



## **FY2004 Performance and Accountability Report**

**November 15, 2004**

**U.S. OFFICE OF SPECIAL COUNSEL**

1730 M Street, N.W., Suite 300  
Washington, D.C. 20036-4505

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# TABLE OF CONTENTS

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	<u>Page</u>
<b>Part 1: Message from the Special Counsel</b>	<b>4</b>
<b>Part 2: Management Discussion and Analysis</b>	<b>5</b>
I. Agency at a Glance .....	5
II. Statutory Background .....	5
III. The Mission of the U.S. Office of Special Counsel .....	6
IV. Organizational Structure of OSC .....	7
V. Performance Goals and Results .....	9
VI. OSC's Systems, Controls, and Legal Compliance .....	11
VII. Future Effects of Known Demands, Risks, Uncertainties, Events, Conditions, and Trends ....	12
VIII. Comments on Final FY 2004 Financial Statements .....	13
<b>Part 3: Performance Results</b>	<b>15</b>
Goal 1: Prohibited Personnel Practices .....	17
Goal 2: Hatch Act .....	30
Goal 3: Whistleblower Disclosures .....	36
Goal 4: Outreach .....	41
Goal 5: Human Resources .....	46
Goal 6: Information Technology .....	56

**Page**

<b>Part 4: Financial Section</b>	<b>60</b>
Independent Auditor’s Report .....	61
Independent Auditor’s Report on Compliance with Laws and Regulations .....	63
Independent Auditor’s Report on Internal Control .....	65
Financial Statements .....	67
Supplemental Information .....	79



## A Message from the Special Counsel



It is my pleasure to present the Office of Special Counsel's Performance and Accountability Report for Fiscal Year 2004.

This agency has a proud history of serving the federal workforce and the public through its tenacious defense of the merit system principles that continue to safeguard the integrity of the executive branch agencies of the United States.

Fiscal Year 2004 marked the first year the Office of Special Counsel was required to have a financial audit. I am happy to report the agency's strong results, which include no reportable conditions and no material weaknesses.

To all of those who rely on our counsel, our service, and our protection, be assured that we will continue striving for excellence. Thank you for your continued trust and confidence.

Sincerely,

A handwritten signature in black ink, which appears to read "Scott J. Bloch".

Scott J. Bloch  
Special Counsel

### I. Agency at a Glance

The U.S. Office of Special Counsel (OSC) is an independent federal investigative and prosecutorial agency. Its primary mission is to safeguard the merit system in federal employment, by protecting employees and applicants from prohibited personnel practices (PPPs), especially reprisal for whistleblowing. In addition, the agency operates a secure channel for federal whistleblower disclosures of violations of law, rule or regulation; gross mismanagement; gross waste of funds; abuse of authority; and substantial and specific danger to public health and safety. OSC also has jurisdiction under the Hatch Act to enforce restrictions on political activity by government employees. Finally, OSC enforces federal employment rights secured by the Uniformed Services Employment and Reemployment Rights Act (USERRA).

OSC currently has approximately 105 FTE and eight career staff vacancies.

### II. Statutory Background

OSC was first established on January 1, 1979. From then until 1989, it operated as an autonomous investigative and prosecutorial arm of the Merit Systems Protection Board (“the Board”). By law, OSC received and investigated complaints from current and former federal employees, and applicants for federal employment, alleging prohibited personnel practices by federal agencies; provided advice on restrictions imposed by the Hatch Act on political activity by covered federal, state, and local government employees; and received disclosures from federal whistleblowers (current and former employees, and applicants for employment) about wrongdoing in government agencies. The office also enforced restrictions against prohibited personnel practices and political activity by filing, where appropriate, petitions for corrective and/ or disciplinary action with the Board.

In 1989, Congress enacted the Whistleblower Protection Act. The law made OSC an independent agency within the Executive Branch, with continued responsibility for the functions described above. It also enhanced protections against reprisal for employees who disclose wrongdoing in the federal government, and strengthened OSC’s ability to enforce those protections.

The Congress passed legislation in 1993 that significantly amended Hatch Act provisions applicable to federal and District of Columbia (D.C.) government employees, and enforced by OSC. Provisions of the act enforced by OSC with respect to certain state and local government employees were unaffected by the 1993 amendments.

In 1994, the Uniformed Services Employment and Reemployment Rights Act became law. It defined employment-related rights of persons in connection with military service, prohibited discrimination against them because of that service, and gave OSC new authority to pursue remedies for violations by federal agencies.

OSC's 1994 reauthorization act expanded protections for federal employees, and defined new responsibilities for OSC and other federal agencies. It provided that within 240 days after receiving a prohibited personnel practice complaint, OSC should determine whether there are reasonable grounds to believe that such a violation occurred, exists, or is to be taken. The act extended the protections of certain legal provisions enforced by OSC to approximately 60,000 employees of what was then known as the Veterans Administration (now the Department of Veterans Affairs), and to employees of certain government corporations. It also broadened the scope of personnel actions covered under these provisions. Finally, the act made federal agencies responsible for informing their employees of available rights and remedies under the Whistleblower Protection Act, and directed agencies to consult with OSC in that process.

In November of 2001, Congress enacted the Aviation and Transportation Security Act, which created the Transportation Security Administration (TSA). Under the act, non-security screener employees of TSA could file allegations of reprisal for whistleblowing with OSC and the MSPB. The approximately 45,000 security screeners in TSA, however, could not pursue such complaints at OSC or the MSPB.

OSC efforts led to the signing of a memorandum of understanding (MOU) with TSA in May of 2002, under which OSC would review whistleblower retaliation complaints from security screeners, and recommend corrective or disciplinary action to TSA when warranted. The MOU did not (and could not), however, provide for OSC enforcement action before the MSPB, or for individual right of action (IRA) appeals by security screeners to the MSPB.

The Homeland Security Act of 2002 transferred employees of TSA, among other agencies, to the Department of Homeland Security on March 1, 2003. OSC's position has been that under the Homeland Security Act, all TSA employees, including security screeners, are covered by the full range of WPA protections with respect to personnel actions taken on or after March 1, 2003. These protections include the rights to file complaints with OSC (which OSC can then enforce before the MSPB), and to file IRA appeals alleging whistleblower reprisal with the MSPB.

### **III. The Mission of the U.S. Office of Special Counsel**

OSC's mission is to protect current and former federal employees, and applicants for federal employment, especially whistleblowers, from prohibited employment practices; promote and enforce compliance by government employees with legal restrictions on political activity, and facilitate disclosures by federal whistleblowers about government wrongdoing. OSC carries out this mission by:

- investigating complaints of prohibited personnel practices, especially reprisal for whistleblowing, and pursuing remedies for violations;
- providing advisory opinions on, and enforcing Hatch Act restrictions on political activity;

- operating an independent and secure channel for disclosures of wrongdoing in federal agencies;
- protecting reemployment and antidiscrimination rights of veterans under the USERRA; and
- promoting greater understanding of the rights and responsibilities of federal employees under the laws enforced by OSC.

## IV. Organizational Structure of OSC

OSC maintains its headquarters office in Washington, D.C. Two field offices are located in Dallas, Texas, and Oakland, California (known as the San Francisco Bay Area Field Office).

Agency components during FY 2004 consisted of the Immediate Office of the Special Counsel; five operating divisions; and two administrative support branches: the Human and Administrative Resources Management Branch, and the Information Systems Branch. Functions and responsibilities of these units are as follows:

**Immediate Office of the Special Counsel.** The Special Counsel and staff in this office are responsible for policymaking and overall management of OSC. They also manage the agency's congressional liaison and public affairs activities, and its outreach program, which includes promotion of compliance by other federal agencies with the employee information requirement at 5 U.S.C. § 2302(c).

**Complaints and Disclosure Analysis Division.** This division includes the two principal intake offices for new matters received by OSC – the Complaints Examining Unit and the Disclosure Unit.

*Complaints Examining Unit.* This is the intake point for all complaints alleging prohibited personnel practices and other violations of civil service law, rule, or regulation within OSC's jurisdiction. Attorneys and personnel management specialists conduct an initial review of complaints to determine if they are within OSC's jurisdiction, and if so, whether further investigation is warranted. The unit refers all matters stating a potentially valid claim to the Investigation and Prosecution Divisions for further investigation.

*Disclosure Unit.* This unit is responsible for receiving and reviewing disclosures received from federal whistleblowers. It advises the Special Counsel on the appropriate disposition of the information disclosed (including possible referral to the head of the agency involved for an investigation and report to OSC; referral to an agency Inspector General; or closure). The unit also reviews agency reports of investigation, to determine whether they appear to be reasonable and in compliance with statutory requirements before the Special Counsel sends them to the President

and appropriate congressional oversight committees.

**Investigation and Prosecution Divisions.** These consist of three parallel units, staffed primarily by investigators and attorneys. Division I includes the Hatch Act Unit and the San Francisco Bay Area Field Office; Division II includes the Dallas Field Office; and Division III includes the Alternative Dispute Resolution Unit.

Each division conducts field investigations of matters referred after preliminary inquiry by the Complaints Examining Unit. Division attorneys conduct a legal analysis after investigations are completed, to determine whether the evidence is sufficient to establish that a prohibited personnel practice (or other violation within OSC's jurisdiction) has occurred. Investigators work with attorneys in evaluating whether a matter warrants corrective action, disciplinary action, or both.

If meritorious cases cannot be resolved through negotiation with the agency involved, division attorneys represent the Special Counsel in any litigation before the Merit Systems Protection Board. They also represent the Special Counsel when OSC intervenes, or otherwise participates, in other proceedings before the Board. Finally, division investigators and attorneys also investigate alleged violations of the Hatch Act and the Uniformed Services Employment and Reemployment Rights Act.

*Alternative Dispute Resolution Unit.* In selected cases referred by the Complaints Examining Unit for further investigation, the Alternative Dispute Resolution Unit contacts the complainant and the agency involved, and invites them to participate in OSC's voluntary Mediation Program. If mediation resolves the complaint, the parties execute a written and binding settlement agreement; if not, the complaint is referred for further investigation.

*Hatch Act Unit.* The unit issues advisory opinions to individuals seeking information about Hatch Act restrictions on political activity by federal, and certain state and local, government employees. The unit is also responsible for enforcing the act. It reviews complaints alleging a Hatch Act violation and, when warranted, investigates and prosecutes the matter (or refers the matter to an Investigation and Prosecution Division for further action).

**Legal Counsel and Policy Division.** This unit provides general counsel and policy services to OSC, including legal advice and support on a wide range of issues; legal representation of OSC in litigation filed against the agency; policy planning and development; and management of the agency ethics, Freedom of Information/Privacy Act, and annual survey programs.

**Human and Administrative Resources Management Branch.** This unit provides administrative and management support services to OSC, in furtherance of program, human capital, and budget decisions. Management services and administrative support are provided in connection with OSC human resource, financial management (including



payroll), space acquisition, and facilities management.

**Information Systems Branch.** This unit is responsible for overall management and administration of OSC's information technology resources, in support of agency program and administrative operations. The branch chief serves as the agency's Chief Information Officer.

## V. Performance Goals and Results

In January 2004, the Honorable Scott J. Bloch began his five-year term as the new Special Counsel. One of his top priorities is an agency-wide focus on backlog reduction, swifter resolution of cases, and raising the visibility and enforcement of employee rights. The Special Counsel immediately formed a Special Projects Unit (SPU) to begin to investigate the reasons for the backlog of cases and to find solutions to the problem. The SPU began working on PPPs and Hatch Act cases in April 2004. At the conclusion of the SPU's work on PPPs, several procedures for the CEU were implemented that will help prevent backlogs in the future. Through the implementation of new procedures and filling vacant positions, it is anticipated that the backlogs in these units will be largely eliminated by the year's end.

Since January, each of the units has made significant progress in reducing the backlog of cases while giving full and fair resolution to claims. Efforts will be made to prevent recurrence of backlogs. However, to ensure each claim receives a full and fair resolution, the Special Counsel has insisted that the agency's referrals to the investigation and prosecution divisions (IPD) remain at a high level and are even increased. During the SPU work on PPPs and Hatch Act cases, the referral rate increased 100% over historic levels. With the increased overall number of cases being worked, this has put a high burden on the IPDs, and will account for much of the IPD work in the coming fiscal year. OSC stands in a good position entering FY 2005 – with virtually no case backlogs but with a critical need to fill vacancies. With appropriate funding the Agency will be able to meet the challenge of ever increasing case numbers and prevent future backlogs.

