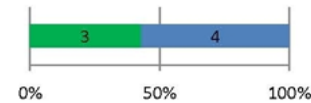


Office of Administration Milestones Complete

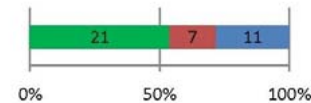


FY2011 OIG STRATEGIC DELIVERABLES

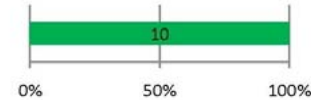
2 Launch new OIG website



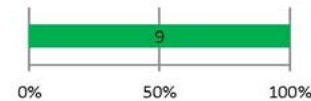
3 Develop and implement OIG Human Capital Plan including: strategic staffing plan, strategic training plan, new performance plans, diversity plan, and competency model for all jobs



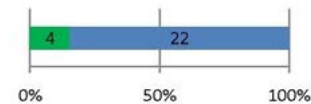
4 Revamp the budget formulation process to add rigor and align the budget with OIG's strategic priorities.



5 Revamp the contracting function to improve timeliness and responsiveness



7 Identify, prioritize, and implement a defined set of upgrades and improvements to IT infrastructure and Office of the Chief Information Officer operational processes to create a more secure, robust, and high-performing OIG.





Adopting policies in place

- Assign responsibility for pursuing the goals, and meet with Cabinet members responsible for the priority targets.
- Use the White House performance unit to run goal-focused, data-driven meetings pertaining to his priority targets.
- Identify and manage cross-agency targets and measures.
- Request White House Policy Councils to identify measures and targets.
- Direct agencies to set performance trends for key indicators.
- Engage external performance management expertise for agencies.



Approach

Step 1: Assess Internal Controls

Conduct interviews with key IT and agency management and review documentation to understand the overall internal control environment.

Step 2: Test for Accuracy

Gather evidence of IT controls in operation (e.g., data edit, system interface controls) that detect and prevent erroneous input and incomplete data transmission.

Step 3: Test for Reliability

Recreate a sample of Financial and Activity Reports for each agency to validate the integrity of prior reported data.

Step 4: Conduct Trend Analysis

Trend outlays and obligations by individual agency to identify potential data anomalies and to assess overall data reasonableness.

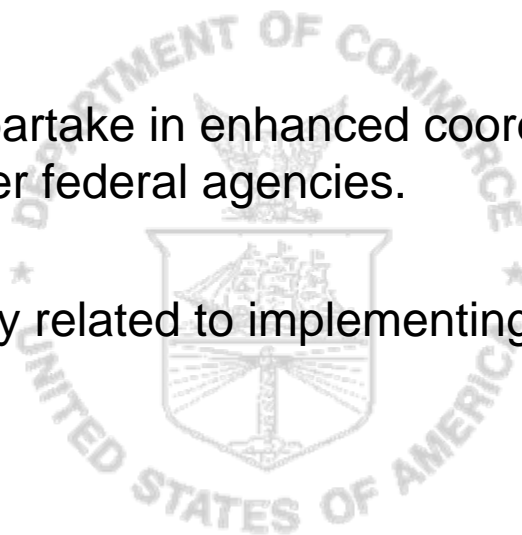


Compliance with Laws and Regulations.



Risk Strategy

- Prepare an annual Department-wide comparative risk assessment and help guide the development of a work plan for stratifying program risk.
- Concentrate efforts in areas where the agency can have the greatest impact based on their strategic importance, congressional interest, and resources.
- Assume the agency will partake in enhanced coordination, both among the bureaus and with other federal agencies.
- Focus on activities directly related to implementing the risk assessment.

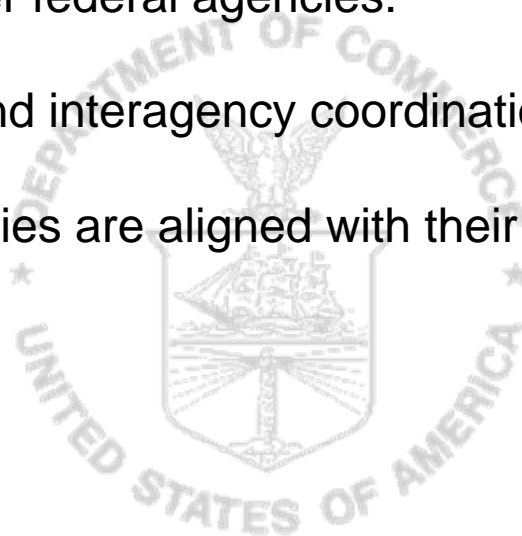




Risk Strategy

Based on a preliminary comparative risk assessment of each bureau's activities, focus efforts in three general areas:

- Ensuring the bureaus optimize available resources, and determining the extent to which its activities may be similar or overlapping, both within the Department and with other federal agencies.
- Improving intra-agency and interagency coordination of activities.
- Ensuring bureaus' strategies are aligned with their resources and program effectiveness.





