Oversight Matters: Balancing Mission, Risk, and Compliance

Recommendations from the BPC Task Force on Executive Branch Oversight

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BIPARTISAN POLICY CENTER

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Executive Summary

The Bipartisan Policy Center's Task Force on Executive Branch Oversight examined approaches to more efficient and effective oversight by the executive branch of its own affairs that would enable departments and independent agencies to improve mission and program performance. This report: (1) examines the current state of oversight in the executive branch; (2) analyzes the effectiveness of current oversight practices; and (3) presents recommendations to improve and streamline current practices.

The task force identified recommendations to improve oversight in the executive branch in four areas:

- Oversight community capacity;
- Trust in the oversight culture;
- Risk-based, data-driven compliance policies; and
- Collaboration among oversight bodies.

The first part of this report examines the current state of oversight in the executive branch, through the lens of "people, process, and technology." The "people" involved are the personnel—both *internal* (e.g., agency leaders, program managers) and *external* (e.g., inspectors general, Congress)—who are responsible for (1) ensuring agencies effectively accomplish their missions, (2) improving efficiency and effectiveness, and (3) combating waste, fraud, and abuse. The "processes" and requirements employed to exercise oversight in the executive branch exist in a plethora of policies and legislation. The task force specifically concentrated on one of those: the enterprise risk-management framework memorialized in Office of Management and Budget Circular A-123. Finally, the "technology" portion of the oversight discussion focuses on the role data plays in determining oversight metrics and the constant changes that are necessary to oversee technology itself.

The second part of the report discusses the four areas listed above and the task force's recommendations for more effectively leveraging each of them. With respect to *oversight community capacity*, the task force recognizes that for internal oversight bodies, such as program managers, compliance is certainly important to the successful performance of any mission. However, there must be an appropriate balance between compliance with management and reporting requirements and mission performance. For external bodies, such as the Government Accountability Office, however, the task force identifies an opportunity for it to perform a more consultative role when agencies request it. Regarding the topic of *trust in the oversight culture*, the task force concentrates on the idea that, while there is an overall lack of trust in the government among Americans, within agencies the culture of trust emanates from the top and public perceptions can be mitigated. The task force's concentration on *risk-based, data-driven compliance policies* emphasizes the need to eliminate compliance for compliance sake and reframe oversight to one that relies more on evidence. Finally, with respect to *collaboration among oversight bodies*, the task force discusses the benefits to be gained through more constructive engagement between internal and external oversight entities.

The Task Force on Executive Branch Oversight makes these recommendations to independent agencies, department heads, and Congress.

Recommendations

Oversight Community Capacity: Oversight Across Government Should Increase Focus on Mission Performance

- External executive branch oversight bodies (for example, inspector generals, or the Government Accountability Office) should refocus their oversight practices to include more mission-related values and outcomes in addition to the traditional emphasis on fraud, waste, and abuse.
- Internal executive branch oversight bodies (for example, department and independent agency leaders) should reduce the time they spend on compliance-related activities so they can dedicate more time to mission performance.
- Internal executive branch oversight bodies (for example, department and independent agency leaders) should consider collecting proxy or qualitative data related to time spent on compliance versus performance activities in order to conduct cost/benefit analyses.
- The Office of Management and Budget should consider building on the existing enterprise risk-management (ERM) framework by incorporating mission performance as the end goal.

Trust in the Oversight Culture: Leaders Can Take Steps to Bolster Trust in Oversight

- Department and independent agency leaders should consider addressing incidents of improper behavior by identifying the root cause of the incident before establishing new policies.
- Department and independent agency leaders should set a tone of trust from the top by regularly recognizing and incentivizing exemplary performances characterized by a risk-balanced perspective in achieving operational, compliance, and reporting objectives.

Risk-Based, Data-Driven Compliance Policies: Oversight Needs to Be Smarter and More Strategic

- The Congressional Research Service should consider updating the 2004 management compendium so that agencies have an up-to-date list of management laws and policies they must comply with.
- In their oversight agendas, Congress should consider using a risk-based approach that better emphasizes performance outcomes.
- Department and independent agency leaders should collect more robust measures of mission performance and analyze with risk measures to better identify root causes of risks.

Collaboration Among Oversight Bodies: Oversight Bodies Need to Redefine How They Work Together

- Internal oversight bodies should regularly consult with and seek guidance from external oversight bodies.
- Internal oversight bodies should define and adopt cultures that more transparently report and address risks.

Introduction

The U.S. system of government relies on a series of checks and balances among the three branches of government to ensure the American people that government remains accountable. Within this ecosystem, executive branch departments and independent agencies also hold themselves accountable through a multitude of internal checks and balances. The results, as far as the American people are concerned, have been, at best, inconsistent. As of late 2017, fewer than half of American adults surveyed by the Pew Research Center[1] thought that the federal government was doing a good job on the following six issues:

1. Helping people get out of poverty;
2. Managing the U.S. immigration system;
3. Ensuring access to health care;
4. Ensuring basic income for those 65 and older;
5. Protecting the environment; and
6. Ensuring equal access to education.

Missions such as these are critical to the nation, so improving performance in these areas is vital.

The Trump administration's President's Management Agenda (PMA) recognizes these challenges in its very first point.[2] The PMA's long-term vision for effective government capabilities declares: "Public servants must be accountable for mission-driven results but must also have the necessary tools and resources to deliver."

The Bipartisan Policy Center's Task Force on Executive Branch Oversight posits that the federal government needs to reprioritize oversight to ensure that it is meeting the needs of the American people on key missions and that this oversight should ensure program effectiveness and effectively manage risks. The executive branch in fact exercises substantial oversight of itself (that is, *internal* oversight) and is likewise subject to oversight from multiple external bodies (that is, *external* oversight). Numerous statutes and regulations—administered by multiple organizations—govern this internal and external oversight of federal agencies and their programs.

One way officials accomplish *internal* agency oversight is through the enterprise risk-management (ERM) framework of the Office of Management and Budget (OMB) Circular A-123, which encompasses both mitigating risk and embracing risk to improve effectiveness and efficiency of outcomes, and, ultimately, mission accomplishment. *External* oversight envisions a review of agency operations by the agency's inspector general (IG),[3] the Government Accountability Office (GAO), and/or Congress. Agency cultures, however, often emphasize risk avoidance and compliance over risk-taking—due, in part, to fear of criticism by external oversight bodies—and again they do not always realize the benefits of prudent risk-taking. An overemphasis on compliance depletes limited valuable resources that could instead concentrate on mission performance.

It is important to note that there are also significant pockets of individuals within the federal government who stand out for rising above these challenges. Organizations such as the Partnership for Public Service, the Office of Personnel Management (OPM), and National Academy of Public Administration sponsor award programs to recognize these exemplary employees—whose performance inherently required risk-taking to stand out. The Partnership for Public Service sponsors the Samuel J. Heyman Service to America Medals ("Sammies") to highlight excellence in the federal workforce demonstrated by employees who are seldom recognized for their noteworthy accomplishments and to inspire other talented and dedicated individuals to embrace public service. Similarly, OPM sponsors the Presidential Rank Awards program, which recognizes extraordinary senior leaders in the federal government who have made significant contributions in advancing the PMA by delivering mission-critical solutions, providing excellent customer service, and being good stewards of taxpayers' dollars.[4]

Finally, the National Academy of Public Administration sponsors the Elliot L. Richardson Prize for excellence and integrity in government service and public management. The goal of this prize is to "inspire future public service by highlighting the accomplishments of other exceptional public servants.[5]" It is the goal of the Task Force on Executive Branch Oversight to encourage federal government leadership to create a performance culture in the executive branch where everyone can perform as these award-winning individuals do.

BPC previously studied the role of the IGs in external oversight of government and operations and produced a report, *Oversight Matters: What's Next for Inspectors General*,[6] with recommendations for improving IGs' oversight capacity. This report builds on that *Oversight Matters* by contemplating internal oversight and how agencies might better mitigate risks on their own so that issues do not rise to the IG level.