The efficiency of the agency's handling of cases, particularly PPPs, is paramount to mission and goals. Along with the implementation of the SPU in 2004, the Special Counsel hired an independent organization to thoroughly assess the workforce, strategic alignment, efficiency, training needs, and strategic human capital management. A number of strategic decisions regarding personnel, agency alignment and policies may be implemented based in large measure on the analysis and recommendations contained in this assessment.

The Special Counsel also set up an Employee Advisory Committee comprised of eight staff members, elected by their colleagues, who meet monthly to provide recommendations and feed-back to the Special Counsel and the agency.

Also during this period, the Special Counsel has focused on raising the profile of the

Uniform Services Employment and Re-employment Rights Act (USERRA), so that returning reservists and veterans are aware of their rights and of the existence of OSC. Under this law, OSC enforces the rights of service members that have been discriminated against in the federal workforce. The Special Counsel is working with the House Veterans Affairs Committee on proposed legislation, and is drafting a revised Memorandum of Understanding with the Department of Labor, for the purpose of better enforcement of this important law. The Special Counsel has filed the first USERRA prosecution by OSC against a federal agency, with the Merit Systems Protection Board.

**OSC's results in FY 2004 include:**

1. The creation of a new Special Projects Unit (SPU), which has made significant progress in backlog reduction efforts and putting in place procedures that will prevent future backlogs.
2. OSC's Outreach Program efforts have been successful in educating Federal agency managers and employees as to their responsibilities and rights and assisted Federal agencies in fulfilling their statutory obligation to consult with OSC in informing federal employees of their rights under the laws that OSC enforces. OSC formally launched its government-wide 2302(c) Certification Program in October 2002. Since that time, 47 agencies (including Cabinet-level agencies such as the Departments of Labor, Energy, State, Transportation, Education, Health and Human Services and Veterans Affairs) have registered for the program.
3. OSC continued to investigate complaints of whistleblower reprisal by TSA screeners at the new Transportation Security Administration (TSA) under a Memorandum of Understanding with TSA.
4. OSC's Alternative Dispute Resolution (ADR) Specialist continues to achieve a very high (almost 80%) resolution rate for the cases in OSC's ADR Program, including several high profile whistleblower reprisal cases.
5. An increased visibility and enforcement of USERRA. An MOU with Department of Labor is being revised and we are also working with House of Representatives on proposed pilot project for increased OSC investigation and involvement.
6. OSC continues to handle high-profile cases which received media attention, most of which resulted in corrective action.

However, following on these successes, OSC faces continued challenges. The most important of these is to address in a timely manner the record number of matters brought to OSC. This includes continued increasing numbers of: (1) PPP complaints; (2) whistleblower disclosures; (3) Hatch Act complaints; (4) requests for advisory opinions on the Hatch Act; (5) USERRA prosecutions; and (6) agency requests for 2302(c) certification.

## VI. OSC's Systems, Controls, and Legal Compliance

Management control activities carried out by OSC include periodic reviews of agency administrative and program elements to assure that obligations and costs comply with applicable laws; funds, property and other assets are safeguarded; revenues and expenditures are properly recorded and accounted for; and programs are efficiently and effectively carried out in accordance with law and management policy. During FY 2004, reviews were completed on the following agency administrative operations and/or issues:

1. Information Security Program. OSC's Chief Information Officer conducts an annual security review. The results of this review were summarized in the agency's Federal Information Security Management Act Report, submitted to OMB in early October, 2004. The review found no material weaknesses in the agency's information technology policies, procedures, or practices. Further, there were no security incidents affecting critical agency information systems.
2. Caseload management, data tracking system, and privacy protection. The Government Accountability Office (GAO) initiated a review of these case-related operations in May of 2002, and published its report in March of 2004. GAO recommended that the Special Counsel provide Congress with a detailed strategy designed to allow more consistent processing of cases within statutory time limits, and a reduction in the backlog of cases for which these limits have already passed. Both before and after issuance of the report, OSC attacked case backlog problems on tactical and strategic levels in FY 2004.

Tactically, OSC did two things. First, a Special Projects Unit was formed to focus solely on reducing the various backlogs in the agency. This unit was (and continues to be) very successful in reducing backlogs of prohibited personnel practice cases and Disclosure Unit cases. Second, legal and investigatory resources from all parts of the agency were detailed to focus on the backlogs. The result of these intense efforts has been the near elimination of case processing backlogs.

Strategically, OSC began work on two initiatives. First, a restructuring of the agency, on a procedural as well as structural level, is in process. The agency will be streamlined and oriented towards a more effective case-processing structure. Second, a legal review of how the agency interprets the various statutes under which it operates is also underway.

3. Overall Agency Assessment (Procedural, Structural, and Legal). As an aid in addressing the strategic initiatives described in number 2 above, OSC contracted with a management consulting firm to perform an agency-wide assessment. This assessment was delivered to OSC in September 2004. It addressed the procedural, structural, and

legal issues at the heart of the agency, and made recommendations for change in each area. These recommendations are being incorporated into the restructuring of the agency and the redesign of its processes and procedures.

4. Financial Management. OSC for the first time is undergoing a financial audit. This audit addresses accounting and procurement procedures and operations, almost all of which are accomplished by the Bureau of Public Debt (BPD) in the Department of the Treasury under an interagency outsourcing agreement.

OSC financial management activities in FY 2004, including purchasing, payments, accounting, budget and travel services, were administered by BPD. OSC personnel and payroll data entry transactions were processed by the Department of Agriculture's (USDA's) National Finance Center (NFC). These operations were administered under cross-servicing agreements with the Departments of the Treasury and Agriculture. For information on any significant management control issues related to services provided under these agreements, OSC relies on information received from BPD and NFC, and any audits or other reviews issued by the Treasury and USDA OIGs and Offices of the Chief Financial Officer (OCFO), and by GAO.

## **VII. Future Effects of Known Demands, Risks, Uncertainties, Events, Conditions, and Trends**

There are several trends contributing to the increasing caseload of OSC:

1. Following the events of September 11, 2001, OSC has received a sharply increased number of whistleblower disclosures related to national security, public safety, and national defense;
2. The President's Management Agenda and Congressional focus on performance, results and efficiency have encouraged federal workers to report disclosures of waste and fraud;
3. An increased number of high profile cases brought to OSC, such as those cases concerning faulty welding on U.S. aircraft carriers which led to OSC's fourth Public Servant Award;
4. In light of the record deployment and mobilization of reserve forces to fight the Global War on Terrorism, OSC recognizes that in the next year, and perhaps beyond, the agency will likely see more USERRA cases than in any of the previous years, as demobilizations continue;
5. OSC's government-wide education through the 2302(c) certification program has increased awareness of this office and its function among federal employees and applicants;

6. Increased public interest in elections since the 2000 Presidential election;
7. High interest in Hatch Act prosecutions; and
8. Significant improvement of OSC's web site has increased awareness of the office and its functions among federal employees and applicants.

The effect of these trends is that caseloads will continue increasing. OSC must therefore continue selecting personnel with relevant skills who can contribute quickly when they come into the agency.

The Special Counsel is placing high priority on the USERRA cases. Thus, USERRA complaints will continue to be handled by OSC's Special Project Unit (SPU) and to be assigned jointly for investigation and prosecution to the USERRA Coordinator and one other experienced attorney.

There are several litigation related financial risks, as depicted in the agency general counsel audit letter. There are currently nine cases in various stages of filing against OSC. OSC is contesting each vigorously. The agency general counsel has concluded that the chance of an unfavorable outcome is remote in each case.

## **VIII. Comments on Final FY 2004 Financial Statements**

- A new development is that OSC has implemented an Asset Capitalization Policy for assets with initial purchase price over \$50,000. The agency's phone system falls under this policy, and has been capitalized in the amount of \$108,650. Net book value is \$89,527.
- An ongoing trend is that salaries, benefits, rent and utility payments tend to take precedence over major productivity-enhancing Information Technology projects. Salaries, benefits, rent and utility payments are over 85% of the agency's expenditures. So any increases such as pay raises or rent increases have an impact on the agency's ability to fund the IT projects. OSC continues to find ways to implement IT enhancements at low costs. However, in the near future, investments in certain systems must be made, for projects such as the agency's planned Document Management System.
- OSC, like all other federal government agencies, has been asked to implement a comprehensive Continuity of Operations Plan (COOP) to safeguard vital records and databases, establish an alternate operating site, and validate capability through tests, training, and exercises. OSC's COOP plan will be very limited in scope, since it was unfunded in FY 2004 and is unfunded in FY 2005.

- **Limitations of the Financial Statements:** The principal financial statements have been prepared to report the financial position and results of operations of OSC, pursuant to the requirements of 31 U.S.C. 3515 (b).

The statements have been prepared from the books and records of the Review Commission in accordance with generally accepted accounting principles (GAAP) for Federal entities and formats prescribed by the Office of Management and Budget (OMB). The statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. These statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

### **Part 3: Performance Results**

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**Goal 1: Prohibited Personnel Practices**

**Goal 2: Hatch Act**

**Goal 3: Whistleblower Disclosures**

**Goal 4: Outreach**

**Goal 5: Human Resources**

**Goal 6: Information Technology**

**Note about Performance Section:**

In June 2003, President George W. Bush nominated Scott J. Bloch for the position of Special Counsel, U.S. Office of Special Counsel. The U.S. Senate confirmed him on December 9, 2003 and he was sworn in for a five-year term on January 5, 2004.

Upon taking office, Special Counsel Bloch announced the priority for the agency to resolve and reduce the chronic number of older cases in a backlog. Mr. Bloch set up a new Special Projects Unit (SPU) to address the backlog of cases and the entire agency was involved in the reduction effort. In addition, new procedures were set up for quality review and streamlining of efforts, new staff hired, and staff are working on permanent solutions to give timely and fair resolution to all claims.

Because of the full attention given to the successful backlog reduction efforts in much of FY 2004, OSC may not have fulfilled many of the performance goals in this report, set by the previous Special Counsel, or they are pending review by the new Special Counsel and senior staff, or are no longer applicable.



## **Goal 1: Prohibited Personnel Practices**

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>1. <u>Quality standards review.</u>                      Conduct quality review of sampling of closed FY 04 PPP, HA and DU complaint files, under established standards, no later than 7/30/04. Direct improvements based on reviews.</p>	<p>Measure results and compare to baselines established by quality reviews of FY 02, FY 03 and FY 04 cases.                      Incorporate compliance with directed improvements into employees' performance plans no later than 9/30/04.                       Set targets for improvement in areas where deficiencies occur.                       Determine whether results of annual review of closed case files by OSC staff justifies the expenditure of resources used in conducting the review.                       If case-sampling method is considered accurate measure of quality, and appropriate allocation of resources, revise quality measurement review standards as appropriate.</p>	<p>New Special Counsel began quality review with the Complaints Examining Unit (CEU) which is complete.                      CEU is the screening "intake" unit for prohibited personnel practices complaints (PPPs).                      CEU implemented new procedure for case referrals to IPDs and a new procedure to streamline the referral memo.                      Devised new OSC Complaint Form 11.                      Devised new CEU investigative standard so more cases will be referred for further investigation.</p> <ul style="list-style-type: none"> <li>• New CEU discovery process for complaint filing.</li> </ul>	<p>First quality standards review conducted on random sample of case files. Results sent to senior management for review. Further action awaiting review of review program and process by new Special Counsel.</p>	<p>Standards incorporated in new or revised policy and procedural issuances (e.g., directives and manuals).                       Employees required to adhere to standards in policy and procedural issuances.                       Standards distilled in program review guide.                       Quality review process developed.</p>	<p><i>[Goal 1 not in FY 2001 plan, but pertinent results shown below.]</i>                      Quality standards developed for use in post-closure quality reviews.</p>

U.S. Office of Special Counsel ( Goal 1 )

