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GPO's Top Management Challenges for Fiscal Year 2022

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RESULTS IN BRIEF

The Purpose of This Report

The Reports Consolidation Act of 2000 requires Executive Branch Inspectors General to identify and report annually on the top management challenges facing their agencies. We also adopt this requirement as a best practice. These top management challenges provide a forward-looking assessment for the coming fiscal year to aid GPO in focusing attention on the most serious management and performance issues. We also assess GPO's progress in addressing challenges identified in the previous year.

What We Considered

To identify management challenges, we examined ongoing and past audit, inspection, and investigative work, as well as reports where corrective actions have yet to be taken. We analyzed new programs and activities that could pose significant challenges because of their breadth and complexity. We also examined GPO's Annual Reports, Budget Justification Reports, and Strategic Plans for relevant information about key issues facing the agency. We acknowledge that, similar to last year, the historic COVID-19 pandemic has continued to have an impact on GPO's operations as well as the business environment in which GPO engages.

GPO's Top Management Challenges for FY 2022

Challenge 1: GPO will continue to be challenged to (1) understand its optimal workforce composition and (2) attract, develop, and maintain a workforce that best positions the agency to fully transform from print to digital publishing. GPO continues to be subject to a Federal hiring system that is less flexible and more complex than its private sector counterparts. As a result, GPO faces enduring human capital challenges. GPO is specifically challenged with ensuring that (1) the agency is hiring the correct people for both GPO's current and future needs and (2) the hiring process is as efficient and timely as possible.

Challenge 2: GPO needs to ensure that its next strategic plan articulates and effectively implements this Director's strategic vision. Originally, in 2019, this management challenge concerned the strategic impact on GPO caused by the extended absence of a confirmed Director. The current Director and Deputy Director were appointed and hired, in 2019 and 2020, respectively. Therefore, last year we modified this challenge to focus on GPO's lack of a single documented strategic vision for the future of the agency and the specific goals and objectives to achieve that vision. This year, we modify this challenge to focus on the upcoming five-year strategic plan, expected to be published in February 2022, and that it effectively articulates the Director's strategic vision for the agency and has an accompanying implementation plan.

Challenge 3: GPO leadership must ensure that the agency has a reliable, predictable, and sustainable business model for the near and mid-term future. GPO operates using a revolving fund business model. GPO's ability to generate revenue and efficiently administer its activities is of paramount importance in order to ensure that the minimal amount of direct appropriations are used. While a consistent challenge before COVID-19, the pandemic brought greater focus and urgency to this issue. GPO ended FY 2020 with a loss of $14.3 million. At the time of writing, GPO has rebounded, mostly due to continued passport production. However, GPO's revenue challenge endures and is complicated by myriad internal and external factors.

Challenge 4: GPO must continue to improve its procurement oversight. As the putative principal agent for Government publishing, GPO has two divisions that are actively involved in procurement: Customer Services, which works with other Federal agencies, and Acquisitions Services, which provides GPO-internal acquisitions and contracting support. As our office's recent work shows, due diligence in reviewing contractor's past performance and financial data must remain a priority and become more effective.

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Introduction

To identify management challenges, we examined past and ongoing audit, inspection, and investigative work to identify significant vulnerabilities. We also analyzed new programs and activities that could pose significant challenges. We examined GPO's Annual Reports, Budget Justification Reports, and Strategic Plans for relevant information about key issues facing the agency. Lastly, we considered the Agency's input on its own progress. As a result, the research on the top management challenges feeds the annual audits and inspections planning process.

During the course of Fiscal Year (FY) 2021, the OIG held roundtable sessions (12) with GPO's Director and senior leadership as well as with each of the GPO Business Units to exchange information about their operations. Information and feedback from those roundtables were also incorporated into this report.