> *Oversight means more than just compliance. It means developing a comprehensive framework that is geared to enhancing performance AND accountability. Our work in examining the Inspectors General emphasized a collaborative approach with their respective agencies and departments. This report builds on that by recommending an improved internal framework that complements the external oversight conducted by the IGs, GAO, and Congress. I continue to encourage efforts to achieve greater accountability as well.*
>
> *—Denise Wilson, Task Force Member*

As such, BPC established the Task Force on Executive Branch Oversight, composed of distinguished former government leaders, industry leaders, public administrators, and congressional staff, to examine the role oversight plays in everyday department and agency activities. BPC hosted five task force meetings (see "Appendix A. Task Force Meetings and Speakers"), during which task force members engaged in dialogue with a variety of experts and practitioners from the three central management executive branch agencies (the General Services Administration [GSA], OMB, and OPM), other representative agencies, the inspector general community, the general counsel community, and the private sector. This report includes the task force's unanimous recommendations.

At the time of this report, there are several active administration proposals and initiatives underway to reorganize agencies that have oversight responsibilities. In developing recommendations, the task force adhered to the following guiding principles and suggests that any new emerging administration initiatives should consider them as well:

- Enhance mission outcomes;
- Promote transparency and accountability;
- Recognize budgetary realities; and
- Identify areas for improvement and recommend practical solutions.

The Current State of Oversight

Executive branch oversight can be defined as the internal and external examination of federal departments and independent agencies with the purpose of (1) ensuring agencies effectively accomplish their missions; (2) improving efficiency and effectiveness; and (3) combating waste, fraud, and abuse. This is accomplished through *people*, *process*, and *technology*. Here, the people are the oversight bodies, the processes are a variety of oversight frameworks (that is, legislation and policies), and the technology is how the people operationalize the processes and collect data to demonstrate results. An analysis of the most prominent oversight people, processes, and technology are highlighted in the sections below.

PEOPLE: OVERSIGHT BODIES

Multiple players perform and inform the successful implementation of executive branch oversight. The oversight is characterized as internal or external based on the body providing the oversight. For internal oversight, the players range from the program managers running day-to-day operations, to the C-Suite functionaries providing them with operational support, to the agency leadership setting the strategic direction and making budget decisions for the agencies. While the primary goal of these internal stakeholders is mission accomplishment, they are also responsible for exercising due diligence and risk management to mitigate risk such that issues do not rise to the attention of external oversight bodies. ERM, which is discussed further in the "processes" section, supports internal stakeholders in risk identification and mitigation. A beneficial byproduct of systematic risk identification and mitigation is that if outside oversight is engaged, the internal stakeholders are likely already aware of and prepared for any issues brought to their attention.

There are also numerous external stakeholders who have responsibilities when it comes to implementing executive branch oversight (that is, combating fraud, waste, and abuse and improving efficiency). These range from inspectors general to the GAO to Congress and beyond. Figure 1 lists the primary internal and external oversight bodies and highlights their roles in the oversight process. (See "Appendix B. Overview of Key Oversight Bodies"—for a more detailed summary of the responsibilities of each.)

Figure 1. Internal and external oversight bodies have varying roles and responsibilities in exercising oversight.

● = Yes ◉ = To some extent ○ = No ■ Dark blue = Internal to agency ■ Light blue = Dual-hatted ■ Orange = External to agency

			A. Provides Internal Executive Oversight	B. Provides External Executive Oversight	C. Creates Guidance/ Policy/Regulations	D. Enforces Guidance/ Policy/Regulations	E. Owns Mission Performance	F. Evaluates Mission Performance
1	Agency Managers	Internal to agency	●	○	○	○	●	◉
2	Agency Senior Leaders	Internal to agency	●	○	●	●	●	●
3	Agency General Counsels	Internal to agency	●	○	●	●	○	○
4	Agency Risk Management Council	Internal to agency	●	○	○	○	◉	◉
5	Inspectors General[7]	Dual-hatted	○	●	○	○	○	●
6	Congress	External to agency	○	●	●	●	○	●
7	GAO	External to agency	○	●	○	○	○	●
8	OMB	External to agency	○	●	●	●	●	●
9	GSA	External to agency	○	●	●	○	○	○
10	OPM	External to agency	○	●	●	○	○	○
11	Management Councils	External to agency	○	○	●	○	○	○

As Figure 1 demonstrates, the number of external overseers (rows 5-10) outnumbers that of internal overseers (rows 1-4), and the number of stakeholders who play an active role in owning mission performance (column E) is even less. What this means is that a small number of individuals are responsible not only for program execution but also for all oversight activities, which can quickly add demand on already scarce resources. In fact, as many who testified before the task force noted, agencies spend only about half of their time working on mission-related performance and the other half complying with oversight requirements. Furthermore, many of the compliance activities they must address are unfunded, thus pushing the constrained resources they already have to the limits and putting their missions at risk.

PROCESS: OVERSIGHT FRAMEWORK

While there are multiple statutes, regulations, circulars, and directives in place governing oversight, the framework most key to this report is OMB Circular A-123, which is described below. Other relevant legislation and circulars are summarized in "Appendix C. Overview of Key Legislation and Circulars." This non-exhaustive overview includes the following frameworks (see also "Appendix D. Links to Key Legislation and Policies"):

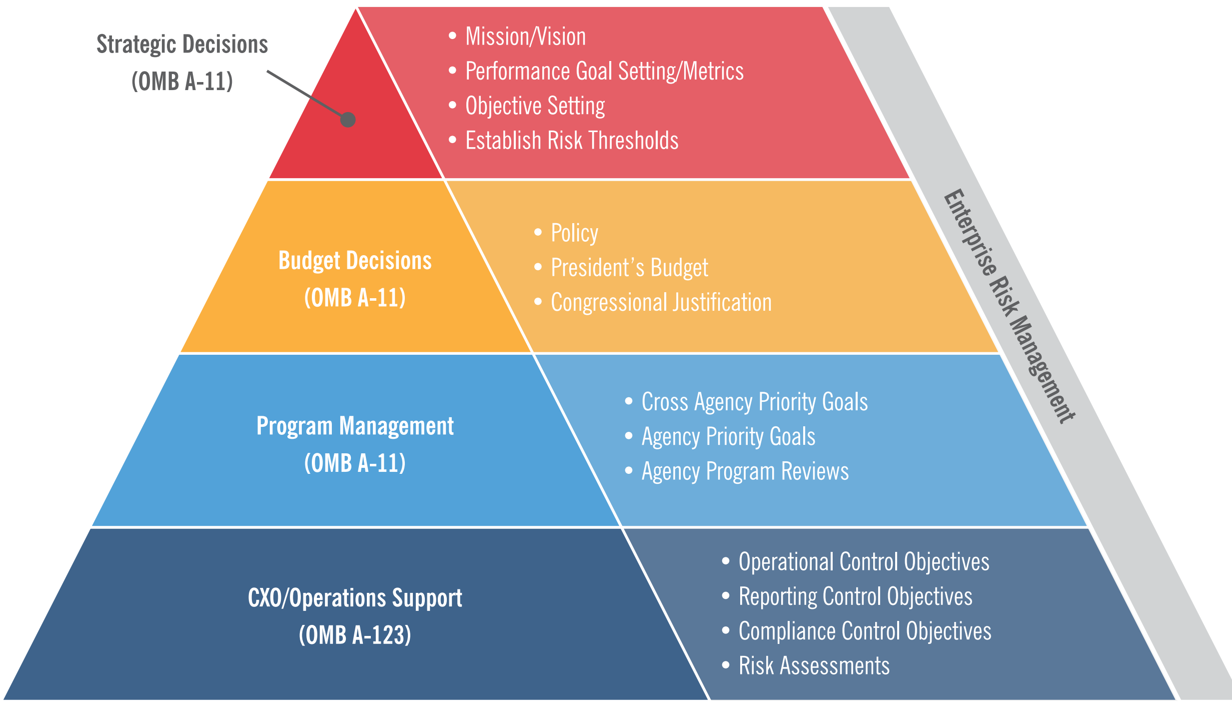
- Chief Financial Officers Act of 1990;
- Government Performance and Results Act of 1993/Government Performance and Results Modernization Act of 2010;
- Clinger-Cohen Act of 1996;
- Digital Accountability and Transparency Act;
- Federal Information Technology Acquisition Reform Act;
- Fraud Reduction and Data Analytics Act of 2015;
- Program Management Improvement Accountability Act;
- Foundations for Evidence-Based Policymaking Act of 2018; and
- OMB Circular A-11: Preparation, Submission, and Execution of the Budget.