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<p>2. <u>Improve quality and productivity through increased teamwork.</u> Continue to identify changes to enhance investigator/attorney consultation, sharing of best practices, productivity, and overall quality of investigations and legal analyses. Consider options, including but not limited to, workforce restructuring consistent with the initiatives to reduce managers and organizational layers, speed decision-making, and re-direct positions to front-line staff.</p>	<p>Division Directors set goals for attorneys and investigators (in general, completing 24 cases and 12 cases, respectively, per year) and communicated goals to staff. Establish a Special Projects Unit (SPU) to evaluate policies and procedures by working cases. Upon completion of SPU, task the SPU with drafting proposals that will make the handling of PPPs more efficient and within statutory deadlines. Engage an outside third-party assessment team to evaluate all policies and procedures within the agency in light of the chronic backlog problems. The assessment team is to investigate and report on all deficiencies in agency alignment, personnel, training and procedures. Encourage CEU and IPD</p>	<p>Caseload completion goal met or exceeded. Encouraged employees to review Significant Case Activity Reports of other IPD divisions to determine if cases can be processed more efficiently by consulting with other Division attorneys or investigators with similar cases. New Special Counsel established a SPU in March 2004 to eliminate the historic backlog of cases in Agency. SPU project resolved 288 PPP cases with a referral rate of 28% further investigation by the IPDs. Assessment team evaluated Agency for several months (April 04-Aug 04) and issued a report with recommendations that was shared with all staff. Required employees assigned research projects to check Intranet to</p>	<p>Reduced managerial staff by not filling Supervisory Investigator vacancy created by incumbent's retirement. Position to be allocated to non-supervisory work on program (case-related) matters. Team Leaders initiated monthly meetings to share best practices, discuss legal and administrative issues, and increase quality and productivity of IPD work. Associate Special Counsels (ASCs) continued to attend selected investigator/attorney interviews and listen to interview tapes to monitor quality and provide feedback on interviewing skills.</p>	<p>Restructuring implemented in FY 2001. Directive issued on authentication, organization, and maintenance of records in complaint and investigation files after FY 2001 case file protocol pilot test.</p>	<p><i>[Goal 2 not in FY 2001 plan, but pertinent results shown below.]</i> Reorganization implemented. Policies on stays, basis for CEU referrals, and investigator-attorney collaboration (including by supervisors) implemented. Flexible formats adopted for reports of investigation and prosecution recommendations. New case file protocol pilot-tested for more efficient and effective records management. Matters may be closed in field office after review by field office head. Increased use of § 1214(f) waivers (authorizing agencies to take disciplinary action).</p>

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

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<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	Team Leaders and Supervisors to meet on a regular basis to share best practices, determine if overlapping work is being done by different divisions, and brainstorm for ideas to increase productivity and overall quality of investigations and legal analyses.	determine if research has already been done or is in the process of being done. This action is pending the results of IOSC's evaluation and implementation of outside assessment recommendations. Meetings discontinued as of April 2004 due to backlog reduction efforts and pending SPU's report on improvements for case processing.  Best practices continue to be shared between divisions through informal discussions and consultations.			Quality standards developed for use in post-closure quality reviews.  Case tracking system improved to provide better information needed to manage workload and productivity.
3. <u>Develop and communicate consistent agency policies.</u> Continue to communicate agency policies to all relevant staff as developed.	Convene Intranet Task Group on at least an annual basis to identify content enhancements to OSC Intranet, make recommendations, and implement Intranet content improvements.	Continued to communicate agency policies to all relevant staff as developed.  Formal Intranet Task Group not convened, but assigned staff updated Intranet as needed to keep program staffs updated on agency policies and novel legal	Continued to communicate agency policies to all relevant staff as developed (e.g., manual updates).	Agency intranet and/or shared network drives used to communicate new and revised policies and procedures to staff on timely, consistent basis; (e.g., directives, manuals, policy statements, legal analyses, model correspondence with complainants, style	<i>[Goal 2 not in FY 2001 plan, but pertinent results shown below.]</i> See column above re: goal 2.)

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**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	<p>Retrain staff on important policies annually.</p> <p>Conduct survey of staff knowledge of important OSC policies and procedures to determine if strategies to communicate policies and procedures are effective, by 6/30/04. If there are deficiencies in staff understanding of these policies, develop strategies to correct them.</p>	<p>issues.</p> <p>Staff has been re-trained by Division directors and supervisors on important policies.</p> <p>Staff survey of knowledge of OSC policies and procedures is pending IOOSC and SPU review and/or revision of existing policies and procedures.</p> <p>In general the new policies will “power down” activity and decentralize review procedures to lower level workers to eliminate bureaucratic delays.</p>		<p>guidance, interagency memoranda; forms); policy statements posted on web site.</p> <p>Training conferences / sessions conducted by each IPD, along with periodic meetings for division employees.</p> <p>Bi-weekly meetings of senior program staff and management (including Special Counsel) held to ensure consistency and effectiveness of program and administrative policies and procedures.</p> <p>Hatch Act training provided to IPD employees.</p>	
<p>4. <u>Case priority system/ resource allocation.</u> Continue to implement policy for case handling by priority (according to particular types of PPP complaints and complexity level, including</p>	<p>Goals set for number of cases processed by investigators and attorneys (see above), while continuing to use the priority system as an integral tool to reduce the backlog.</p>	<p>Priority case-handling policy continued for PPP cases.</p> <p>New evaluation of case priority system not performed pending SPU and outside third-party assessment team evaluation</p>	<p>Priority case-handling policy continued for PPP cases.</p> <p>Informal goals set for numbers of cases processed by investigators and attorneys, while</p>	<p>Directive on IPD case priority and resource allocation issued.</p> <p>Automated case allocation system implemented.</p> <p>Employees required to</p>	<p><i>[Goal 4 not in FY 2001 plan, but pertinent results shown below.]</i></p> <p>Case priority system established (ensuring that most meritorious cases and serious personnel actions receive attention first).</p>

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
consideration of resource allocation). Set targets for FY 05 productivity within individual case categories according to productivity reported in first 3 quarters of FY 04.	Evaluate and report on effectiveness of case priority system, using productivity reports from FY 02 and FY 03. Make modifications to case priority system based on evaluation report.	of case-handling processes and procedures. New procedures may be developed in early FY 2005.  Division directors measure productivity and review progress against targets and staff resources on a continuing basis.	continuing to use the priority system as an integral tool to reduce the backlog.  85% of the PPP complaints received processed within 240-day timetable established by Congress – 13.33% improvement over prior year.	adhere to case priority and resource allocation directive.  CEU testing application and utility of IPD case priority and resource allocation procedures.	
<u>5. Identify and Implement Case Processing Improvements.</u>  Increase frequency of smaller informal staff gatherings in CEU to discuss case processing and garner staff input for improvements	Identify practices with significant differences for quality and/or productivity between IPDs. Determine best practices to be used consistently by all IPDs.  Maintain current work product samples on Intranet, including legal research, preliminary determination letters, final closure letters, PPP Reports, litigation documents, CEU referral and closure memoranda, CEU referral and closure letters. Require staff to post all approved work product in	IPD Directors have attempted to discuss practices to improve consistency of the three IPDs. Ongoing review and discussion with Special Counsel underway.  Re-educated employees regarding Awards Program that provides for incentives for suggestions that increase case processing efficiency.  An attorney is assigned to ensure that current work product samples are included on the intranet and	“Open Forum” lunches discontinued because newly established monthly Team Leader meetings provided productive forum for exchange of ideas and best practices.	Directive issued on case priority and resource allocation gave IPDs guidance and discretion to take identified actions to reduce duplication, eliminate unnecessary steps, and appropriately allocate resources.  Training conferences for two IPDs and all supervisors included exchange of best practices and ideas for improvement of case work quality and quantity.  Employees required to	<i>[Goal 5 not in FY 2001 plan, but pertinent results shown below.]</i> Matters may be closed in field office after review by field office head.  Flexible formats adopted for reports of investigation and prosecution recommendations.

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	<p>selected categories. Assign staff to monitor whether work product being posted. Hold employees accountable for failure to post work product.</p> <p>Increase consultation between supervisors and attorneys and investigators to improve correspondence with complainants to clearly explain reasoning in cases where OSC concludes that there exist no reasonable grounds to believe that a civil service law, rule, or regulation has been violated or a PPP has been committed, including eliminating “legalese” to the extent possible, enhancing persuasiveness of letters, and ensuring letters have tone appropriate to audience.</p> <p>Encourage OSC attorneys and investigators to hold telephone conferences with complainants in appropriate</p>	<p>collects approve work product from staff for posting to the Intranet.</p> <p>Division Directors and supervisors consult regularly with attorneys and investigators regarding ways to improve correspondence.</p> <p>Attorneys and investigators hold telephone conferences when appropriate.</p>		<p>adhere to policy and procedural issuances.</p>	

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	cases, prior to sending out preliminary conclusion letters.				
6. <u>ADR</u> . Offer mediation option in appropriate cases, and track results.	Increase mediation offers to 35%. Increase goal for complainant acceptance rate to 75-85%.  Increase Agency acceptance rate to 60-70%.  Increase the number of	The ADR Unit exceeded the mediation offer goal by increasing mediation offers from 31 % of CEU-referred cases in FY '03 to 40% in FY '04. Broadening the criteria for offering mediation to parties had an adverse affect on complainant and agency	ADR option offered in 100% of mediation-appropriate cases and results tracked.  ADR program met or exceeded all goals set for FY 2003.  Targets set for FY 2004.	ADR offered in 100% of mediation-appropriate cases. <sup>1</sup>  Mediation offers: 32% of CEU-referred complaints (goal - 20%).  Acceptance rates: 78% of complainants (goal - 65%), 66% of agencies (goal -	<i>[Goal 6 not in FY 2001 plan, but pertinent results shown below.]</i> ADR offered in 100% of mediation-appropriate cases.

<sup>1</sup> Among the factors determining “mediation-appropriate” cases are the complexity of the issues, the nature of the personnel action, and the relief sought by the complainant.

<sup>2</sup> Resolution rate including disputes that settled or did not proceed in further in OSC complaint process because of ADR program in another agency: 85%.



**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	mediations conducted to 20-25 mediations. Increase the resolution rate goal to 65-85%.	acceptance rates. Nevertheless, the 68% complainant acceptance rate came within reach of the 75-85% goal. Similarly, the agency acceptance rate of <b>55%</b> came within reach of the goal . The number of mediations conducted ( <b>21</b> ) met the target. The resolution rate goal was exceeded in FY '04 with an <b>86% rate</b> .		60%). Mediations held: 20 cases (goal 26).  Resolution rate: 65% (goal 40%). <sup>2</sup>	
7. <u>Early settlement.</u> Continue to adhere to OSC's policy of early settlement of meritorious cases; monitor settlement of such cases.	Develop "best practice" guidelines for identifying cases for early settlement, and for negotiating settlements with agencies and complainants; post guidance on Intranet and hold Division meetings to encourage implementation of the guidance.	Division Directors and supervisors guide staff on a case by case basis as to whether early settlement is appropriate and should be attempted. Division Directors and supervisors also review draft settlement agreements prior to implementation of those agreements.	Early settlement of meritorious cases policy continued. ( <i>see Goal 9 results</i> )  Settlements monitored as needed to ensure agency implementation.	Early settlement of meritorious cases policy continued ( <i>see Goal 9 results</i> ).  Settlements monitored as needed to ensure agency implementation.	( <i>see Goal 9 results</i> )

U.S. Office of Special Counsel ( Goal 1 )

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
8. <u>Case-tracking capability.</u> Continue to modify and enhance capability of case tracking system as needed.	Continue to hold users' group meetings.	Continued to hold OSC 2000 users' group meetings to exchange ideas and seek feedback from users, and to make changes as necessary to the system; submitted report to Deputy Special Counsel on changes made to systems.	ISB implemented OSC 2000 changes as needed to monitor new case actions and priorities.  Periodic OSC 2000 users' group meetings held.  Report submitted to Deputy Special Counsel on OSC 2000 changes made/projected prior to 7/30/03.	ISB implemented automated case priority and resource allocation system and other changes needed to ensure that case tracking system can monitor and track new case actions and priorities.  ISB held bi-monthly OSC 2000 users' group meetings to exchange ideas.  Litigation tracking system developed and piloted.	<i>[Goal 8 not in FY 2001 plan.]</i>

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>9. <u>Favorable Actions</u>                      Obtain voluntary corrective action; prosecute MSPB cases where voluntary action not forthcoming; and obtain disciplinary action where appropriate.</p>	<p>Maintain policies in full force; continue to track results.                       Continue to obtain voluntary corrective and disciplinary actions when appropriate. MSPB cases filed when voluntary action was not taken.</p>	<p>68 favorable actions (including nine stays of personnel actions and ten disciplinary actions) obtained in 67 matters.                       One complaint was filed with the MSPB and two USERRA complaints were filed.</p>	<p>Continued to obtain voluntary corrective and disciplinary actions when appropriate. MSPB cases filed when voluntary action was not taken. 115 favorable actions (including 12 disciplinary actions, and seven stays of personnel actions) obtained in 83 PPP matters. Complaints involving allegations of reprisal for whistleblowing accounted for 75 of the 83 matters.                       Two complaints seeking disciplinary action filed with MSPB. Suspension (45 days) obtained in settlement of complaint filed with MSPB in prior year, charging personnel director with commission of a PPP.</p>	<p>126 favorable actions,<sup>3</sup> including 13 disciplinary actions, by agencies (78% of matters involved alleged reprisal for whistleblowing).                       1 disciplinary action complaint (alleging reprisal for whistleblowing) filed with MSPB.</p>	<p>74 favorable actions, including 4 disciplinary actions, by agencies (53% involved whistleblower reprisal allegations).<sup>4</sup>                       No litigation required due to agreements by agencies to comply with all OSC requests for favorable resolutions.</p>

<sup>3</sup> Actions taken to directly benefit the complaining employee; actions to punish, by disciplinary or other corrective action, the supervisor(s) involved in the personnel action; and systemic actions, such as training or educational programs, to prevent future questionable personnel actions. The term encompasses actions taken by an agency: (1) pursuant to a written request by the Special Counsel for corrective action; (2) at the request of OSC as settlement of a prohibited personnel practice complaint before receipt of a written request by the Special Counsel for corrective action; or (3) with knowledge of a pending OSC investigation, when the actions taken satisfactorily resolve matters under inquiry by OSC.