We acknowledge that, similar to last year, the COVID-19 pandemic continued to impact GPO's operations, as well as the business environment in which the agency engages. However, GPO rebounded from the pandemic with nearly $58 million total net income (as of July 2021). GPO was about $14 million in the red at the same time last year. GPO's Director attributed this turnaround to passport operations being back at 100 percent capacity since January 2021.

Changes from Previous Reporting Period

The following key criteria were considered for whether to amend, add, or remove a management challenge from a prior report: (1) demonstrated leadership commitment in addressing the issue; (2) ability to address the problem; (3) plan for how corrective measures will be implemented; (4) program for monitoring the corrective action; and (5) demonstrated progress in the implementation of the corrective measures.

The below challenges were first introduced in the OIG's fall 2019 Semiannual Report to Congress. This year, we did not remove nor add any challenges but amended them to reflect agency progress and recent changes in the business environment.

Challenge 1: GPO will continue to be challenged to (1) understand its optimal workforce composition and (2) attract, develop, and maintain a workforce that best positions the agency to fully transform from print to digital publishing.

Overview: GPO continues to be subject to a Federal hiring system that is less flexible and more complex than its private sector counterparts. As a result, GPO faces enduring human capital challenges. GPO is specifically challenged with ensuring that (1) the agency is hiring the correct people for both GPO's current and future needs and (2) the hiring process is as effective and efficient as possible.

Challenge: It is not clear that GPO understands the optimal composition of its workforce in order to meet GPO's current *and* future needs. The agency has not performed a strategic organizational assessment since the 2013 National Academy of Public Administration (NAPA) report.[1] Moreover, the agency has not issued a comprehensive plan of actions and milestones to transform itself from a print-centric to a content-centric publishing operation.

Further, during the OIG's roundtable sessions with Business Unit leaders, multiple Business Units indicated that a slow hiring process was a significant challenge that resulted in lost talent. GPO's Human Capital leadership also noted that there are several critical positions that are difficult to fill due to direct competition with both the private sector and other Federal agencies. Positions such as acquisitions specialists, contracting officers, human capital specialists, engineers, book binders, and proof readers remain hard to fill. We note that GPO's senior executive-level hiring actions were constrained by a December 2020 request from the Chairperson of the Joint Committee on Printing to not create or fill any senior policymaking and supporting positions until President Biden had the opportunity to assess the agency's leadership composition. This request was rescinded in August 2021.

GPO progress: GPO took multiple positive steps during FY 2021 to address this challenge and improve Human Capital processes and procedures. First, the agency completed a skill gaps analysis for the entire organization and a three-year plan to address it. The Human Capital division also completed a succession plan for each Business Unit. With regard to hiring, the agency started posting all job announcements that are open to all U.S. citizens on the commercial job sites ZipRecruiter and Indeed, as well as implementing a new outreach program with trade schools. The agency made significant progress in automating certain processes that were previously paper-based, such as the processing of Standard Forms 52

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[1] NAPA, "Rebooting the Government Printing Office: Keeping America Informed in the Digital Age" (January 2013) (hereinafter, "NAPA Report"), available at: https://www.gpo.gov/docs/default-source/congressional-relations-pdf-files/gpo_napa_report_final.pdf?sfvrsn=2

(*Request for Personnel Action*). These improvements should have a positive impact on the timeliness of hiring actions.

During FY 2021, GPO issued new maxi-flex and telework/remote work policies that should help it retain its current employees as well as recruit qualified individuals throughout the country, potentially at a lower cost. The agency has also made improvements to its Employee Assistance Program. Lastly, the agency recently informed the OIG that it will be utilizing an independent contractor to work on the agency's strategic plan, which is expected to touch on human capital issues.

We acknowledge GPO's significant and positive efforts in these areas. Still, GPO remains challenged to deliver a strategic and comprehensive workforce plan for identifying, recruiting, and filling the mission-critical occupations and positions needed to ensure GPO can continue the transformation from print to digital publishing.