OMB Circular A-123 (currently titled "Management's Responsibility for Enterprise Risk Management and Internal Control") has been a central component of accountability in the federal government since 1981. It defines the management responsibilities for internal controls—processes affected by an entity's oversight body, management, and other personnel who provide reasonable assurances that the objectives of an entity will be met—in federal agencies. The circular has been updated numerous times, notably in 2016, when officials incorporated the concept of ERM into OMB Circular A-123 and sought to more appropriately and proactively identify and address risks and challenges within federal programs and operations. This approach redistributed agency responsibility for addressing risk from something managed solely through financial controls to a joint responsibility of all the executive officers (for example, chief information officer, chief human capital officer, chief procurement officer). Furthermore, the 2016 A-123 update directed agencies to implement an ERM capability that is coordinated with the Government Performance and Results Modernization Act's strategic review process, the Federal Managers Financial Integrity Act of 1982, and the GAO internal control requirements.

> *"ERM supports mission delivery by driving an enterprise-wide approach to dealing with external, operational, reputational and other risks that threaten mission accomplishment."*
>
> *—Sallyanne Harper, Task Force Member*

ERM deals with identifying, assessing, and managing risks. If managed effectively, agencies can concentrate their efforts on critical failure points and reduce or eliminate the potential for disruptive events. As discussed in the *ERM Playbook*,[8] assessing and prioritizing risks—through program plans, budgets, performance goals, and controls—is critical to implementing an agency's strategic plan. Thus, ERM provides an "enterprise-wide strategically-aligned portfolio view" of an organization's challenges, along with insights on how to better manage risks to mission delivery.[9]

Figure 2. The ERM policy framework from the *ERM Playbook* integrates risk management into an agency's strategic decision-making process.



OMB Circular A-123 requires agencies to implement ERM to incorporate the internal control framework and to evaluate risk daily. Furthermore, the circular suggests that agencies could create a "risk management council" or "enterprise risk officers," such as the "chief risk officer," to promote ERM within the agency.

As stated in the *ERM Playbook*, "ERM should not be an isolated exercise, but instead, should be integrated into the management of the organization and eventually into its culture." Figure 2 depicts this by showing risks across the enterprise as being considered and prioritized in strategic planning, budget decisions, program management, and chief executive office/operations support.

OMB's own organization—in which management offices (for example, the Office of Federal Financial Management and the Office of Federal Procurement Policy) are separate from *resource* management offices (for example, the general government, national security, and health), which oversee agency budget formulation and execution—sometimes leads to poor coordination in the execution of its oversight responsibilities. Greater coordination among OMB's management offices and with the budget side of OMB could strengthen or optimize OMB's oversight function. In addition, OMB leverages its limited capacity by using C-Suite interagency councils (for example, the Chief Financial Officers Council, Chief Human Capital Officers Council, Chief Information Officers Council) in developing implementation guidance and tools to support internal oversight. Most of these councils are functionally stove-piped, reducing the integration of governance and oversight across functional and programmatic boundaries. This contributes to potential overlap and inefficient redundancies. As a result, agencies are bombarded by a series of siloed, compliance-focused directives that may not be consistent with the agencies' mission-based goals.

TECHNOLOGY: THE ROLE OF TECHNOLOGY AND DATA IN OVERSIGHT

Like their private-sector counterparts, federal agencies are awash in data. Their systems are not keeping up because antiquated policies and diminished capacity hamper government's ability to modernize. OMB has found that agencies lack the accountability of standardized and enterprise-wide processes for managing cybersecurity risks.[10] But the demand for data analytics is ever increasing. Recently enacted legislation, the Fraud Reduction and Data Analytics Act of 2015, required agencies to leverage data to identify, analyze, and prevent fraud, waste, and abuse.

Already, though, the government has seen how technology can improve its oversight capabilities. First, as technology has evolved, independent agencies have far more access to data than they ever have before—data they can collect and analyze in real time. Second, as data have become more quality-oriented, technology and data are able to provide both internal and external oversight bodies with a clearer view and with situational awareness into the government's true operational posture. Thirdly, combining technology and data—deriving the value from data, being able to use data for decision-making—has resulted in the ability to have a "canary in the coal mine" viewpoint of programmatic risk, of operational risk, and of mission effectiveness, thus allowing oversight bodies to identify potential areas for failure much earlier.

Use of technology and data in oversight requires a new mind-set and a conscious effort to manage change in organizations. Information technology (IT) policies that have been on the books since 1990 are no longer relevant with current technology. So, oversight bodies need to change the questions they ask and the data they use. For example, in the IT space today, project management is typically implemented using an agile approach, rather than the traditional waterfall methodology. As such, the framework and metrics used to measure success must change. It is no longer appropriate to focus solely on cost, schedule, and quality. Additional appropriate metrics include user stories, technical debt, velocity of delivery, and customer satisfaction. It is whether the program delivered its original intent that is really what is most important.

By making changes like this, oversight bodies can reduce the burden that they place on agencies to participate in the process and then choose the things to report that are most relevant to what actions agencies can take to improve an outcome in a mission space. If a metric does not help an agency implement, move forward, or deliver mission, then oversight bodies should not be requiring that metric or they risk actually being an obstacle in an agency's path. The oversight role is not just that of a hammer but also an enabler.

In other words, as is directed by the Foundations for Evidence-Based Policymaking Act of 2018, the goal is to use agency data to determine whether a program has achieved its goal. Taken up a level, a long-term oversight goal is to look at the myriad of programs that are delivered to states and localities. If oversight bodies look at those programs holistically, rather than in the traditional stovepiped manner, and if they exchange data among programs and look at the efficacy of the synergy of those programs across a region, then those bodies might be able to enable the community and have a better impact.

CASE STUDY

THE FOUNDATIONS FOR EVIDENCE-BASED POLICYMAKING ACT AS EFFECTIVE GOVERNMENT OVERSIGHT

BY ROBERT SHEA, TASK FORCE MEMBER

Interest in expanding oversight using data and evaluation to assess and improve federal program performance has been growing. The demand for rigorous evaluation began during the George W. Bush administration and expanded during the Obama administration. Congress, too, got into the act. Following collaboration on budget negotiations, then-House Speaker Rep. Paul Ryan and Sen. Patty Murray introduced the Evidence-Based Policymaking Commission Act, which passed in March 2016. The commission was charged with making recommendations related to:

- How data on federal programs could be integrated for program evaluation, continuous improvement, policy-relevant research, and cost-benefit analyses;
- Modifying data infrastructure, database security, and statistical protocols to fulfill objectives; and
- Incorporating outcomes measurement and rigorous impact analysis into program design.

The commission's final report made several substantive recommendations to strengthen governance and the use of evidence in policymaking. Among the recommendations:

- Establish a National Secure Data Service to facilitate access to data for evidence-building;
- Require stringent privacy qualifications for acquiring, combining, and analyzing data at the National Secure Data Service;
- Require comprehensive risk assessments on data intended for public release;
- Establish a "chief evaluation officer" in each department to coordinate evaluation/policy research; and
- Develop learning agendas in federal departments to support the generation and use of evidence to address the range of policymakers' questions.

> *"As we work to create jobs, grow the economy, and tackle all of our deficits fairly and responsibly—it is so important that we understand what is working in federal programs and the tax code, and what needs to be fixed."*
>
> *—Senator Patty Murray*

"Too often Washington rewards effort instead of results, and this commission will help us change the focus."

—Speaker Paul Ryan

Following the release of the Evidence-Based Policymaking Commission report, Murray and Ryan introduced the Foundations for Evidence-Based Policymaking Act, which included several of the recommendations made by the Commission. Enacted in January 2019, the new law requires federal agencies to:

- Designate evaluation officers;
- Produce evidence-building plans that would align research and evaluation efforts to key questions policymakers want answered;
- Name chief data officers;
- Publicly release inventories of their data sets; and
- Ensure the data they are using and sharing is protected from inappropriate disclosure of personally identifiable information.