<sup>4</sup> One additional corrective action obtained pursuant to referral of USERRA matter by Department of Labor.

U.S. Office of Special Counsel ( Goal 1 )

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>10. <u>Case-tracking capability</u>. Continue to ensure that OSC 2000 has the capability to monitor and track all voluntary corrective actions obtained, all MSPB petitions filed, and all disciplinary actions obtained.</p>	<p>Continue to hold OSC 2000 users' group meetings to exchange ideas.</p>	<p>Ensure that OSC 2000 is able to capture litigation data from all programs, and enhance user-friendliness of litigation data entry system.</p>	<p>Litigation case tracking system implemented.</p> <p>Continued to convene bi-monthly meetings of OSC 2000 users group.</p> <p>Submitted report of changes accomplished.</p>	<p>Further management evaluation determined that tracking "reasonable grounds" determinations was not needed / useful.</p>	<p><i>[Goal 10 not in FY 2001 plan.]</i></p>

**ANNUAL RESULTS: STRATEGIC GOAL 1 (PROHIBITED PERSONNEL PRACTICES)**

**To fulfill congressional intent that OSC use its investigative and prosecutorial authority to protect the merit system and federal employees from prohibited personnel practices (PPPs), especially retaliation for whistleblowing**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p><u>11. Improve quality of correspondence with complainants.</u> Continue use of standard on quality of written correspondence quality in annual quality review process. Review sampling of closed PPP FY 03 complaint files under established standards. Measure results and compare to baselines established by FY 02 and FY 03 reviews. Incorporate compliance with directed improvements into employees' performance plans.</p>	<p>Incorporate guidance developed in FY 03 into the FY 04 annual quality standards review.</p>	<p>Because annual reviews of closed cases have been held in abeyance, this strategy has not been implemented.</p>	<p>See Goal 1. Division management continued to review written work-product and to provide guidance as needed improvement of quality of written work.</p>	<p>Model correspondence samples circulated and posted on agency intranet and/or shared network drives.</p> <p>Substantive letters reviewed by a supervisor or ASC.</p> <p>Correspondence quality standard incorporated in program review guide.</p>	<p><i>[Goal 11 not in FY 2001 plan.]</i></p>

## **Goal 2: Hatch Act**

U.S. Office of Special Counsel ( Goal 2 )

**ANNUAL RESULTS: STRATEGIC GOAL 2 (HATCH ACT)**

To fulfill congressional intent that federal and covered state and local employees comply with the Hatch Act's (HA's) restrictions when they engage in political activity.

FY 2004 Performance Goals	FY 2004 Targets	FY 2004 Results	FY 2003 Results	FY 2002 Results	FY 2001 Results
<p>1. <u>Advisory Opinions</u>. Use tracking report to establish a timeliness baseline for setting a timeliness response time target. (Note: due to staff constraints and increasing intake, specific targets may be unrealistic.) Pursue additional FTEs for the Unit.</p>		<p>Determined unnecessary with current staffing levels.</p>	<p>Developed computerized system to organize data entries into report for use in tracking average response times.</p>	<p>Completed by end of FY 2002 (or start of FY 2003).</p>	<p><i>[Goal 1 not in FY 2001 plan.]</i></p>
<p>2. <u>Information Dissemination</u>. Work with Outreach Director to enlist the assistance of identified federal agencies in disseminating Hatch Act information to state and local agencies receiving federal grants.</p>	<p>Continue to assist federal agencies with Hatch Act training by continuing to participate in outreach programs.</p>	<p>Continued to conduct Hatch Act outreach programs especially at federal agencies that disburse large numbers of grants to state and local agencies.</p> <p>Conducted 43 Hatch Act outreach programs for federal agencies.</p>	<p>Conducted one Hatch Act outreach program for state and local government employees.</p> <p>Created PowerPoint presentation for use in training state and local government employees.</p>	<p>Working with outreach specialist, developed HA fact sheet for state and local employees, disseminated fact sheet to targeted state and local groups and associations, and placed fact sheet on OSC web site.</p> <p>Wrote article on HA for National League of Cities newsletter.</p> <p>Worked with National Organization of Counties on newsletter article about the HA.</p> <p>Addressed annual conference of National</p>	<p><i>[Goal 3 not in FY 2001 plan.]</i></p>

U.S. Office of Special Counsel ( Goal 2 )

**ANNUAL RESULTS: STRATEGIC GOAL 2 (HATCH ACT)**

To fulfill congressional intent that federal and covered state and local employees comply with the Hatch Act's (HA's) restrictions when they engage in political activity.

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
				Association of Secretaries of State on HA.  Featured HA news on OSC web site banner	
3. <u>Publication of Advisory Opinions.</u> Review current postings of selected Hatch Act advisory opinions on OSC web-site, and revise and update as necessary.	Continued to revise web-site text, as needed.	Issued 8 Hatch related press releases in FY 2004.	Reviewed and revised postings as needed.	Reviewed postings to ensure appropriate revisions made when necessary; 39 HA advisory opinions posted include seven posted in FY 2002.  Created internal indexing system for HA advisory opinions, integrated with Word, to facilitate indexing as opinion is written.	Updated HA advisory opinions on web site.
4. and 5. <u>Quality and timeliness in investigations.</u> Continue to conduct review of sampling of closed HA complaint files, under established quality standards. Measure results from work of experienced attorneys and compare earlier review results (to be conducted in FY 03). Direct improvements based on reviews. Incorporate compliance with directed	Develop strategy for measuring quality, using the quality standards finalized in FY03.  Implement case priority system by the beginning of the fiscal year.  Establish a Special Projects Unit to evaluate all policies and procedures by actually working Hatch Act cases. Upon completion of the	Based on the recommendations of the assessment team and SPU work, new policies and procedures for case backlog reduction are being developed with senior staff.	Finalized quality standards, and developed proposed case priority system.  Case processing improvements identified in meetings with staff.  Review on hold pending evaluation of PPP program and process.	Began drafting written quality and timeliness standards as basis for initial quality review of HA matters.	<i>[Goal 5 not in FY 2001 plan.]</i>



U.S. Office of Special Counsel ( Goal 2 )

**ANNUAL RESULTS: STRATEGIC GOAL 2 (HATCH ACT)**

**To fulfill congressional intent that federal and covered state and local employees comply with the Hatch Act’s (HA’s) restrictions when they engage in political activity.**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>improvements into employees’ performance plans.</p> <p>Improve productivity through teamwork. Continue to meet with staff to discuss case processing and gather staff input for improvements.</p> <p>Implement case priority system by the beginning of the FY and measure backlog reduction results in each case category. Baseline productivity reported for FY 04 will be used to set targets for backlog reduction within individual case categories at the beginning FY 05. However, due to staff constraints and increasing intake, specific targets may be unrealistic.</p>	<p>SPU, task the SPU with drafting proposals that will make the handling of PPPs more efficient.</p>				

U.S. Office of Special Counsel ( Goal 2 )

**ANNUAL RESULTS: STRATEGIC GOAL 2 (HATCH ACT)**

**To fulfill congressional intent that federal and covered state and local employees comply with the Hatch Act’s (HA’s) restrictions when they engage in political activity.**

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
6 and 7. <u>Enforcement</u> Issue warning letters or seek appropriate penalties where Hatch Act violation revealed.	Maintain policy in full force; track results.	In FY 2004, we issued 24 “cure” letters asking individuals to come into compliance with the Hatch Act. Issued 93 “warning” letters advising individuals not to engage in prohibited political activity again.	Policy remained in full force.  Results tracked on OSC2000.	OSC reports created to track warning letters, cure letters, and actions taken in response to such letters (e.g., withdrawal from race).	<i>[Goal 6 not in FY 2001 plan.]</i>

## U.S. Office of Special Counsel ( Goal 2 )

### Other FY 2004 Results

- Hatch Act (HA) Unit attorneys (three full-time, and one detailee) –
  - issued approximately 3,830 opinions in response to telephone, written and email inquiries, compared to 3,284 opinions in FY 2003;
  - resolved 281 complaints (249 new complaints filed); and
  - Issued 93 warning letters (compliance achieved by corrective actions including withdrawal of 16 individuals from partisan political races, and resignation of six others from HA-covered employment, and seven other corrective actions).
  - Conducted 43 outreach session on Hatch Act.
- OSC filed seven complaints seeking disciplinary action for HA violations with the MSPB.
- MSPB issued favorable decisions in four HA cases (including cases filed before FY 2003).
- Many cases handled by HA unit generated significant media interest and public awareness.

### **Goal 3: Whistleblower Disclosures**

U.S. Office of Special Counsel ( Goal 3 )

**ANNUAL RESULTS: STRATEGIC GOAL 3 (WHISTLEBLOWER DISCLOSURES)**

To fulfill congressional intent that OSC promote the public interest in the disclosure of violations of law, rule or regulation, gross waste of funds, gross mismanagement, abuse of authority, or substantial and specific dangers to the public health and safety, by serving as a secure channel for federal employees, former employees and applicants (“whistleblowers”) to blow the whistle in accordance with 5 U.S.C. § 1213.

FY 2004 Performance Goals	FY 2004 Targets	FY 2004 Results	FY 2003 Results	FY 2002 Results	FY 2001 Results
<p>1, 4, and 7. <u>Quality standards review</u>. Conduct quality review of FY 04 cases, no later than 6/30/04.</p>	<p>Direct improvements based on reviews of FY 02, FY 03, and FY 04 cases. Revise elements of employee performance plans, if necessary.</p> <p>If determination is that annual quality reviews as carried out in IPD and CEU are not appropriate quality measure, devise new strategies for measuring quality of Disclosure Unit work.</p>	<p>(Based on strategy 1, 5, 7, 9): Implemented “3B” pilot program to resolve older cases within DU unit. Successful closure of 380 cases. Staff drafted quality measurement standards but not implemented. Project put on hold pending Special Counsel review of SPU report on recommendations for revising policies and procedures and to draft procedures to comply with statutory deadlines.</p> <p>Retain an independent organization to assess policies and procedures and human capital management issues within the DU.</p>	<p>Review on hold pending evaluation of PPP program and process.</p>	<p>Drafting begun on quality standards.</p>	<p><i>[Goal 3 not in FY 2001 plan.]</i></p>

U.S. Office of Special Counsel ( Goal 3 )

**ANNUAL RESULTS: STRATEGIC GOAL 3 (WHISTLEBLOWER DISCLOSURES)**

To fulfill congressional intent that OSC promote the public interest in the disclosure of violations of law, rule or regulation, gross waste of funds, gross mismanagement, abuse of authority, or substantial and specific dangers to the public health and safety, by serving as a secure channel for federal employees, former employees and applicants (“whistleblowers”) to blow the whistle in accordance with 5 U.S.C. § 1213.