To assist the agency in addressing its human capital challenge, we have contracted an organizational transformation evaluation, which will provide a current assessment and status update for organizing GPO into an optimal modern digital publishing organization. The evaluation also intends to answer the following questions:

- Is GPO adequately organized and staffed to strategically plan and implement an organizational transformation toward modern digital publishing?
- Since the publication of reports by the Government Accountability Office in 2003 and 2004, NAPA in 2013, and the Office of Personnel Management in 2019, what has GPO done to accomplish a strategic modernization moving forward into the 21st century as recommended?
- How is GPO taking appropriate steps to identify, hire, and retain talent that will transform GPO to a competitive modern digital and paper publisher?
- Are there best practices (internal or external to GPO) facilitating the above questions, or, conversely what are the limiting factors, roadblocks, or impediments to achieving the issues in the above questions?

This organizational transformation evaluation will provide GPO with critical data and insights necessary for GPO leadership to chart the agency's future course.

Challenge 2: Challenge 2: GPO needs to ensure that its next strategic plan articulates and effectively implements this Director's strategic vision.

Overview: Originally, in 2019, this management challenge concerned the strategic impact on GPO caused by the extended absence of a confirmed Director. The current Director and Deputy Director were appointed and hired in 2019 and 2020, respectively. Therefore, last year we modified this challenge to focus on GPO's lack of a single document that enumerates a strategic vision for the future of the agency and the specific goals and objectives to achieve that vision. This year, we modify this challenge further to focus on ensuring that the upcoming five-year strategic plan, expected to be published in February 2022, effectively articulates the Director's strategic vision for the agency and has an accompanying implementation plan.

Challenge: It is not readily apparent that the Director's oft-stated vision is driving strategic decisions at the agency as evidenced by our Audit of GPO's Capital Investments. In that Audit, we reported that although the Director has ultimate approval of Capital Investments to GPO, the overall process appears to be driven by the Business Units' needs, as opposed to an overarching strategy devised by agency leadership. Moreover, there is a timeliness issue that concerns the OIG whereby the Director has been at GPO for almost two years, but still has not fully documented his own vision for the agency.

GPO progress: We did see evidence of strategic planning with respect to risk identification. Effective risk identification can drive strategic investment decisions. In February 2021, the agency issued a new Agency Risk Management Plan to better identify risks to GPO and its operations. Under this plan, GPO identified the following three risks to its operations: COVID-19, DC unrest, and concerns about the level of cash reserves. We acknowledge that these are indeed risks to agency operations, but GPO could benefit from additional analysis. The agency identified some obvious threats, but did not mention other more complex risks, such as talent management, IT infrastructure and cybersecurity, issues related to revenue generation or supplier dependency, etc. Additionally, the agency's plan for risk identification and management is heavily reliant upon the Business Units and could benefit from increased involvement by agency leadership, who have a more global perspective on agency operations.

Challenge 3: GPO leadership must ensure the agency has a sustainable business model for the near and mid-term future.

Overview: GPO operates using a revolving fund business model, meant to have similarities to a private sector business. In FY 2020, approximately 13 percent ($117million) of GPO's funding came from direct appropriations, which were used to cover (1) the cost of Congressional work, (2) the depository library program and supporting distribution programs, and (3) increases to working capital for specified projects in GPO's Business Operations Revolving Fund. All other GPO funding are "revenue" reimbursements from agencies for work performed or publication sales to the public. Consequently, GPO's ability to generate revenue and efficiently administer its activities is of paramount importance to ensure that the minimal amount of direct appropriations are needed. While a consistent challenge before, the COVID-19 pandemic brought laser-like focus and urgency to this issue. GPO ended FY 2020 with a loss of $14.3 million. This year GPO has rebounded financially, mostly due to continued passport production. However, GPO's revenue challenge is real and is complicated by a myriad of internal and external factors.

Challenge: This report highlights three specific areas where GPO's business model is challenged.