The Foundations for Evidence-Based Policymaking Act strengthens the framework for the collection and use of evidence drawn from performance evaluations. Continued oversight will be necessary to achieve its promise. But its enactment demonstrates what is possible with sustained, persistent attention to an important issue that requires executive and legislative branch oversight and collaboration.

Effectiveness of Current Oversight Practices

A predominant theme that emerges when reviewing the summaries of oversight legislation and oversight bodies is that much emphasis is placed on compliance and not enough on mission delivery. While compliance with management and regulatory reporting requirements is certainly important to the successful performance of any mission, there comes a point where so much time is spent on compliance that less time is available for mission activities, ultimately leading to impeded performance. The task force reviewed current practices and identified several areas of strengths and weaknesses, which are discussed in the sections below.

OVERSIGHT COMMUNITY CAPACITY

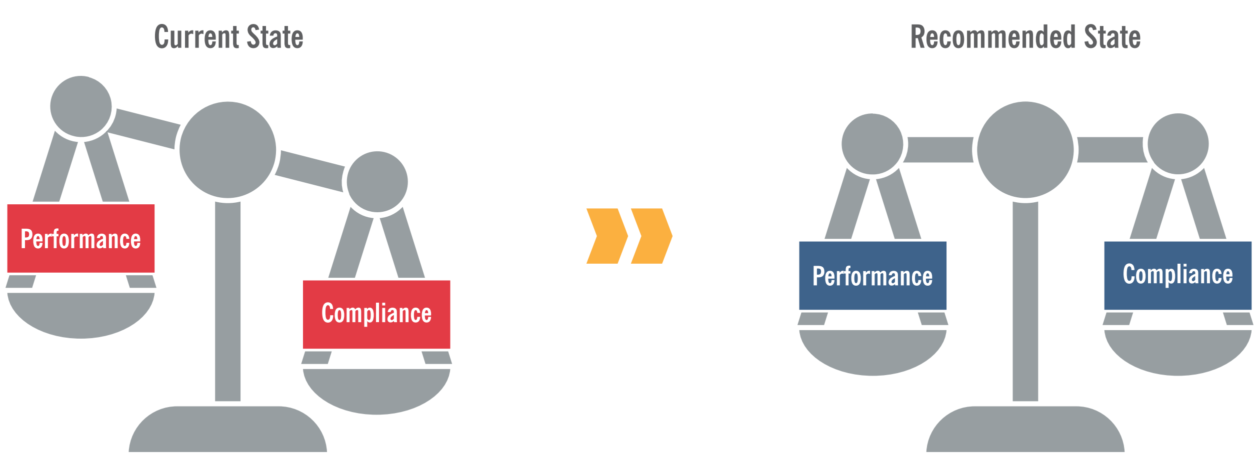
A great strength of current executive branch oversight practices is that the expanse of the external community—which ranges from IGs to the GAO to Congress and more—has substantial capacity. In the past, these entities have largely focused on waste, fraud, and abuse, with some focus dedicated to mission performance. Given this vast capacity, agencies have been able to learn more about the challenges the government faces than ever before. This has led to increased transparency and greater accountability across government. Building on this capacity and success, external oversight bodies have an opportunity to place more emphasis on mission-related values—in addition to waste, fraud, and abuse—in order to achieve greater oversight outcomes.

RECOMMENDATION

External executive branch oversight bodies (for example, IGs and the GAO) should refocus their oversight practices to include more mission-related values and outcomes in addition to the traditional emphasis on fraud, waste, and abuse.

Internal oversight bodies have extremely limited resources compared with organizations for which oversight is a primary mission. Agency program managers bear the brunt of the compliance burden—they are often tasked with responding to multiple reporting requests and performing compliance-related activities while still being responsible for the daily success of their programs. These requests are unfunded, which means program managers are not receiving any extra resources to respond. This cost of compliance results in program managers having to make trade-offs among competing priorities and often having a diminished capacity for mission-related activities and analytical decision-making.

Figure 3. The task force recommends that executive branch oversight bodies reduce the time they spend on compliance activities so that agencies can dedicate more time to mission performance.



As demonstrated in Figure 3, these trade-offs often result in compliance activities taking priority over performance. An example of this negative trade-off can be seen in a case study of the U.S. Department of Veterans Affairs, published by the Harvard Business School.[11] In this case, a patient with a broken foot had driven himself to the hospital. Ten feet from the hospital door, he called the hospital's main line to request assistance getting into the building and was told: No. He had to call the 911 dispatcher and pay for transport. While the hospital representative who had answered the phone did give a policy-compliant response, the hospital was forsaking the performance of its mission to follow those rules.

The task force recognizes the importance of compliance in the checks and balances system but suggests that equal weight should be given to mission performance to ensure that government bodies are fulfilling the needs of the public.

RECOMMENDATION

Internal executive branch oversight bodies (for example, department and independent agency leaders) should reduce the time they spend on compliance-related activities so that agencies can dedicate more time to mission performance.

A possible approach to achieving this balance is conducting a cost/benefit analysis to determine if any given compliance activity has tangible outcomes for the taxpayer or yields improvements in public service as a result of the compliance efforts—outcomes and results that would justify the expense of performing the compliance-related activities. This is not an easy task given the types of data that are currently collected. For example, since employee time spent on compliance activities is not discretely recorded, proxy measures would need to be identified to benchmark the time employees spend on compliance-related activities versus mission-related activities. Alternatively, qualitative data could be captured to better conduct a cost/benefit analysis.

RECOMMENDATION

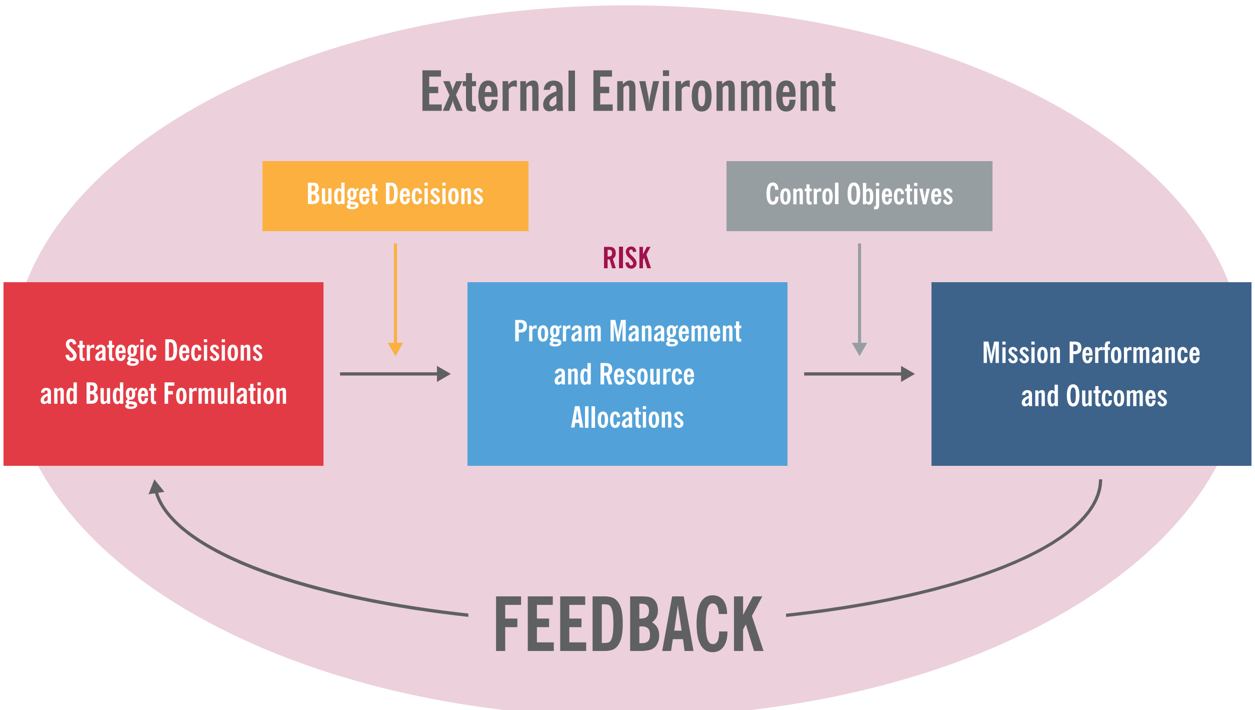
Internal executive branch oversight bodies (for example, department and independent agency leaders) should consider collecting proxy or qualitative data related to time spent on compliance versus performance activities so that cost/benefit analyses may be conducted.