FY 2004 Performance Goals	FY 2004 Targets	FY 2004 Results	FY 2003 Results	FY 2002 Results	FY 2001 Results
<p>2. <u>Disclosure priority system.</u> Continue to implement policy for case handling by priority (according to particular types of disclosure matter and complexity level, including consideration of resource allocation). Work to meet productivity targets by end of FY.</p>	<p>Set productivity targets for FY 2004.</p> <p>At beginning of FY 2004, measure FY 2003 productivity and set targets for increased productivity within individual categories according to baseline productivity reported in FY 2002 and FY 2003 productivity reports.</p> <p>Generally 100.25/person/year or between 9-10 cases per staff attorney per month (based on a work year, not calendar year).</p> <p>Evaluate whether realistic backlog reduction targets can be established, given the very tight 15-day statutory requirement for case processing and the unknown number complaints received</p>	<p>Target Implemented modifications designed in FY 2002 to the disclosure case priority report in the case tracking system to include number of cases in each priority category.</p> <p>Continued to implement case priority policy.</p> <p>Assigned staff to monitor on quarterly basis whether appropriate progress is being made to meet productivity targets.</p> <p>This is currently under review.</p>	<p>Priority system proved effective in tracking cases, but high intake and lack of adequate staff resources prevented setting realistic backlog reduction targets in any individual category.</p>	<p>Draft Disclosure Manual includes written standards and procedures for disclosure handling by priority, formalizing and improving procedures used and priorities applied by unit personnel.</p> <p>Implemented and continued to test effectiveness of priority case tracking system.</p>	<p><i>[Goal 1 not in FY 2001 plan.]</i></p>

U.S. Office of Special Counsel ( Goal 3 )

**ANNUAL RESULTS: STRATEGIC GOAL 3 (WHISTLEBLOWER DISCLOSURES)**

To fulfill congressional intent that OSC promote the public interest in the disclosure of violations of law, rule or regulation, gross waste of funds, gross mismanagement, abuse of authority, or substantial and specific dangers to the public health and safety, by serving as a secure channel for federal employees, former employees and applicants (“whistleblowers”) to blow the whistle in accordance with 5 U.S.C. § 1213.

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	annually and the staff shortages.				
3. <u>Disclosure manual.</u> Continue to revise and update Disclosure Manual to include new policies and procedures.	Revise and update Disclosure Manual and post on Intranet.	This is on hold pending backlog reduction process and reassessment of DU procedures.	Disclosure Unit training manual, substantive memoranda, and sample correspondence placed on shared network drive.	Completed initial draft of Disclosure Manual, updating and adding new policies and procedures including case priority system and including criteria for referral of matters from CEU to disclosure.	<i>[Goal 2 not in FY 2001 plan.]</i>
4. <u>Education of Federal Agency Staff.</u>  Determine if training of staffs of additional agencies is warranted, or if turnover in agency staffs warrants retraining in some agencies.	Develop informational materials for use by agency OIG and OGC staffs on §1213, and place materials on the OSC web page.	DU Chief has regular conferences with staff of various OIGs, OGCs and other agency staff attorneys to discuss DU policies.  Informational material not developed, pending IOSC approval of assessment team legal and procedural review.	Disseminated information during contacts with agencies and Offices of Inspector General on disclosure matters.	Information on agency investigation and reporting obligations under §1213 disseminated in training sessions/meetings with 20 (approx.) Offices of Inspector General on President’s Council on Integrity and Efficiency.	<i>[Goal 4 not in FY 2001 plan.]</i>

U.S. Office of Special Counsel ( Goal 3 )

**ANNUAL RESULTS: STRATEGIC GOAL 3 (WHISTLEBLOWER DISCLOSURES)**

To fulfill congressional intent that OSC promote the public interest in the disclosure of violations of law, rule or regulation, gross waste of funds, gross mismanagement, abuse of authority, or substantial and specific dangers to the public health and safety, by serving as a secure channel for federal employees, former employees and applicants (“whistleblowers”) to blow the whistle in accordance with 5 U.S.C. § 1213.

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>5. <u>Agency deadlines.</u> Continue to track agency deadlines through automated notification system. Evaluate effectiveness of automated notification system in improving agency compliance with DU deadlines.</p>	<p>Implement new system no later than 1/30/03.</p>	<p>Modified automatic notification system for tracking agency reports.</p>	<p>Done.</p>	<p>Tested automatic system for tracking OSC actions when agencies fail to conduct investigation and report back to OSC within statutory time limits (modifications to increase systems effectiveness to be made based on test results).</p>	<p><i>[Goal 5 not in FY 2001 plan.]</i></p>
<p>6. <u>Publicize agency findings.</u> Issue press releases on a case-by-case basis when agency findings are transmitted to Congress and the President.</p>	<p>Press releases issued at the discretion of the Special Counsel.</p>	<p>No press releases on DU cases issued in FY 04.</p>	<p>Done.</p>	<p>Continued policy of issuing press releases on a case-by-case basis when agency findings are transmitted to the President and Congress.  Basic list of interested groups and associations for receipt of press releases in use and expanded as needed based on press release topic. System to track frequency of media reporting of agency findings not completed due to lack of staff resources.</p>	<p><i>[Goal 6 not in FY 2001 plan.]</i></p>



## **Goal 4: Outreach**

U.S. Office of Special Counsel ( Goal 4 )

**ANNUAL RESULTS: STRATEGIC GOAL 4 (OUTREACH)**

**To raise government employees' and managers' awareness of their rights and responsibilities under chapters 12 and 23 of title 5.**

<i>FY 2004 Performance Goal</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>1. <u>2302(c) Certification Program</u>. Continue implementation of agency certification program designed during FY 02.</p> <p>Using results from OPM survey and list of agencies participating in 2302(c) program, develop strategy to encourage compliance with 5 U.S.C. § 2302(c) (congressionally mandated training requirement) among agencies that are not yet in compliance.</p> <p>Facilitate implementation of agency-wide education programs on Title 5, Chapters 12 and 23 rights and remedies.</p>	<p>Continue to encourage compliance with 5 U.S.C. § 2302(c).</p> <p>Continued to promote section 2302(c) certification program among the federal community and increase number of registered agencies to 30. Goal was to register ten new agencies and certify nine.</p>	<p>Assigned Outreach director and staff attorney to monitor progress of agencies registered with program and assist agencies in completing program.</p> <p>Goals were exceeded. Certified 34 new agencies and registered 29. Total agencies now certified is 45.</p> <p>Solicited participation of new agencies by issuing invitations to at least 10 unregistered agencies.</p> <p>Continued to have OPM include OSC-related questions in OPM's FY 04 annual survey of federal employees.</p>	<p>Done in FY 2001.</p> <p>Certified 8 additional agencies under §2302(c) certification program.</p> <p>Registered 18 additional agencies for §2302(c) certification program participation.</p>	<p>Done in FY 2001.</p> <p>Designed and implemented § 2302(c) certification program, using OPM as pilot.</p> <p>Initiated contacts with 10 large agencies to introduce and solicit participation in § 2302(c) program.</p> <p>4 agencies certified under § 2302(c) program; 8 registered for program participation.</p>	<p>Compiled federal agency survey results.</p>
<p>3. <u>Systemic Training</u>. Continue policy of including systemic training as part of OSC's corrective and disciplinary action settlements.</p>	<p>Implement guidelines for including systemic training in corrective and disciplinary action settlements developed in FY 03, through training of OSC staff.</p>	<p>Three settlement agreements included systemic training provisions.</p> <p>Developed and implemented guidelines with criteria for appropriate</p>	<p>11 corrective actions included agency agreement to train employees on rights and remedies enforced by OSC.</p>	<p>40 corrective actions included agency agreement to train employees on rights and remedies enforced by OSC.</p>	<p>14 corrective actions obtained in which agencies agreed to train employees on rights and responsibilities.</p>

U.S. Office of Special Counsel ( Goal 4 )

**ANNUAL RESULTS: STRATEGIC GOAL 4 (OUTREACH)**

**To raise government employees' and managers' awareness of their rights and responsibilities under chapters 12 and 23 of title 5.**

<i>FY 2004 Performance Goal</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
	Measure the effectiveness of the policy and guidelines by determining the increase in the number of systemic corrective actions.	inclusion of systemic training in corrective action settlements, considering type of case, settlement terms, whether PPP is isolated incident, and other factors. Assigned staff to monitor corrective action settlements on a quarterly basis and report on whether guidelines are being appropriately complied with. Assign staff to monitor corrective action settlements on a quarterly basis and report on whether guidelines were appropriately complied with when corrective action settlements were obtained.			
2 and 4. <u>Education/Training Materials</u> . Continue to maintain and enhance training and education materials for use by OSC, employing agencies, and other trainers.  Continue to publicize the use of OPM Computer-	Maintain and enhance OSC web site; consistent with the President's initiative on e-government, make as many outreach and educational materials as feasible available on OSC's web-site.	Cooperated with OPM to implement CBT program if OPM has program available in FY 2004.  Publicized the use of OPM CBT program to agencies as part of the 2302(c) Certification Program if available.	Hatch Act Unit developed and published (on OSC web site) government-wide guidance on use of e-mail use and political activity.  Hatch Act unit created PowerPoint presentation for use in training state and local government employees.	Issued: (a) new "Whistleblower Retaliation" poster; (b) new "Hatch Act for State and Local Employees" fact sheet; and (c) § 2302(c) Certification Program brochure.  Assisted OPM with ongoing development of web-based training on § 2302(c).	Revised "Role of the U.S. Office of Special Counsel" brochure.

U.S. Office of Special Counsel ( Goal 4 )

**ANNUAL RESULTS: STRATEGIC GOAL 4 (OUTREACH)**

**To raise government employees' and managers' awareness of their rights and responsibilities under chapters 12 and 23 of title 5.**

<i>FY 2004 Performance Goal</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
Based Training (CBT) program.		<p>Created link to OPM CBT module from OSC website if available.</p> <p>Continued to develop training materials for a few agencies where OSC has limited jurisdiction.</p> <p>Post training materials on OSC website. Continued to review and enhance website contents.</p> <p>Continued to design training materials for agencies where OSC has limited jurisdiction and post on OSC's website.</p>	<p>Revised and updated Web site on continuing basis.</p> <p>Web site recorded 453,623 user sessions and 8,067,166 successful hits.</p>		
<p>2 and 5. <u>Outreach/Training.</u> Continue to convene or participate in forums for practitioners and agency representatives, in conjunction with other federal agencies, unions, federal management associations, and private training sources to enhance awareness of employee rights and responsibilities.</p>	Analyze data, make recommendations for improvements to evaluation forms and presentations; implement recommendations.	<p>OSC staff spoke or participated in 81 outreach events.</p> <p>Conducted formal analysis of evaluation forms and develop recommendations for improvement of forms and presentations, as indicated.</p> <p>Continued to provide raining by OSC employees</p>	<p>Provided OSC speakers for 72 events, including widely attended events such as the Judge Advocate General Annual Conference, the Office of Government Ethics Regional Symposium, the Federal Dispute Resolution Conference, and the new Inspectors</p> <p>General orientation.</p>	<p>Provided OSC speakers for 103 presentations at 95 events.</p> <p>Speaker evaluations reviewed and recommendations implemented as needed.</p>	<p>Provided speakers for 61 presentations at 57 events.</p>

U.S. Office of Special Counsel ( Goal 4 )

**ANNUAL RESULTS: STRATEGIC GOAL 4 (OUTREACH)**

**To raise government employees' and managers' awareness of their rights and responsibilities under chapters 12 and 23 of title 5.**

<i>FY 2004 Performance Goal</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>Systematically collect data on effectiveness of forums by emphasizing the importance of participants' completion of evaluation forms.</p> <p>Evaluate skills of presenters and provide training as indicated.</p>		<p>when requested by agencies or agency components, when budget and other program activities allow.</p>	<p>Evaluation data collected prior to departure of Outreach Director in the summer of 2003.</p>		
<p>6. <u>Press Releases</u>. Issue press releases when OSC obtains stays, corrective or disciplinary actions, through settlements or litigation; files a complaint before the MSPB in a significant PPP or Hatch Act matter; transmits a disclosure report to Congress and the President; or in other situations in which issuance of a press release would further OSC's mission.</p>		<p>Issued 19 press releases</p>	<p>24 press releases on significant case and other developments (<i>e.g.</i>, case settlements, litigation outcomes, and other OSC developments) issued and posted on agency Web site.</p>	<p>30 press releases issued.</p>	<p>29 press releases on significant case and other developments (<i>e.g.</i>, settlements, litigation outcomes, and OSC reorganization) issued and posted on Web site.</p>

## **Goal 5: Human Resources**

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>1. <u>Information and Feedback</u>. Continue to include information to new employees in orientation packet.</p> <p>Continue post-hire follow-up with new employees.</p> <p>Continue to conduct exit interviews, using standard form, to elicit information from departing employees about their experiences with OSC, including suggestions for enhancing OSC's operations and internal policies, with emphasis on feedback on the unit from which they are separating.</p> <p>Continue to summarize exit interview responses and provide feedback to Special Counsel and Deputy Special Counsel.</p>	<p>Implement 4-months after appointment orientation session for new employees. Continue to provide information and training to employees and conduct exit interviews, and then channel feedback to the Special Counsel.</p>	<p>Procedure implemented to get feedback from new employees 4-months after their initial appointment.</p>	<p>Exit interview process (questionnaire provided to all separating employees) continued. Feedback provided to Special Counsel and Deputy Special Counsel.</p>	<p>Continued to provide information to new employees and continued to conduct exit interviews. Feedback was provided to Special Counsel and Deputy Special Counsel.</p>	<p>Implemented staff exit interview process and form. Summaries of feedback provided to Special Counsel and Deputy Special Counsel</p>