Secure Credentials: GPO's interpretation of Title 44 of the United States Code limits GPO to working only with those entities expressly authorized by statute, which precludes it from pursuing business opportunities with state and local agencies. This, along with the fact that certain Members of Congress have raised persistent objections against GPO expanding into perceived private sector opportunities,[2] has hindered the growth of GPO's secure credentials business.

GPO's challenge to grow this line of business is not new. In 2013, NAPA observed that many Federal agencies preferred to purchase secure credentials from GPO over private sector entities because (1) GPO was better able to focus on meeting customer needs without the distraction of pressure to generate profits; (2) interagency memorandum of understanding arrangements are more flexible and easier to execute than contracts with a private sector entity, and (3) customer-agencies were more comfortable with GPO's security measures and use of Federal employees for its operations. NAPA ultimately recommended that:

> GPO continue to pursue smart card business as one option to help cover agency-wide overhead costs while it continues to right-size and transform from a print-centric to a content-centric organization. To assist GPO in growing this business and to leverage GPO's smart card expertise for public benefit, Congress should

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[2] See, e.g., Hearing held by House of Representatives, Committee on Oversight and Government Reform, "Secure Credentials Issued by the Government Publishing Office", (Oct. 21, 2015), available at: https://www.youtube.com/watch?app=desktop&v=Y0ET7am1jl8

consider allowing GPO to respond to state and local government requests for smart cards.[3]

We agree with NAPA's recommendation that the Joint Committee on Printing should examine this issue to determine whether GPO should pursue additional work in this area, and if so, whether an amendment to Title 44 is needed.

Customer Services: Customer Services is the division within GPO that provides a comprehensive suite of electronic and publishing-related products and services for Federal agency customers. As such, the division engages in a significant level of outreach and activities designed to generate growth. These activities, which are articulated in a robust plan, range from customer webinars, federal publishing council meetings, and "boot camp" customer training. While we applaud the effort and various venues for customer outreach, what's missing is an analysis of the effort's effectiveness. It is not apparent if there is a clear analysis of the return on investment (ROI) for these activities. An ROI assessment would be helpful in assisting the agency in deciding which outreach activities should be expanded and which should be scaled back.

GPO's Use of Space: GPO owns or leases over ~1.7 million square feet of facility space. To our knowledge, the agency has never conducted a comprehensive assessment to determine how much space it needs for both its current and future needs. Similar to the need to assess the optimal composition of its workforce, as identified in Challenge 1, the agency needs to assess the optimal size and composition of its physical footprint.

Ensuring GPO is effectively and efficiently using all of its physical space is particularly important given the agency's recent success in growing its Warehouse and Agency Distribution Services (ADS) line of business, which is run primarily out of GPO's Pueblo, CO and Laurel, MD locations. ADS implemented a new business model in FY 2016, and has subsequently increased its total revenue from approximately $8 million in FY 2016 to almost $18 million in FY 2020. As of May 2021, the OIG was informed that the Pueblo Distribution Center is at capacity and is unable to take on any additional customers without acquiring additional space, digital infrastructure, equipment, and personnel.

GPO progress:

Secure Credentials: GPO continues to work closely with Federal agencies to expand its work, including responding to requests for information issued by other agencies. GPO reports that the majority of its new customers come from one-on-one visits with key agency personnel and customer referrals by satisfied clients. The agency notes that this is a "business of reputation

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[3] NAPA Report, at page 63.

and references", and that GPO has not lost a smart card account to an alternate source since beginning this business line in 2008.

<u>Customer Services</u>: Customer Services has an updated marketing plan, which includes several new outreach efforts designed to reach customers during the COVID-19 pandemic. Examples include virtual GPO Bootcamp and "30 minutes with GPO" webinars. This marketing plan emphasizes fostering existing customer relationships, increasing customer awareness, and identifying new customers. While Customer Services is tracking participation in these events, it would also be helpful to analyze the ROI for each of its outreach activities.