Another way to help build more of a performance focus is to reframe the ERM framework so that performance is not only incorporated but is the result. A potential model, based on social science's open-systems theory, that incorporates the terminology (and color coding) from the ERM framework is presented in Figure 4. Here, mission performance is the end goal, program management and resource allocations are the means of achieving the outcomes, and their direction is determined by strategic decisions and budget formulation. There is also a feedback loop, through which outcomes from one cycle would influence decisions for the next cycle. All of this occurs with keen awareness of the interactions with external factors in the environment, such as risk, budget decisions, and ERM framework control objectives. Budget decisions would influence how a program is managed and how resources are allocated, control objectives would influence the success of performance, and risk is constantly in the background, impacting everything. This would involve aligning mission strategy, risk, controls, organization, and resources with efficient and effective outcomes.

RECOMMENDATION

The OMB should consider building on the existing ERM Framework by incorporating mission performance as the end goal.

Figure 4. The task force recommends building on the existing ERM framework by incorporating mission performance as the end goal with outcomes feeding back to strategic decisions.



CASE STUDY

THE TRUMP ADMINISTRATION'S EARLY EMPHASIS ON PERFORMANCE IMPROVEMENT

BY LINDA SPRINGER, TASK FORCE MEMBER

New presidential administrations need to get a fast start on establishing performance improvement priorities if they hope to realize meaningful achievements. The Trump administration's March 2017 "America First" budget blueprint presented four aspirational objectives for a more effectively performing government. This early message, placed right at the front of the document, sent a clear message that the President's Management Agenda (PMA) would be pragmatically focused on activities that move federal agencies away from low-value, time-consuming compliance requirements. Instead, the emphasis would be on using tools and techniques that not only measure performance, but simultaneously create a rigorous accountability structure for service delivery.

The first of the four objectives—**federal agencies are managing programs and delivering critical services more effectively**—captures the ultimate essence of any management agenda. What is noteworthy is the renewed emphasis on the use of data, an evidence-based approach, and the goal of creating new tools to fulfill this expectation. In return, program managers are put on notice that they will be held accountable for improving performance.

The second objective—**federal agencies are devoting a greater percentage of taxpayer dollars to mission achievement rather than costly, unproductive compliance activities**—will happen when excessive requirements and policies that have become performance-limiting speedbumps are eliminated. As the document notes, this perverse phenomenon spans every dimension of federal government management from IT and human capital to acquisition, financial management, and real property. This is a particular point of emphasis for the OMB and other central management oversight agencies such as the GSA and the OPM.

Objective three—**federal agencies are more effective and efficient in supporting program outcomes**—focuses on the underlying characteristics of high-performing management organizations. Historic deficiencies across the spectrum of federal government management are acknowledged and targeted for remediation. Again, a data-based approach to understanding and adopting leading practices from both the private and public sectors is articulated as central to establishing the improvement necessary to support better program outcomes.

Finally, objective four—**agencies have been held accountable for improving performance**—affirms that agencies will be expected to not only report, but to demonstrate they are making measurable and consistent progress in delivering results. What is particularly noteworthy here is the commitment by the Trump administration, specifically the OMB, to use established mechanisms to ensure progress. While not specifically articulated in this brief summary, the administration wisely and quickly determined it should use the performance assessment infrastructure already in place, rather than lose time by needlessly inventing a replacement.

The future state described by these four elements definitively repudiates a compliance-dominated management environment in favor of a performance-centric culture. This important rebalancing has been noted and encouraged by good-government observers on a bipartisan basis. Ultimately, a commitment to embracing this path at all levels will determine the degree of success in achieving this vision.

TRUST IN THE OVERSIGHT CULTURE

In April 2017, the Pew Research Center conducted a national survey[12] that found the overall level of trust in the federal government by American adults at a consistent and historic low. Some staggering statistics from that study:

- 20 percent of study participants say they trust the government to do what's right always or most of the time;
- 68 percent say they trust the government only some of the time; and
- 11 percent reported that they never trust the government to do what's right.

Similar sentiments were echoed in a recent article published by the Brookings Institution, which stated, "Many give the government poor ratings on running its programs [and] believe the bureaucracy is almost always wasteful and inefficient."[13] This attitude has also permeated the oversight culture, which can be described as lacking trust as a mutuality. An example of how oversight can be construed as a lack of trust in employees is when new policies are put into place as a reaction to one bad incident. Instead of identifying the root cause of the incident and addressing that, the new rules serve to demonstrate that leadership does not trust the rest of the organization not to repeat that same mistake. This is further exacerbated by the fact that procedures are rarely adjusted when problems no longer exist.

RECOMMENDATION

Department and independent agency leaders should consider addressing incidents of improper behavior by identifying the root cause of the incident before establishing new policies.

Lack of trust varies across organizations, as the tone from the top drives culture in all aspects. Thus, active engagement in and support of both performance and compliance activities by senior leadership builds trust, which ultimately leads to better outcomes.

> *"Risk is a constant component to all facets of government programs and decision-making. Agency leaders must embrace this notion and create a workplace culture where open, transparent communication about potential exposure is encouraged and rewarded. Such a constructive, supportive, and open environment will require leaders who urge employees to speak up. Agency leaders must nurture this risk-taking by providing the necessary training and engagement to ensure ERM is integrated into daily decision-making."*
>
> *—Janice Lachance, Task Force Member*

There are several approaches that senior leadership can take to build mutual trust. One way is by implementing performance incentives, instead of simply compliance disincentives. That is, leadership should reward and publicize good behavior regularly so that employees are motivated to continue putting in their hard efforts instead of being demotivated by having leadership concentrate only what they should not be doing, or what they are doing wrong. According to the 2018 Federal Employee Viewpoint Survey,[14] however, only 38 percent of all federal employees—and only 34 percent of non-supervisory federal employees—think that differences in performance are recognized in a meaningful way in their work unit.

RECOMMENDATION

Department and independent agency leaders should set a tone of trust from the top by regularly recognizing and incentivizing exemplary performance characterized by a risk-balanced perspective in achieving operational, compliance, and reporting objectives.

Another method for building mutual trust is by providing foundational training in order to appropriately communicate goals, put systems in place, and address changes in priorities—rather than adding on more procedures, processes, and oversight. Additionally, it would be beneficial to provide training on employees' roles in risk management, performance management, and traceability between their own role and agency goals.

RISK-BASED, DATA-DRIVEN COMPLIANCE POLICIES

Current oversight policies are numerous, complex, potentially duplicative in terms of reporting requirements, and lack enforcement authority. The most recent compilation of general management laws was published by the Congressional Research Service in 2004.[15] Their compendium is composed of 90 separate entries that describe general management laws for the executive branch in seven functional categories: (1) Information and Regulatory Management; (2) Strategic Planning, Performance Measurement, and Program Evaluation; (3) Financial Management, Budget, and Accounting; (4) Organization; (5) Procurement and Real Property Management; (6) Intergovernmental Relations Management; and (7) Human Resources Management and Ethics.

RECOMMENDATION

The Congressional Research Service should consider updating the 2004 management compendium so that agencies have an up-to-date list of the management laws and policies with which they are required to comply.

RECOMMENDATION

In their oversight agendas, Congress should consider using a risk-based approach that better emphasizes performance outcomes.

A potential benefit of this plethora of requirements, when combined with enhancements to technology, is that access to data is greatly improved. With this data, oversight bodies can begin to consider external, emerging, and interrelated risks and start to identify the root causes of these risks. An area for improvement would be to collect equally robust measurements of results, so that risk data and performance data could be conjoined to create comprehensive risk-based, data-driven compliance policies. This would further allow agencies to use their data to take a more risk-based approach to prioritizing the oversight of programs and processes, as is the intent of the revised OMB Circular A-123 (M 18-16). Additionally, a more streamlined, data-driven focus on policies would expand the capacity of agencies to seek concurrence on strategies to address risks, rather than just identifying risks.