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>2. <b>Awards.</b> Continue to use awards and employee recognition policy to provide greater flexibility for rewarding performance and special acts/service.</p> <p>Review awards program requirements to determine how documentation may be streamlined.</p>	<p>Implement revised awards policy after assessing awards system following FY 03 awards.</p>	<p>Awards policy reviewed following FY 03 and it was determined that there was inadequate funding budgeted to allow managers the flexibility to fully implement the award program and the type of awards that are outlined in our policy; e.g. on-the-spot cash awards, special act awards, etc. OSC needs to request and budget for additional funds for awards in FY 05.</p>	<p>Employee recognition chapter of agency personnel manual revised and to be implemented in FY 2004 (to include provision reducing documentation required to support awards).</p>	<p>Initiated re-draft of revised incentive awards and employee recognition policy to add new flexibilities.</p>	<p>Issued revised incentive awards and employee recognition policy. To provide greater flexibility for rewarding performance and special acts/service including, non-monetary recognition.</p>
<p>3. <b>Recruitment.</b> Enhance hiring and retention strategies by providing information on employee benefits such as retention bonuses, recruitment bonuses, relocation allowances, and tuition loan reimbursement.</p> <p>Encourage and publicize work-family initiatives.</p> <p>Develop automated databases for distributing vacancy announcements to enhance the diversity of OSC's workforce.</p>	<p>Finalize recruitment, retention, relocation bonus policies, and tuition loan reimbursement.</p>	<p>Recruitment: OSC operates under standard salary and bonus options available to all federal agencies.</p> <p>Retention: Agency has no completed policy. We operate under standard salary and bonus options available to all federal agencies. We will analyze our retention during FY 2005 to determine whether OSC needs to adopt a specific policy.</p> <p>Relocation bonus policies: Agency relies on guidance in 41 CFR 302 to determine when relocation expenses</p>	<p>Retention and recruitment bonuses and tuition loan reimbursement policies developed and under legal review (implementation planned in FY 2004).</p> <p>Continued targeted recruitment of law clerks/legal interns. Several law clerks converted to permanent status as attorneys after passing the bar.)</p> <p>Flexible workplace policy implemented as pilot program (organizational</p>	<p>Developed polices for flexible workplace program, retention and recruitment bonuses, relocation allowance, and student loan repayment program.</p> <p>Presented information at job fairs and local colleges and universities to recruit for entry-level positions.</p> <p>Reviewed recruitment procedures for attorneys and other positions in the excepted service to determine how process can be streamlined.</p>	<p>Developed comprehensive recruitment mailing list data base; 78% of this list is in electronic form. List includes top-20 law schools where the agency is most likely to find minority candidates, minority organizations, various legal groups, veterans groups, and employment services offices.</p> <p>Implemented targeted recruitment of law clerks / legal interns for positions with potential for</p>



U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
Consider feasibility of offering recruitment incentives to current employees.		are to be paid by OSC. A more detailed OSC specific policy will be written in FY 2005. Tuition Reimbursement: New agency policy completed on new student loan policy. Final adjustments are being made to it, and it should be approved in first quarter of FY 2005.	impact to be assessed in FY 2004).  Continued use of comprehensive recruitment mailing list data base developed in FY 2001.		permanent placement.
<p><u>4. Retain Workforce.</u> Continue to make work environment more challenging and rewarding. Increase number of upward mobility/trainee positions. Implement recommendations from FY 03 survey to make work more challenging and rewarding for program staff. Identify developmental and career-enhancing assignments and devise method for distributing them equitably.</p>	<p>Assist supervisors in ensuring that formal written training plans are established for all trainees in upward mobility program.</p> <p>Establish and fill one entry level program position using upward mobility program, career intern program, or outstanding scholar program.</p>	<p>Formal written training plans were developed for all trainees in upward mobility programs.</p> <p>One career Federal intern was hired.</p> <p>An employee/supervisor satisfaction survey was completed which included information on a telework pilot program. Overall response was very positive.</p>	<p>Appropriate training (formal and informal) provided to employees.</p> <p>All employees surveyed to obtain feedback on agency performance management system, including about actions affecting performance – e.g., fairness of rewards system, challenge of assignments given. (Most managers, supervisors, and employees who responded indicated that the system met their needs.)</p>	<p>Provided career development and enhancement opportunities for staff by delegating opportunities to participate in agency planning process, enhancing institutional knowledge and capacity of career staff.</p> <p>Filled two upward mobility positions.</p> <p>Continued use of part-time appointments, employee/family friendly policies, alternative work schedules, awards and bonuses to retain qualified staff.</p>	<p>Identified two potential upward mobility positions. Continued to encourage use of upward mobility positions to provide advancement opportunities for qualified staff.</p> <p>Encouraged staff participation in health and wellness activities (including disease screenings, flu shots, mammograms, and sessions on stress management and ergonomics).</p>

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
				<p>Provided orientation to new employees on agency mission and administrative activities.</p> <p>Continued to offer employees access to training and retirement planning classes through the Small Agency Council.</p> <p>Offered employees access to preventive health services.</p> <p>Surveyed IPD staff during evaluation of FY 2001 reorganization, and reported to management on results.</p> <p>Implemented staff suggestion box program, and reported to staff on suggestions implemented.</p>	

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
5. <u>Training conferences.</u> Plan and hold at least two division team-building/training conferences.	Conduct at least one staff conference or retreat.	A senior staff conference was held at the Airlie Conference facility and an "all hands" conference was held at an off-site location with the new Special Counsel. The purpose of both was strategic planning, team building and leadership development.	OSC unable to conduct agency-wide training conference due to lack of funds.	Initiated planning for FY 2002 all-staff conference (deferred to FY 2003 for budgetary reasons).  Held management/supervisory staff teambuilding/training conference.  Held two division-wide training conferences.	Agency-wide conference held, with training on laws enforced by OSC, investigative policies and procedures, legal and administrative writing skills, settlement and negotiation skills, evidentiary requirements, employee benefits, and revised OSC non-discrimination and grievance policies and procedures.
6. <u>Competency acquisition.</u> Continue to provide training to address needed competencies.  Develop a training plan of the three occupations analyzed in FY 03 using information from analysis.	Conduct a job analysis for human resources specialist and investigator positions.  Complete training program for CEU staff.	An outside consulting firm is being considered for conducting an audit of several agency positions to include the Human Resources specialist position. Audit to be conducted in FY 05.	After consultation with Complaints Examining Unit (CEU) head on competency-building for staff through agency-developed training, delivered course on Senior Executive Service staffing to new and current CEU staff.	Managers and supervisors identified individual competency needs and, as funds permitted, employees attended formal training to address identified needs.	Performance management system was used to assess competencies needed and to identify training needs.
7. <u>Consistency in policies and procedures.</u> Continue to hold monthly meetings of senior program staff. NEW IN FY 2004	Continue to hold regular meetings of senior program staff.	A senior staff meeting is held each Tuesday to discuss significant agency activities, to include policy and procedural changes.			

U.S. Office of Special Counsel ( Goal 5 )

ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)					
To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
8. <u>ADR</u> . Continue to communicate to OSC employees the benefits of ADR for internal conflict resolution.	Include alternative dispute resolution program discussion in agency-wide conference and in 4-month follow-up orientation.	No ADR discussions held in FY 04.	Informed new employees about available ADR strategies (as well as EEO and administrative grievance procedures).	Placed ADR information on OSC Intranet, and continued to provide all new employees with information about ADR processes. (Also placed agency grievance procedure on the Intranet, and provided new employees with information about the process.)	Six one-day training sessions on ADR awareness for all employees; mediator training program for interested employees. Provided information on OSC's administrative grievance procedure and ADR program on an on-going basis, and included information in new employee orientation package.
9. <u>Identify leadership needs</u> . Continually evaluate current inventory of leadership available and identify expected replacement needs for the future. Continue to gather data on projected retirements.	Complete workload analysis and provide to Special Counsel.	Full-time Equivalents (FTE) workload data provided to Special Counsel on a routine basis. Director of Human Resources retired on September 30, 2004.	Data gathered for workforce analysis to be conducted in FY 2004.	Continued to gather data on projected retirements and how vacancies would be filled.	Comprehensive workforce analysis conducted, as requested by OMB, in June 2001.
10. <u>Executive and Supervisory Development Opportunities</u> . Develop managerial/supervisory training; prepare development plans for current managers and	Coordinate at least one seminar for managers and supervisors to update skills.	No specific supervisory/training seminars held in FY 2004 because of budget constraints.	Handbook not developed due to other priorities.	Presented internal leadership development seminars for managers and supervisors (topic: occupational health and safety).  Supervisory/Managerial	Presented two internal leadership development seminars for managers and supervisors (topics: professional liability and position management and position classification).  Written materials provided

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
<p>supervisors and for employees interested in becoming first-time managers, supervisors or team leaders.</p> <p>Identify training courses for OSC employees who have expressed an interest in becoming first-time supervisors or team leaders.</p> <p>Develop criteria for participation in developmental program.</p>				Handbook deferred to FY 2003.	for participants' subsequent reference.
<p>11. <u>Evaluate workforce.</u> Continually evaluate deployment of workforce to maximize use of human capital. Evaluate efficiency of other OSC Divisions, soliciting suggestions from staff for ideas to improve quality and productivity. Re-survey IPD staffs and compare results with FY 02 survey.</p>	<p>IPD Division Directors to prepare report analyzing productivity and survey results with recommendations.</p>	<p>An outside assessment team from Military Professional Resources, Inc. (MPRI) was tasked by the Special Counsel to conduct an independent organizational assessment of the agency during the period April – July 2004. The results were provided to the staff to review and evaluate for future implementation as part of the agency reorganization plan.</p>		<p>Conducted a survey of IPD staff as part of evaluation of reorganization, and prepared a written report analyzing the productivity and survey results.</p>	<p>Completed fundamental reorganization of Investigation and Prosecution Divisions into 3 parallel IPDs in June 2001.</p>
<p>12. <u>Manage Fiscal Resources.</u> Continue to</p>	<p>Conduct comparison pricing in the federal sector for</p>	<p>No cost comparison done for budgeting and</p>			

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
compete contracts for services among both private and federal sector providers. NEW FOR FY 2004	budget and accounting services.	accounting services in FY 04.			
13. <u>GPR</u> A task assignment. Assign specific tasks identified in the annual plan to individuals and include tasks in individual performance standards; appraise performance on assignments.	Continue to assign specific tasks identified in the annual plan to individuals and include tasks in individual performance standards; appraise performance on assignments.	New Special Counsel and senior staff are reviewing and revising the plan, where needed, for FY 2005, and will assign the tasks as appropriate.			
14. <u>Communicate Plan to Staff</u> . Continue providing copies of the strategic and annual plans to all staff and to new employees. Continue to hold meetings with staff to communicate the goals and objectives in the plans.	Provide agency's strategic and performance plan to newly appointed employees and make available on the agency's internal Intranet. Remind managers and supervisors at the beginning of the fiscal year of employee concerns related to how their work aligns with the strategic plan.  Program Managers to hold meetings with staff to discuss how their performance plans are integrated with the agency's strategic and annual plans.	A senior staff conference was held at the Airlie Conference facility and an "all hands" conference was held at an off-site location with the new Special Counsel. The purpose of both was strategic planning, team building and leadership development.			

U.S. Office of Special Counsel ( Goal 5 )

<b>ANNUAL RESULTS: STRATEGIC GOAL 5 (HUMAN RESOURCES)</b>					
<b>To maintain a highly skilled, well-trained, customer-oriented workforce to carry out the agency's mission.</b>					
<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
15. <u>Coordinate and monitor implementation.</u> Continue practice of assigning responsibility for planning and monitoring performance under plan.	Assign responsibility for coordinating strategic planning and monitoring implementation. Monitor progress against annual plan on a quarterly basis and report to Special Counsel or designee.	New Special Counsel and senior staff are reviewing and revising the performance plan, where needed, for FY 2005, and will assign the tasks as appropriate.			

## **Goal 6: Information Technology**



U.S. Office of Special Counsel ( Goal 6 )

**ANNUAL RESULTS: STRATEGIC GOAL 6 (INFORMATION TECHNOLOGY)**

To integrate current information technology into OSC business processes, in order to improve organizational performance and to comply with statutory mandates.