<u>GPO's Use of Space</u>: GPO is currently assessing requirements for its leased facilities across the nation, including Customer Services' 12 satellite locations. As the leases for these regional officers come up for renewal, Customer Services, in partnership with GPO's Facility Manager, will leverage a cost benefit analysis to assess each regional location and its requirements for physical office space.

With regard to its ADS line of business, the Laurel Distribution Center is in negotiations with the U.S. Department of Agriculture and the Pueblo Distribution Center is in negotiations with the U.S. Forest Service Pacific Northwest division for expanded warehousing operations, beginning on October 1, 2021.

Challenge 4: GPO must continue to improve its procurement oversight.

Overview: As the putative principal agent for Government publishing, GPO has two divisions that are actively involved in procurement: Customer Services, which works with other Federal agencies, and Acquisitions Services, which provides GPO-internal acquisitions and contracting support. As our office's recent work shows, due diligence in reviewing contractor's past performance and financial data must remain a priority and become more effective.

Challenge: Due diligence in reviewing contractor's past performance and financial data must remain a priority and become more effective, including holding bad actors accountable through administrative remedies and the Suspension and Debarment processes. In July 2021, we issued an inspection report[4] with recommendations regarding GPO's Suspension and Debarment Program. GPO is implementing the recommendations to include ensuring that GPO contracting personnel are using the most recent version of GPO's Exclusion List. In addition, GPO's internal regulations governing procurement, i.e. the Materials Management Acquisition Regulation (MMAR) and the Printing Procurement Regulation (PPR), should be continually updated.

With regard to GPO's Acquisitions Services, we issued an inspection report in October 2020[5] noting opportunities to improve the timely award and payment of contracts.

With regard to GPO's Customer Services, GPO maintains contact or does business with thousands of contractors with hundreds of millions of dollars applied to these contracts. During FY 2021, the OIG has received several hotline intakes related to complaints or concerns about vendors working with Customer Services, highlighting the continued challenges that GPO faces in providing effective acquisition and contract oversight.

GPO progress: In response to the OIG's Suspension and Debarment inspection, the agency agreed to examine its program and evaluate ways to improve it. Similarly, the agency contracted for an outside review of the processes followed by Acquisitions Services in an effort to increase their efficiency and effectiveness. We look forward to the agency's release of that study and their implementation of any recommendations. Additionally, Acquisitions Services is in the process of reviewing the MMAR and issuing a deviation to allow GPO to immediately begin utilizing the higher simplified purchase agreement thresholds authorized by the Federal

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[4] GPO OIG, "Review of the GPO Suspension and Debarment Program", Inspection Report Number 21-09 (July 6, 2021), available at: https://www.gpo.gov/docs/default-source/inspector-general/s-dreport-21-09-final.pdf

[5] GPO OIG, "Inspection of Acquisitions Services Procedures for Procuring Supplies and Services", Inspection Report Number 21-03 (October 30, 2020), available at: https://www.gpo.gov/docs/default-source/inspector-general/audits/2020/report-no-21-03-acquisition-services.pdf

Acquisition Regulation.[6] These improvements should have a positive impact on GPO's internal contracting procedures and timelines.

Customer Services is likewise working to implement improvements to its overall operations. For example, the PUBLISH[7] system, should help modernize its business processes by creating an integrated approach that will automate and streamline the end-to-end print procurement process from online order submission to vendor payment and customer billing. The initial launch of PUBLISH took place in May 2021. Customer Services also recently adopted a new standard operating procedure to safeguard any personally identifiable information in its possession.

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[6] We note that GPO's work here is complicated by the fact that Title 44 sets GPO's small purchase threshold at $100,000. The OIG understands GPO has requested that Congress modify this provision.

[7] The goal of PUBLISH is to create an integrated approach to automating and streamlining the end-to-end print procurement process from online order submission to vendor payment and customer billing. Memorandum from the Director to the Inspector General, "Response to OIG Data Call Regarding Business Development, Strategic Planning and Priority Projects, and GPO's Leased Facilities" (June 11, 2021).