RECOMMENDATION

Department and independent agency leaders should collect more robust measures of mission performance and analyze them with risk measures to better identify the root causes of risks.

CASE STUDY

THE AMERICAN RECOVERY AND REINVESTMENT ACT AS AN EXAMPLE OF EFFECTIVE GOVERNMENT OVERSIGHT

BY ED DESEVE, TASK FORCE MEMBER

The Great Recession began in 2008 and ended in 2010. The number of jobs lost was more than 8 million, or more than 6 percent of the workforce. Full recovery of employment to pre-recession levels did not occur until May 2014. To meet this economic crisis, the Obama administration prepared the American Recovery and Reinvestment Act (ARRA), which was introduced to Congress as H.R. 1 on January 26, 2009, and signed into law on February 17, 2009. Funds were appropriated to more than 25 agencies with the specifics contained in more than 250 "line items."[16] The management of these funds required a new kind of structure, one that balanced efficient *performance* in achieving the act's goals with effective *compliance* to ensure that taxpayer dollars were managed and spent efficiently and effectively.

One of the great benefits of ARRA was the clarity of its diverse objectives as taken directly from the statute, with the primary objective being, "To preserve and create jobs and promote economic recovery." The objectives also created one of the program's most significant challenges. How can a new administration put a structure in place to wisely and quickly commit and outlay almost $800 billion?

> *"Well, Uncle Sam, you delivered. People will second-guess your specific decisions; you can always count on that. But just as there is a fog of war, there is a fog of panic—and, overall, your actions were remarkably effective."*
>
> *—Warren Buffett, in a* New York Times *op-ed*

The usual structure of command and control was unworkable. Instead, the administration managed performance through a networked structure, an "agile" approach, that allowed for rapid deployment of funds and quick course corrections when required. Constant communication was critical to the success of ARRA. Furthermore, in implementing the Recovery Act, the tone was set from the top. The president made it clear that rapid implementation of the Recovery Act was among his highest priorities.

The act established the Recovery and Transparency Board (RAT Board) to provide a strong shield against waste, fraud, and abuse. and served as the compliance arm for implementation. Congress structured the act to place an emphasis on performance with compliance supporting the performance objectives. The board comprised inspectors general from all the major agencies that received funds under that act. Its quarterly spending and progress reports were scrutinized by the press and Congress, giving the act an independent verification of integrity.

The Council of Economic Advisers stated in its July 1, 2011, report on the act that as many as 3.6 million jobs were created and as much as 3.2 percent was added to GDP. However, these results would have been overshadowed had there been significant allegations or proof of waste, fraud, and abuse. As reported by *The New Republic*,[17] and substantiated by the GAO:

> "Of the nearly 200,000 prime and sub contracts that the Recovery Act awarded, just 293 led to 'consequential investigations' of fraud. That's 0.2 percent—i.e., two-tenths of a percent. Given the amount of money we're talking here, that's astonishingly clean, even by private sector standards."

The transparent oversight framework used to implement the act had successfully balanced performance and compliance to achieve maximum results with minimal abuse.

COLLABORATION AMONG OVERSIGHT BODIES

The task force identified a final opportunity in its analysis of current oversight practices for better collaboration among internal and external oversight stakeholders. For example, if an agency and the GAO (that is, internal and external oversight entities) constructively engage at the beginning of a new initiative, agencies could gain insights through consultation earlier in the process, rather than the agency waiting for the GAO to come in at the end and tell them what they should have done differently. This constructive collaboration and engagement within and across internal and external oversight entities would not only decrease the need for additional compliance activities but could also potentially improve mission performance. Constructive engagement allows both parties to have a good understanding of context, objectives, risks, and trade-offs. It allows external oversight to bring lessons learned from prior engagements to the table to inform decision-making. It is extremely beneficial to program managers, IGs, and the GAO. To preserve external oversight independence, a balanced approach ensures that an external oversight body is not making management decisions that it will be assessing during an audit.

RECOMMENDATION

Internal oversight bodies should regularly consult with and seek guidance from external oversight bodies.

ERM requires a major culture change, as it represents a dramatic transformation in the way leaders and employees have traditionally managed risk. They have viewed risks in a siloed manner where risks are not discussed or shared openly. Government entities need more internal transparency to share risks, up, down, and across the agency. Frontline employees and program managers must be empowered to raise concerns. Chief executive officers must be open to hearing about risks and to creating a positive environment for communications. But, to achieve its full value, an organization must fully integrate ERM into its daily decisions and actions. This means integrating ERM into the values and beliefs of the organization—no small task. In an ERM environment, risks are viewed corporately, employees are empowered to speak up, and they are heard by their leadership.

RECOMMENDATION

Internal oversight bodies should define and adopt cultures that more transparently report and address risks.

Conclusion

The executive branch oversight ecosystem, to include internal and external oversight bodies, has provided essential oversight of government programs across departments and independent agencies. As noted in BPC's first report in this series, IGs alone have identified billions of dollars in savings and have uncovered profound cases of abuse and fraud that may otherwise have gone unchecked. While the compliance aspect of these investigative activities has surely been beneficial, the fact remains that most of the government is spending too much time complying with reporting requirements and not enough time accomplishing their missions. By shifting the emphasis of oversight to improved performance rather than compliance for compliance's sake, there may be meaningful program improvements that benefit both the federal government and the public. It's not just about one-size-fits-all compliance, but rather the context of the risks that characterize organizations for achieving better performance.

The task force recommends that the emphasis-shift from compliance to performance focus on the four areas in which they identified oversight improvements in the executive branch: (1) oversight community capacity; (2) trust in the oversight culture; (3) risk-based, data-driven compliance policies; and (4) collaboration among oversight bodies. Some of these recommendations require changes by external oversight bodies (for example, Congress), and others require changes by internal oversight bodies (for example, department leadership).

This Task Force on Executive Branch Oversight is optimistic that their recommendations are achievable. Furthermore, they believe their recommendations will result in a performance-based culture with enhanced focus on mission accomplishment and incentivized exemplary performance characterized by a risk-balanced perspective on achieving mission, operational, compliance, and reporting objectives.

Appendix A

TASK FORCE MEETINGS AND SPEAKERS

October 23, 2018

Internal meeting with task force members.

December 11, 2018

Speakers:

Suzanne Folsom: former General Counsel, Chief Compliance Officer; Senior Vice President of Government Affairs, U.S. Steel

Michael Horowitz: Inspector General, Department of Justice; Chair, Council of the Inspectors General on Integrity and Efficiency

Bob McDonald: former Secretary, Veterans Affairs; Chairman, President, and CEO (ret.), Procter & Gamble.

Chris Mihm: Managing Director for Strategic Issues, U.S. Government Accountability Office

Charles Rossotti: former Commissioner, Internal Revenue Service

Dan Tangherlini: former Administrator, General Services Administration

January 30, 2019

Speakers:

Dustin Brown: Deputy Assistant Director for Management, U.S. Office of Management and Budget

Mark Bussow: Performance Team Lead, Office of Performance and Personnel Management, U.S. Office of Management and Budget

February 26, 2019

Speakers:

Beth Angerman: Deputy Principal Deputy Associate Administrator, Office of Governmentwide Policy, General Services Administration

Mary Davie: Director, Program Management Office for Office of Personnel Management HR Solutions Integration, General Services Administration

May 3, 2019

Speakers:

Margie Graves: Deputy Federal CIO, Office of Management and Budget, Executive Office of the President

Matthew Cornelius: Senior Technology and Cybersecurity Advisor, Office of Management and Budget, Executive Office of the President

Doc McConnell: Policy Analyst, Office of Management and Budget, Executive Office of the President

Rebecca Williams: Digital Services Expert, Office of Management and Budget, Executive Office of the President

OTHER INDIVIDUALS INTERVIEWED AND CONSULTED:

Ann M. Ebberts: CEO, Association of Government Accountants

Dwight Ink: former senior federal public administrator (served as senior advisor to seven U.S. presidents)

John Koskinen: former Commissioner, Internal Revenue Service; Deputy Director for Management, Office of Management and Budget

Dave Lebryk: Fiscal Assistant Secretary, U.S. Department of the Treasury

Mark Stephenson: Legislative Director, Committee on Oversight and Government Reform, U.S. House of Representatives

Reginald Wells: Lecturer, School of Public Affairs, American University; former Deputy Commissioner and former Chief Human Capital Officer, Social Security Administration

Appendix B

OVERVIEW OF KEY OVERSIGHT BODIES

Agency Managers

Agency managers have frontline responsibility for monitoring the risks and performances of their programs/projects. Furthermore, and aligned with the ERM policy framework in Figure 2, this is where primary responsibility lies for accomplishing cross-agency priority goals, agency priority goals, and agency program reviews.