FY 2004 Performance Goals	FY 2004 Targets	FY 2004 Results	FY 2003 Results	FY 2002 Results	FY 2001 Results
<p>1. <u>Continue to upgrade hardware and software as needed.</u> Expand the use of video conferencing to improve scope of access and reduce costs.</p> <p>If not completed in FY 03, convert to new phone/voice-mail system, with upgraded voice/data links. If completed in FY 03, monitor implementation of new system.</p> <p>If Document Management System implemented in FY 03, provide training on new system and monitor operation. If not implemented, continue to work on implementation.</p> <p>Implement Personnel Digital Assistants if funds available.</p>	<p>Replace all Pentium III desktops with Pentium IV convertible PCs and Centrino laptops.</p> <p>Convert CVS database and OSC2000 Reporting applications to Visual Studio.net and Crystal Reports.</p> <p>Replace the Executone phone and voice mail systems with Nortel VoIP phone and voice mail systems.</p> <p>Develop a migration plan and set up a pilot system for Document Management System.</p> <p>Outfit all senior management staff with Blackberry handhelds.</p>	<p><u>Hardware:</u> As PCs reached the end of their life cycle, replaced with laptops and docking stations to support telecommuting.</p> <p><u>Software:</u> Converted OSC 2000 applications to .Net. Migrated more than 50% of users to Windows XP. Procured additional software necessary to increase user capacity for telecommuting.</p> <p><u>Phone System:</u> Converted to new phone/voice-mail system, with upgraded voice/data links.</p> <p><u>Document Management System:</u> Developed plans, procured one server for it; benchmarked a document management system at DOJ.</p> <p><u>Personal Digital Assistant (PDA):</u> Integrated PDA into the agency's enterprise architecture.</p>	<p>Standardized on new flexible workstation architecture.</p> <p>Rolled out six pilot workstations based on the new architecture.</p> <p>Upgraded remote access server and procured additional laptops to support telecommuting.</p> <p>Replaced 50% of network printers.</p> <p>Procured high capacity tape backup drives to accommodate added storage capacity.</p> <p>Maintained 100% effective deployment rate on all equipment purchases.</p> <p>Achieved 100% system uptime for agency enterprise network.</p> <p>Maintained compliance with § 508 and government-wide</p>	<p>Procured new file server.</p> <p>All PCs upgraded to Pentium III 800 MHz or better; upgraded e-mail and database servers.</p> <p>Deployed H.320 and H.323 video conferencing system to improve communication with agency's field offices and customers. Installation performed in-house, saving over \$4300.</p> <p>Maintained close to 100% effective deployment rate on all equipment purchases.</p> <p>Achieved almost 100% system uptime for agency enterprise network; 100% uptime for all computer systems; and 99.85% uptime for internet server.</p> <p>Maintained compliance with § 508 and all government-wide security requirements.</p>	<p>Maximized use of limited sources on equipment purchases, by spending only \$118,000 (approx.), or \$1,000 per user (agency capital equipment plan calls for replacement of 33% of existing inventory per year, at \$2,200 per user).</p> <p>Maintained close to 100% effective deployment rate on all equipment purchases.</p> <p>Achieved almost 100% system uptime for agency enterprise network, 100% uptime for all computer systems, and 99.65% uptime (industry norm: 97%) for e-mail server.</p> <p>Secured OSC systems from intrusions and viruses that temporarily disabled other agencies' computer services.</p> <p>Total re-design of OSC Web site, including for compliance with § 508</p>

U.S. Office of Special Counsel ( Goal 6 )

**ANNUAL RESULTS: STRATEGIC GOAL 6 (INFORMATION TECHNOLOGY]**

To integrate current information technology into OSC business processes, in order to improve organizational performance and to comply with statutory mandates.

FY 2004 Performance Goals	FY 2004 Targets	FY 2004 Results	FY 2003 Results	FY 2002 Results	FY 2001 Results
			security requirements.		(disability access) initiative.  Agency Intranet made § 508-compliant. Responded to hundreds of help desk requests from staff, many resolved within one hour.
<p>2. <u>OSC 2000/Case-Tracking Capability</u>. ISB to ensure that OSC 2000 case-tracking system has the capability to monitor and track data relevant to measure baselines, and progress towards meeting objectives.</p> <p>Continue to modify system to meet needs of program staff.</p> <p>Continue to convene bi-monthly meetings of OSC 2000 users group, to report progress and seek feedback from internal customers.</p> <p>Prepare a report on changes implemented by 7/30/04.</p> <p>Continue to maintain and update OSC web page and</p>	<p>Hold project meetings to keep track of progress and to ensure the project is on track.</p>	<p>Convened task group including all program components to ensure litigation case tracking system can capture all program data. Determined how to make system more user-friendly.</p>	<p>Made over 100 enhancements to OSC 2000 case tracking system, including case priority code tracking and enhanced reporting programs.</p> <p>Integrated e-filing system with the case tracking system.</p> <p>Continued to convene bi-monthly meetings of OSC 2000 users group.</p> <p>Submitted report on changes accomplished.</p>	<p>Continued to convene bi-monthly meetings of OSC 2000 users group; submitted report of changes accomplished.</p> <p>Made almost 100 enhancements to OSC 2000 case tracking system including provisions to track case priority codes and enhance reporting programs.</p> <p>Developed litigation and FOIA tracking systems.</p>	<p>Enhanced performance of case tracking and reporting system. Re-designed and re-programmed case tracking system to meet re-organization requirements (over 30 significant changes to tracking and reporting components in a four-week period); entire system modified to serve needs of reorganized units with minimal disruption to end-users.</p>

U.S. Office of Special Counsel ( Goal 6 )

**ANNUAL RESULTS: STRATEGIC GOAL 6 (INFORMATION TECHNOLOGY]**

To integrate current information technology into OSC business processes, in order to improve organizational performance and to comply with statutory mandates.

<i>FY 2004 Performance Goals</i>	<i>FY 2004 Targets</i>	<i>FY 2004 Results</i>	<i>FY 2003 Results</i>	<i>FY 2002 Results</i>	<i>FY 2001 Results</i>
Intranet to ensure fast, efficient dissemination of OSC policies and procedures, both internally and externally, as appropriate.					
3. <u>Electronic Filing.</u> Continue to monitor and support implementation of electronic filing system.	Monitor the system performance and review end user feedbacks.	Monitored implementation of electronic filing application.	Developed Electronic Filing System implemented at start of FY 2004.  Moved e-filing systems to a secured subnet.	Based on written plan, infrastructure for electronic filing of complaints and disclosures, FOIA requests and OSC customer surveys (procure servers; install application software) in place, with planned implementation by October 2003.	
4. <u>IT Security Study.</u> Conduct annual information technology security and vulnerability assessment studies, in accordance with government-wide standards.	Conduct annual vulnerability assessment study upon successful completion of installing an AC unit in the 3 <sup>rd</sup> floor telephone closet, and review and update system disaster recovery plan.	Continued to monitor security strategies. No security study conducted because we didn't secure the telephone closet in FY 2003, but we did secure it at the end of FY 04. Next study will be conducted in FY 2005.	Implemented recommendations outlined in FY 2002 assessment report.	Completed external contractor's independent review of IT security.	

**OFFICE OF SPECIAL COUNSEL**  
**INDEPENDENT AUDITOR'S REPORTS AND**  
**FINANCIAL STATEMENTS**  
**September 30, 2004**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report .....	1
Independent Auditor's Report on Compliance with Laws and Regulations .....	3
Independent Auditor's Report on Internal Control.....	5
Financial Statements.....	7
Supplemental Information .....	20

## Independent Auditor's Report

To the Office of Special Counsel

We have audited the accompanying balance sheet of the Office of Special Counsel (OSC) as of September 30, 2004, and the related statements of net cost, changes in net position, budgetary resources, and statement of financing for the year then ended (collectively the financial statements). These financial statements are the responsibility of OSC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the financial position of OSC as of September 30, 2004, and its net cost; changes in net position; budgetary resources; and reconciliation of net cost to budgetary resources for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 29, 2004 on our consideration of OSC's internal control over financial reporting, and on our tests of OSC's compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of our audits performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management Discussion and Analysis and Trading Partner Information are not a required part of the basic financial statements but are supplementary information required by OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. We have applied certain limited procedures to such information, which consisted principally of inquiries of OSC management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and express no opinion on it.

*Clifton Gundersen LLP*

Calverton, Maryland  
October 29, 2004

## **Independent Auditor's Report on Compliance with Laws and Regulations**

To the Office of Special Counsel

We have audited the financial statements of the Office of Special Counsel (OSC), as of and for the year ended September 30, 2004 and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.

The management of OSC is responsible for complying with laws and regulations applicable to OSC. As part of obtaining reasonable assurance about whether OSC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material affect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 01-02, including the requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996 (as codified in 31 U.S.C. 3512). We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to OSC.

The results of our tests of compliance with laws and regulations described in the preceding paragraph, exclusive of FFMIA, disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 01-02.

Under FFMIA, we are required to report whether OSC's financial management systems substantially comply with the Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA section 803(a) requirements. The results of our tests disclosed no instances in which OSC's financial management systems did not substantially comply with the three requirements discussed in the preceding paragraph.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the management of OSC, the Bureau of Public Debt, OMB and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Calverton, Maryland  
October 29, 2004



## Independent Auditor's Report on Internal Control

To the Office of Special Counsel

We have audited the financial statements of the Office of Special Counsel (OSC), as of and for the year ended September 30, 2004, and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States; and, Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered OSC's internal control over financial reporting by obtaining an understanding of OSC's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act (31 U.S.C. 3512), such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect OSC's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. We noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above. We did note certain matters involving internal control and its operation that we have reported to management of OSC in a separate letter dated October 29, 2004.

Finally, with respect to internal controls related to performance measures reported in OSC's Management's Discussion and Analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions, as required by OMB Bulletin No. 01-02. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion on such controls.

\*\*\*\*\*

This report is intended solely for the information and use of the management of OSC, the Bureau of Public Debt, OMB and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gundersen LLP*

Calverton, Maryland  
October 29, 2004

**OFFICE OF SPECIAL COUNSEL**

**FINANCIAL STATEMENTS  
September 30, 2004**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Balance Sheet .....	8
Statement of Net Cost .....	9
Statement of Changes in Net Position .....	10
Statement of Budgetary Resources .....	11
Statement of Financing .....	12
Notes to Financial Statements .....	13
 Supplemental Information:	
Required Supplementary Information .....	20
• Trading Partner Information .....	21

**OFFICE OF SPECIAL COUNSEL  
BALANCE SHEET  
September 30, 2004**

**ASSETS**

Intragovernmental - Fund balance with Treasury (Note 2)	\$ 1,939,552
Property and equipment, net (Note 3)	89,101
Other	<u>2,144</u>

**TOTAL ASSETS** **\$ 2,030,797**

**LIABILITIES**

Intragovernmental:	
Accounts payable (Note 4)	\$ -
Other (Note 4)	<u>123,838</u>
Total intragovernmental	123,838

Accounts payable (Note 4)	89,527
Other (Note 4)	<u>1,203,133</u>

Total liabilities 1,416,498

**NET POSITION**

Unexpended appropriations	1,293,682
Cumulative results of operations	<u>(679,383)</u>
Total Net Position	<u>614,299</u>

**TOTAL LIABILITIES AND NET POSITION** **\$ 2,030,797**

The accompanying notes are an integral  
part of these financial statements.

**OFFICE OF SPECIAL COUNSEL  
STATEMENT OF NET COSTS  
Year Ended September 30, 2004**

<b>PROGRAM COSTS</b>	
Intragovernmental costs	\$ 3,871,558
Costs with the public	<u>9,779,046</u>
Total Program Costs	13,650,604
<b>COSTS NOT ASSIGNED TO PROGRAMS</b>	<u>-</u>
<b>NET COST OF OPERATIONS</b>	<u>\$ 13,650,604</u>

The accompanying notes are an integral  
part of these financial statements.

**OFFICE OF SPECIAL COUNSEL  
STATEMENT OF CHANGES IN NET POSITION  
Year Ended September 30, 2004**

	<b>Cumulative Results of Operations</b>	<b>Unexpended Appropriations</b>
	<u>                    </u>	<u>                    </u>
<b>BEGINNING BALANCES</b>	\$ (589,930)	\$ 708,964
<b>BUDGETARY FINANCING SOURCES</b>		
Appropriations received	-	13,504,000
Other adjustments (rescissions, etc.)	-	(127,197)
Appropriations used	12,792,085	(12,792,085)
<b>OTHER FINANCING SOURCES</b>		
Imputed financing from costs absorbed by others	<u>769,066</u>	<u>-</u>
<b>TOTAL FINANCING SOURCES</b>	<u>13,561,151</u>	<u>584,718</u>
<b>NET COST OF OPERATIONS</b>	<u>13,650,604</u>	<u>-</u>
<b>ENDING BALANCES</b>	<u>\$ (679,383)</u>	<u>\$ 1,293,682</u>

The accompanying notes are an integral  
part of these financial statements.