Risk Management

- Repeatabile information
- Chaos Theory
- Stoplight Measures Concept
- Scorecard
- Management Accountability





FY 2011 Risk Assessment Process

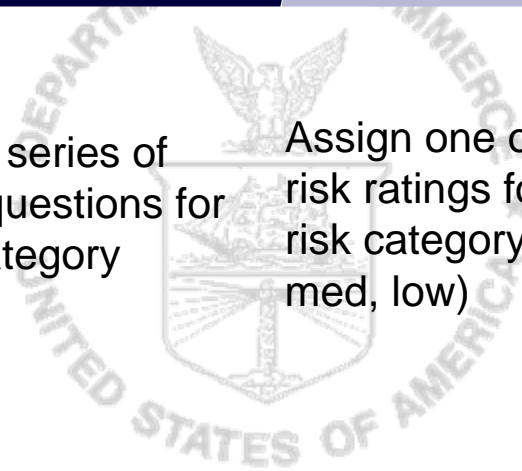


Collect data

Apply a series of binary questions for each category

Assign one of three risk ratings for each risk category (high, med, low)

Perform final review
1. Team members
2. Senior management
3. Bureaus





| Directorate Lead: Joe Smith | | Assessment | | Additional Comments and Supporting Narrative |
|---|--|----------------|--------|--|
| Assessable Unit (AU): Investigations Office | | Likelihood | Impact | |
| AU Manager: Cindy Jones | | | | |
| AU Manager Title: Assistant Inspector General, Investigations | | | | |
| No. | Risk Event | | | |
| 1 | An error or mistake caused by the assessable unit results in a direct, negative impact on the agency's investigative reporting. | possible | major | |
| 2 | An investigation issue related to the assessable unit was identified in an audit or other assessment report (i.e. within the last 3 years). | unlikely | minor | |
| 3 | The assessable unit's activities involve handling of risk, fraud and abuse. | almost certain | major | |
| 4 | The assessable unit is unable to meet the agreed upon deliverables as compiled in a monthly performance measurement system and supported by actual metrics data. | unlikely | minor | |
| 5 | Policies, operating procedures and core institutional knowledge covering the assessable unit's activities and systems are fully documented, periodically reviewed to ensure completeness and accuracy, and are readily available to personnel at all levels. | almost certain | minor | |



| Label | Value |
|-------------------------|-------|
| Likelihood | |
| Unlikely | 1 |
| Possible | 2 |
| Likely | 3 |
| Almost Certain | 4 |
| Impact | |
| Minor | 1 |
| Moderate | 2 |
| Major | 3 |
| Catastrophic | 4 |
| Weight | |
| Consequential | |
| Significant | |
| Critical | |
| Individual Score | |
| Low | |
| Medium | |
| High | |
| Overall Score | |
| Low | |
| Medium | |
| High | |

| No. | Likelihood | Impact | Score |
|-----|------------|--------|-------|
| 1 | 2.00 | 3.00 | 6.00 |
| 2 | 1.00 | 1.00 | 1.00 |
| 3 | 4.00 | 3.00 | 12.00 |
| 4 | 1.00 | 1.00 | 1.00 |
| 5 | 4.00 | 1.00 | 4.00 |
| 6 | 3.00 | 1.00 | 3.00 |
| 7 | 1.00 | 1.00 | 1.00 |
| 8 | 1.00 | 1.00 | 1.00 |
| 9 | 3.00 | 3.00 | 9.00 |
| 10 | 1.00 | 1.00 | 1.00 |
| 11 | 4.00 | 1.00 | 4.00 |
| 12 | 4.00 | 1.00 | 4.00 |
| 13 | 4.00 | 1.00 | 4.00 |
| 14 | 4.00 | 1.00 | 4.00 |
| 15 | 4.00 | 1.00 | 4.00 |
| 16 | 4.00 | 3.00 | 12.00 |
| 17 | 3.00 | 1.00 | 3.00 |
| 18 | 4.00 | 1.00 | 4.00 |
| 19 | 3.00 | 3.00 | 9.00 |
| 20 | 4.00 | 3.00 | 12.00 |
| 21 | 4.00 | 3.00 | 12.00 |
| 22 | 4.00 | 1.00 | 4.00 |



OIG Management Challenges 2008-2010

| # of citations | Agency | Issue | 2010 Top Challenges (January) | 2009 Semiannual (September) | 2009 Semiannual (March) | 2008 Top Challenges (November) | 2008 Semiannual (September) | 2008 Semiannual (March) |
|----------------|--------------|--|-------------------------------|-----------------------------|-------------------------|--------------------------------|-----------------------------|-------------------------|
| 2 | All agencies | Meet the challenge of accountability and transparency | X | X | | | | |
| 2 | All agencies | Meet agency and recipient reporting requirements | X | X | | | | |
| 1 | All agencies | Balance expediency of spending with accountability | X | | | | | |
| 1 | All agencies | Meet ARRA contract and grant compliance requirements | X | | | | | |
| 1 | All agencies | Increased risk for fraud, waste, and abuse due to pressure to distribute funds quickly | | | | | X | |



Risk Management

- A123 Internal Controls
- What this means in time of budget uncertainty
- What this means to managers and oversight responsibilities
- One hour incorporating risk management saves 100 hours putting out fires





WEDNESDAY, APRIL 27, 2011

Doing What Works

By John Griffith

“Federal officials are about to find themselves in the hot seat under a requirement to show whether they're making progress toward President Obama's goals for improving government operations. As part of the 2010 Government Performance and Results Modernization Act, agencies in June will start conducting quarterly performance reviews focused on their *high-priority goals.*”