Agency Senior Leaders

Agency senior leaders include members of the C-Suite; that is, heads of the independent agencies or departments and their chief officers, to include chief financial officers, chief information officers, chief human capital officers, and the like. These leaders have the ultimate responsibility for the risks and performances of the agencies. In ERM terms, these are the individuals responsible for making the strategic decisions and setting the mission/vision, performance goals/metrics, objectives, and risk thresholds.

Agency Offices of General Counsel

Agency Offices of General Counsel provide sound and timely legal advice and representation to agency managers and leaders to enhance their ability to deliver the agency's mission effectively. They do this by rendering opinions, reviewing proposed policies and other work products and commenting on their legal efficacy, serving as agency representatives in administrative litigations, and supporting the U.S. Department of Justice in its representation of the government on matters concerning the agency's mission.

Agency Risk Management Council

An agency risk management council is recommended in OMB Circular A-123 to provide governance for the risk-management function. The risk management council is responsible for overseeing the establishment of the agency's risk profile and then regularly assessing risk and developing appropriate responses. This council, which is sometimes embedded in existing management structures, includes senior officials who can help identify the risks with the most significant impacts on mission outcomes and should be chaired by the chief operating officer or deputy secretary.

Inspectors General and the Council of Inspectors General on Integrity and Efficiency

Congress enacted the Inspector General Act of 1978 to create independent and objective units within each agency whose duty it is to combat waste, fraud, and abuse in the programs and operations of that agency. As such, IGs are responsible for conducting audits and investigations relating to the programs and operations of their agencies for promoting economy, efficiency, and effectiveness and preventing and detecting fraud and abuse. IGs are located within their agencies but must conduct their audits, investigations, evaluations, and special reviews independently from their agencies.

Complementing agency IGs is the Council of the Inspectors General on Integrity and Efficiency, an independent entity established within the executive branch to address integrity, economy, and effectiveness issues that transcend individual government agencies and aid in the establishment of a professional, well-trained, and highly skilled workforce in the Offices of Inspectors General.

Government Accountability Office

The U.S. GAO is an independent, nonpartisan agency that works for Congress and is often called the "congressional watchdog." The GAO examines agencies that spend taxpayer dollars and provides Congress and federal agencies with impartial, reliable information to help the government decrease spending and increase efficiency. GAO primarily performs its work at the request of congressional committees or subcommittees, or as a result of statutory requirements by public laws or committee reports.

Congress

Congressional oversight—oversight of executive branch agencies, programs, activities, and policy implementation by the U.S. Congress—is an integral part of the checks-and-balances system of the U.S. government. Congress's oversight authority derives from its "implied" powers in the Constitution, public laws, and House and Senate rules, and it is exercised largely through the congressional committee system. The Committee on Oversight and Reform is the main investigative committee in the U.S. House of Representatives. It has the authority to investigate the subjects within the Committee's legislative jurisdiction as well as "any matter" within the jurisdiction of the other standing House Committees. Similarly, the U.S. Senate Committee on Homeland Security and Governmental Affairs serves as the Senate's primary investigative and oversight committee. It has jurisdiction over Department of Homeland Security matters and other homeland security concerns, as well as the functioning of the government itself.

Central Management Agencies[18]

The GSA helps manage and support the basic functioning of federal agencies. It supplies products and communications for U.S. government offices and provides transportation and office space to federal employees. Among other management tasks, the GSA also develops government-wide, cost-minimizing policies.

The U.S. OPM is an independent agency of the U.S. federal government that manages the government's civilian workforce. The agency provides federal human resources policy, oversight, and support, and it tends to health care, insurance, and retirement benefits and services for federal government employees.

The OMB is the largest office within the Executive Office of the President of the United States. The OMB's most prominent function is to produce the president's budget, but the OMB also measures the quality of agency programs, policies, and procedures to see if they comply with the president's policies, and it coordinates interagency policy initiatives.

Executive Management Councils

There are seven executive councils, composed of the chief executive officers within their respective functional areas from all 24 Chief Financial Officers Act agencies:

1. President's Management Council
2. Chief Information Officers Council
3. Chief Financial Officers Council
4. Chief Human Capital Officers Council
5. Chief Acquisition Officers Council
6. Performance Improvement Council
7. Federal Privacy Council

Executive council interagency initiatives spur innovation, elevate and spread best practices, and bridge the gap between policymaking and implementation to improve outcomes by providing strategy, performance data, and hands-on help.

Appendix C

OVERVIEW OF KEY LEGISLATION AND CIRCULARS

OMB Circular A-11

OMB Circular A-11 ("Preparation, Submission, and Execution of the Budget"), which is updated regularly, is a government circular that instructs departments and agencies on how they should prepare and submit annual budget requests to the OMB for approval. Of relevance to the topic of agency oversight and performance is A-11 Part 6, "Strategic Plans, Annual Performance Plans, Performance Reviews, and Annual Program Performance Reports." This section highlights the importance of ensuring that every dollar spent goes toward the realization of goals that will deliver results for the American taxpayer.

Part 6 outlines the administration's performance and program/project management approach, including but not limited to requirements for agency strategic plans, annual performance plans, agency priority goals, cross-agency priority goals, and frequent, data-driven performance reviews against these plans and goals.

Frequent data-driven performance reviews give agency leaders a mechanism for focusing an agency on priorities, diagnosing problems, and finding opportunities. Successful reviews include analyzing disaggregated data, learning from past experience, and deciding next steps to increase performance and productivity. Annual assessments of agency progress on strategic objectives can also improve program outcomes and inform longer-term decision making.

Government Performance and Results Act/Government Performance and Results Modernization Act

When Congress enacted the Government Performance and Results Act (GPRA) in 1993, it was a watershed moment for standards in the federal government. The law required agencies to create multiyear strategic plans and annual performance plans, and to submit annual performance reports to Congress—statutory requirements that were the first of their kind. The GPRA Modernization Act (GPRAMA) of 2010 made significant changes to the original law by developing a more efficient and modern system for government agencies to report their progress. This was accomplished through a governance structure that better connects plans, programs, and performance information to create a more defined performance framework. That new performance framework is more explicitly fact-based to implement programs that are results-oriented. GPRAMA also legislatively created chief operating officers, program improvement officers, a governmentwide performance improvement council, and a governmentwide performance improvement website.

The GPRAMA mandates annual performance updates and creates a forcing mechanism that requires the OMB to take action on agency "unmet" goals. If goals are unmet after the first year, and subsequent performance improvement plans are unmet after the third year, the OMB director must make recommendations to Congress regarding the improvement of, continued funding for, and/or termination of that agency's programs.

Digital Accountability and Transparency Act

The Digital Accountability and Transparency Act (DATA Act), a law designed to provide easy and transparent access to information on federal spending, received unanimous bipartisan support in Congress and was signed into law by President Barack Obama on May 9, 2014. It amends the Federal Funding Accountability and Transparency Act of 2006 and was written to revolutionize the collection, tracking, and use of government spending data, which was previously disaggregated by agency and incompatible across them.

Because of the DATA Act, everyday Americans will have transparency into how the government spends their tax dollars. Furthermore, government departments and agencies will have a holistic view of their spending across informational/organizational siloes and therefore are able to make program-by-program spending comparisons.

Federal spending data that is reliable and searchable will allow government watchdog institutions like Congress, the GAO, and each agency's IG to carry out their oversight duties more effectively. The data-analysis center established by the DATA Act would be able to use the aggregated, searchable data to examine all federal spending, rather than just samples of it. Consequently, it will be able to track spending across multiple stages and to identify possible instances of waste, fraud, and abuse, which could save the government millions, if not billions, of dollars.