**OFFICE OF SPECIAL COUNSEL  
STATEMENT OF BUDGETARY RESOURCES  
Year Ended September 30, 2004**

**BUDGETARY RESOURCES**

Budget authority - appropriations received	\$ 13,504,000
Unobligated balance - beginning of period	<u>364,645</u>
Subtotal	13,868,645
Recoveries of prior year obligations	437,968
Permanently not available:	
Cancellations of expired and no-year accounts	(47,523)
Pursuant to public law	<u>(79,674)</u>
Total Budgetary Resources	<u>\$ 14,179,416</u>

**STATUS OF BUDGETARY RESOURCES**

Obligations incurred – Direct – Category A	\$ (21,123)
Category B	13,338,548
Unobligated balance apportioned	580,993
Unobligated balances not available	<u>280,998</u>
Total Status of Budgetary Resources	<u>\$ 14,179,416</u>

**RELATIONSHIP OF OBLIGATIONS TO OUTLAYS**

Obligated balance, net – beginning of period	\$ 735,426
Obligated balance, net – end of period:	
• Undelivered orders	(388,263)
• Accounts payable and accrued liabilities	<u>\$ (689,298)</u>
Outlays:	
• Disbursements	\$ 12,537,322
• Less offsetting receipts	<u>-</u>
Net Outlays	<u>\$ 12,537,322</u>

The accompanying notes are an integral  
part of these financial statements.

**OFFICE OF SPECIAL COUNSEL  
STATEMENT OF FINANCING  
Year Ended September 30, 2004**

**RESOURCES USED TO FINANCE ACTIVITIES**

**Budgetary Resources Obligated:**

Obligations incurred	\$ 13,317,425
Less: spending authority from offsetting collections and recoveries	<u>(437,968)</u>
Obligations net of offsetting collections and recoveries	12,879,457
Less offsetting receipts/collections	<u>-</u>
Net obligations	12,879,457
Other resources - imputed financing from costs absorbed by others	<u>769,066</u>
Total Resources Used to Finance Activities	<u>13,648,523</u>

**RESOURCES USED TO FINANCE ITEMS NOT PART OF THE  
COST OF OPERATIONS**

Change in budgetary resources obligated for goods, services and benefit orders not yet received	45,964
Resources that fund expenses recognized in prior periods	-
Resources that finance the acquisition of assets	<u>128,199</u>
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	<u>174,163</u>
Total Resources Used to Finance the Net Cost of Operations	<u>13,474,360</u>

**COMPONENTS OF NET COST OF OPERATIONS THAT WILL  
NOT REQUIRE OR GENERATE RESOURCES IN THE  
CURRENT PERIOD**

**Components Requiring or Generating Resources in Future Period:**

Increase in annual leave liability	96,222
Other	<u>41,733</u>
Total Components of Net Cost of Operations that Will Require or Generate Resources in Future Periods	<u>137,955</u>

**Components Not Requiring or Generating Resources:**

Depreciation and amortization	39,098
Other	<u>(809)</u>
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	<u>38,289</u>

Total Components of Net Cost of Operations That Will Not Require or General Resources in the Current Period	<u>176,244</u>
--	----------------

**NET COST OF OPERATIONS** \$ 13,650,604

The accompanying notes are an integral  
part of these financial statements.



**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Office of Special Counsel (OSC) is an independent federal investigative and prosecutorial agency. OSC's authority comes from three federal statutes, the Civil Service Reform Act, the Whistleblower Protection Act and the Hatch Act. OSC's primary mission is to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices. OSC receives, investigates, and prosecutes allegations of prohibited personnel practices, with an emphasis on protecting federal government whistleblowers.

OSC is headed by the Special Counsel, who is appointed by the President, and confirmed by the Senate. The agency employs approximately 106 employees to carry out its government-wide responsibilities in the headquarters office in Washington, D.C., and in the Dallas and San Francisco field offices.

**Basis of Presentation**

The financial statements of OSC have been prepared from its accounting records to report its financial position, net cost, changes in net position, budgetary resources, and reconciliation of net cost to budgetary resources. Such statements have been prepared in accordance with generally accepted accounting principles (GAAP), and the form and content requirements specified by the Office of Management and Budget's (OMB) Bulletins entitled *Form and Content of Agency Financial Statements* (No. 01-09). GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated as the official accounting standards-setting body for the U.S. Federal Government by the American Institute of Certified Public Accountants.

**Basis of Accounting**

OSC uses both the accrual basis and budgetary basis of accounting to record transactions. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. These financial statements were prepared following accrual accounting. Budgetary account balances are included in certain statements as appropriate. Budgetary accounting principles ensure that funds are obligated according to legal requirements. Balances on these statements may therefore differ from those on financial reports prepared pursuant to other OMB directives that are primarily used to monitor and control OSC use of budgetary resources.

**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues and Other Financing Sources**

OSC receives all funding through Congressional appropriation from the budget of the United States. Annual appropriations are used, within statutory limits, for salaries and administrative expenses and operating and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

There are no earned revenues in fiscal year 2004.

**Fund Balance with Treasury**

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments.

**Advances and Prepayments**

Advances are made with the Administrative Resources Center (ARC) of the Bureau of Public Debt who obligates funds with vendors on behalf of OSC. OSC records payments for goods and services not yet received as advances and reduces the advances by charges to expense as the goods and services are received.

**Property and Equipment, Net**

OSC's property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful life of the asset, with a full month of depreciation taken the month following the purchase. Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. OSC's capitalization threshold is \$50,000 for individual purchases.

<u>Description</u>	<u>Years</u>
Computer equipment	5
Office equipment	5
Office furniture	7

**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Liabilities**

Liabilities represent the amount of monies or other resources likely to be paid by OSC as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, and there is no certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government, acting in its sovereign capacity.

**Accounts Payable**

Accounts payable consists of amounts owed to other federal agencies and trade accounts payable.

**Retirement Plans**

OSC's employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 elected to join both FERS and Social Security or remain in CSRS.

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established and OSC makes a mandatory 1 percent contribution to this account. In addition, OSC makes matching contributions, ranging from 1 to 4 percent, for FERS eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, OSC remits the employer's share of the required contribution.

OSC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the Office of Personnel Management.

**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Imputed Costs/Financing Sources**

The FASAB's SFFAS Number 5, "Accounting for Liabilities of the Federal Government," requires that employing agencies recognize the full cost of pensions, health and life insurance benefits, during their employees' active years of service. Office of Personnel Management (OPM), as the administrator of the CSRS and FERS plans, the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program, must provide the "cost factors" that adjust the agency contribution rate to the full cost for the applicable benefit programs. Accordingly, an imputed financing source and corresponding imputed personnel cost is reflected in the Statements of Changes in Net Position, the Statements of Net Cost, and the Statements of Financing, respectively. These imputed balances do not affect OSC's net position.

**Annual, Sick and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year funding is not available to cover annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken. Any liability for sick leave that is accrued but not taken by a CSRS-covered employee is transferred to the Office of Personnel Management upon the retirement of that individual. No credit is given for sick leave balances upon the retirement of FERS-covered employees.

**Contingencies**

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to OSC. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. With the exception of pending, threatened or potential litigation, a contingent liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is more likely than not, and the related future outflow or sacrifice of resources is measurable. For pending, threatened or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable.

**Expired Accounts and Canceled Authority**

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account into which the annual authority is placed is

**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is canceled.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – FUND BALANCE WITH TREASURY**

Fund balances – Appropriated funds	<u>\$ 1,939,552</u>
Status of Fund Balance with Treasury	
Unobligated balance:	
Available	\$ 580,993
Unavailable	280,998
Obligated balance not yet disbursed	<u>1,077,561</u>
<b>Total</b>	<u><u>\$ 1,939,552</u></u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of office equipment with an acquisition cost of \$108,650 with accumulated depreciation of \$19,549.

**NOTE 4 – LIABILITIES**

Accrued liabilities at September 30, 2004 are comprised of program expense accruals, payroll accruals, and unfunded annual leave earned by employees. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid. Accrued annual leave represents an unfunded liability.

**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 4 – LIABILITIES (CONTINUED)**

Intragovernmental:	
Accrued liabilities	\$ 37,267
Payroll taxes payable	36,309
Post employment benefits	8,528
Unfunded FECA liability	<u>41,734</u>
Total intragovernmental	<u>123,838</u>
Other:	
Accounts payable	89,527
Accrued liabilities	133,753
Payroll accrual	344,547
Payroll taxes payable	39,367
Unfunded leave – not covered by budgetary resources	<u>685,466</u>
Total other liabilities	<u>1,292,660</u>
<b>Total liabilities</b>	<b><u>\$ 1,416,498</u></b>

**NOTE 5 – OPERATING LEASE**

OSC occupies office space under lease agreements expiring through 2009. The leased office space is in Washington, D.C., Dallas, and Oakland. Annual rent for each location is charged by the General Services Administration (GSA), which acts as the leasing agent for OSC. Total rent expense for the year ended September 30, 2004 was \$956,673. Lease payments are increased annually based on the adjustments for operating cost and real estate taxes.

The schedule of future operating lease payments are summarized as follows:

<u>Year ending September 30</u>	
2005	\$ 905,778
2006	879,414
2007	895,883
2008	851,838
2009	<u>856,656</u>
<b>Total</b>	<b><u>\$ 4,389,569</u></b>

**OFFICE OF SPECIAL COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004**

**NOTE 6 – BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE  
U.S. GOVERNMENT**

A reconciliation of budgetary resources, unobligated balance, obligations incurred and outlays, as presented in the Statement of Budgetary Resources (SBR), to amounts included in the Budget of the United States Government (President's Budget) for the year ended September 30, 2003 reflected no material reconciling items. A reconciliation is not presented for the period ended September 30, 2004 since OSC's FY 2004 Annual Report will be published in February 2005 and the President's Budget for FY 2004 has not been finalized. The "actual" President's Budget for fiscal 2003 is available on the OMB website.

**NOTE 7 – EXPLANATION OF DIFFERENCES BETWEEN LIABILITIES NOT  
COVERED BY BUDGETARY RESOURCES AND COMPONENTS  
REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS**

The liabilities not covered by the budgetary resources on the balance sheet include accrued leave. The accrued leave consists of unfunded annual leave, unfunded compensatory leave. The unfunded leave increased by \$96,222 from fiscal year 2003 to fiscal year 2004 and is reported as resources that fund expenses recognized in prior years.

This information is an integral part of  
the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**



**OFFICE OF SPECIAL COUNSEL  
REQUIRED SUPPLEMENTARY INFORMATION  
TRADING PARTNER INFORMATION  
As of and For The Year Ended September 30, 2004**

	ASSETS			LIABILITIES			FISCAL 2004 ACTIVITY	
	Treasury Financial Mgmt. Dept. Code	Fund Balance w/Treasury	Advances	Total	Accounts Payable & Accrued Liabilities	Payroll Taxes		Total
Library of Congress	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200
US Government Printing Office	4	-	-	-	-	-	-	4,003
US Dept. of Agriculture	12	-	-	-	-	-	-	11,839
Department of the Interior	14	-	-	-	(1,850)	-	(1,850)	-
Bureau of Alcohol, Tobacco and Firearms	15	-	-	-	-	-	-	(523)
Department of Labor	16	-	-	-	29,131	19,597	48,228	51,310
United States Postal Service	18	-	-	-	-	-	-	262
Department of Treasury	20	1,939,552	-	1,939,552	39,358	-	39,962	224,714
Office of Personnel Management	24	-	-	-	3,873	16,293	20,166	1,973,067
Equal Employment Opportunity Commission	45	-	-	-	-	-	-	3,005
General Services Administration	47	-	-	-	9,022	-	9,022	1,106,151
Health and Human Services	75	-	-	-	-	-	-	3,465
National Archives and Records Administration	88	-	-	-	(170)	-	(170)	2,622
Board of Governors	95	-	-	-	-	-	-	500
General Fund of the Treasury	99	-	-	-	363	8,343	7,980	489,943
<b>Total</b>		<u>\$ 1,939,552</u>	<u>\$ -</u>	<u>\$ 1,939,552</u>	<u>\$ 78,971</u>	<u>\$ 44,837</u>	<u>\$ 123,838</u>	<u>\$ 3,871,558</u>