Federal Information Technology Acquisition Reform Act

The Federal Information Technology Acquisition Reform Act, passed by Congress in December 2014, was a historic law that represented the first major overhaul of federal IT in nearly 20 years. The bill reduces IT-procurement-related waste. As such, it requires the government to develop a streamlined plan for its IT acquisitions. Furthermore, it calls for an increase in the power of existing chief information officers (CIO) within federal agencies so that they could be more effective while also reducing the number of CIOs in an agency to only one. This CIO is then responsible for the success and failure of all IT projects in that agency. The bill also requires the federal government to make use of private-sector best practices.

Fraud Reduction and Data Analytics Act of 2015

The Fraud Reduction and Data Analytics Act of 2015—formally "An act to improve Federal agency financial and administrative controls and procedures to assess and mitigate fraud risks, and to improve Federal agencies' development and use of data analytics for the purpose of identifying, preventing, and responding to fraud, including improper payments"—is intended to prevent, detect, and respond to fraud. A primary mandate of the legislation is to use the GAO's *A Framework for Managing Fraud Risks in Federal Programs*[19] as the implementation guide for activities related to fraud risk management. Other key requirements include mandates to: "(1) conduct an evaluation of fraud risks; (2) use a risk-based approach to design and implement finance and administrative control activities to mitigate identified fraud risks; (3) collect and analyze data from reporting mechanisms on detected fraud to monitor fraud trends and use that data and information to continuously improve fraud prevention controls; and (4) use the results of monitoring, evaluation, audits, and investigations to improve fraud prevention, detection, and response."[20]

Foundations for Evidence-Based Policymaking Act of 2018

The bipartisan Foundations for Evidence-Based Policymaking Act of 2018 builds off the work of the U.S. Commission on Evidence-Based Policymaking to strengthen data-privacy protections, improve secure access to data, and enhance the federal government's capacity for producing and using evidence. The act strengthens privacy protections by maintaining strong confidentiality protections for sensitive data, instituting processes to assess data risks, enhancing public trust in data, and establishing consistent leadership on key data issues. It improves secure data access by encouraging agencies to make data public and open when possible, requiring development of data inventories, making administrative records available for evidence building, creating a common portal for researcher applications to access restricted data, and facilitating continuous feedback about data coordination. Finally, the Foundations for Evidence-Based Policymaking Act enhances government's evidence capacity by directing agencies to develop evidence plans, prioritizing evaluation activities in agencies, and developing baseline information about the resources available for evidence building.

Clinger-Cohen Act

Set forth by William Clinger and William Cohen, the Clinger-Cohen Act of 1996 encompasses the Federal Acquisition Reform Act and the Information Technology Management Reform Act, which were both passed as part of the National Defense Authorization Act for Fiscal Year 1996. The act was passed to improve the way the federal government kept up with advances in IT and how to process electronic records. Prior to the Clinger-Cohen Act, it would take the government years to purchase or update their IT software and devices. The Clinger-Cohen Act allows agencies to expedite the process.

Agency heads are responsible for making investments based on criteria in the Clinger-Cohen Act and to incorporate IT investment processes with the procedures for making budget, financial, and program management decisions.

To take full advantage of the improved government performance achievable through the use of internet-based technology requires strong leadership, better organization, improved interagency collaboration, and more focused oversight of agency compliance with statutes related to information resource management.

Chief Financial Officers Act

The Chief Financial Officers Act of 1990 (CFO Act), signed into law by President George H.W. Bush, was designed to improve financial accountability in the government and to create a structure for overall coordination of financial management. This made the organization for financial management central, mapped out long-term planning for new developments, and created new plans for the release of financial statements. Furthermore, the CFO Act introduced organizational conformity in accounting principles and standards that made it easier for oversight teams to only have to understand one set of procedures.

The CFO Act further defined the role of the CFO to include "responsibility for budget formulation and execution, planning and performance, risk management and internal controls, financial systems, and accounting." It also established the CFO Council, which contains the OMB's deputy director of management, the controller, the agency CFOs, and the fiscal assistant secretary of treasury.

Program Management Improvement Accountability Act

The Program Management Improvement Accountability Act (PMIAA) was signed into law on December 14, 2016, and became part of OMB Circular A-11 Part 6 in June 2018. PMIAA complements the President's Management Agenda and other broad goals to ensure taxpayer dollars are being used cost-effectively by improving program and project management practices within the federal government. Specifically, it (1) creates a formal job series and career path for program managers in the federal government; (2) develops a standards-based program management policy across the federal government; and (3) recognizes the essential role of executive sponsorship and engagement by designating a senior executive in federal agencies to be responsible for program management policy and strategy.

PMIAA establishes a new role, the Program Management Improvement Officer, who is responsible for implementing program management policies established by their respective agencies and developing strategies to enhance the role of program management and managers within their departments. Additionally, PMIAA requires agencies and the OMB to examine high-risk areas as identified by the GAO.

Appendix D

LINKS TO KEY LEGISLATION AND POLICIES

Chief Financial Officers Act of 1990:
https://www.congress.gov/bill/101st-congress/house-bill/5687/text

Digital Accountability and Transparency Act of 2014:
https://www.congress.gov/113/plaws/publ101/PLAW-113publ101.pdf

Federal Acquisition Reform Act of 1995:
https://www.congress.gov/bill/104th-congress/house-bill/1670

Federal Information Technology Acquisition Reform Act:
https://www.congress.gov/113/bills/hr1232/BILLS-113hr1232rs.pdf

Foundations for Evidence-Based Policymaking Act of 2018:
https://www.congress.gov/115/bills/hr4174/BILLS-115hr4174enr.pdf

Fraud Reduction and Data Analytics Act of 2015:
https://www.congress.gov/114/plaws/publ186/PLAW-114publ186.pdf

Government Performance Results Act of 1993:
https://www.congress.gov/bill/103rd-congress/senate-bill/20/text

GPRA Modernization Act of 2010:
https://www.congress.gov/111/plaws/publ352/PLAW-111publ352.pdf

Information Technology Management Reform Act of 1995:
https://www.congress.gov/bill/104th-congress/senate-bill/946/text

Inspector General Act of 1978:
https://www.govinfo.gov/content/pkg/STATUTE-92/pdf/STATUTE-92-Pg1101.pdf

Office of Management and Budget, Circular A-11: *Preparation, Submission, and Execution of the Budget* (June 2018):
https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf

Office of Management and Budget, Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 2016):
https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2016/m-16-17.pdf

Program Management Improvement Accountability Act:
https://www.congress.gov/114/plaws/publ264/PLAW-114publ264.pdf

Endnotes

1 Pew Research Center, "Government Gets Lower Ratings for Handling Health Care, Environment, Disaster Response," December 2017. Available at: https://www.people-press.org/2017/12/14/government-gets-lower-ratings-for-handling-health-care-environment-disaster-response/.

2 Office of Management and Budget, *President's Management Agenda*, 2018. Available at: https://www.whitehouse.gov/wp-content/uploads/2018/03/Presidents-Management-Agenda.pdf.

3 While IGs are a part of the executive branch department and independent agency structures, they are an independent entity that reports to but is not under the supervision of the department head. They have a dual-reporting relationship to Congress. As such, for purposes of this report, IGs will be considered external oversight bodies.

4 Margaret M. Weichert, Memorandum: *Nominations for FY 2019 Presidential Rank Awards*, March 1, 2019. Available at: https://chcoc.gov/content/nominations-fy-2019-presidential-rank-awards.

5 National Academy of Public Administration, "The Elliot L. Richardson Prize." Available at: https://www.napawash.org/about-us/award-programs/the-elliot-l.-richardson-prize/.

6 Bipartisan Policy Center, *Oversight Matters: What's Next for Inspectors General*, July 2018. Available at: https://bipartisanpolicy.org/library/oversight-matters-whats-next-for-inspectors-general/.

7 As noted previously, while IGs are a part of executive branch department and independent agency structures, for purposes of this report, they will be considered external oversight bodies.

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Notes

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