SOCIAL SECURITY

MEMORANDUM

Date: March 27, 2002   Refer To:

To: Jo Anne B. Barnhart
        Commissioner of Social Security

From: Inspector General

Subject: Performance Measure Review: The Social Security Administration's Transition
        Planning (A-02-01-11014)

Following consultations with congressional committees, the Office of the Inspector
General agreed to review the Social Security Administration's performance indicators
over a continuous 3-year cycle. We recently completed our first 3-year cycle. In
conducting this work, we used the services of an outside contractor,
PricewaterhouseCoopers, LLP (PwC), to assist us in our efforts.

For this report, we used PwC to conduct the review of two of the Agency's performance
indicators related to its transition planning. The objective of the review was to assess
the reliability of the data used to measure the Agency's transition planning efforts.

Please comment within 60 days from the date of this memorandum on corrective action
taken or planned on each recommendation. If you wish to discuss the final report,
please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector
General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

PERFORMANCE MEASURE REVIEW:
THE SOCIAL SECURITY
ADMINISTRATION'S TRANSITION
PLANNING

March 2002   A-02-01-11014

EVALUATION REPORT

Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- O Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- O Promote economy, effectiveness, and efficiency within the agency.
- O Prevent and detect fraud, waste, and abuse in agency programs and operations.
- O Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- O Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- O Independence to determine what reviews to perform.
- O Access to all information necessary for the reviews.
- O Authority to publish findings and recommendations based on the reviews.

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

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Evaluation of Selected Performance Measures of the Social Security Administration:

SSA's Transition Planning

Office of the Inspector General
Social Security Administration

INTRODUCTION

This report is one of five separate stand-alone reports, corresponding to the following Social Security Administration (SSA) process and performance measures (PM):

❑   Create Agency change strategy. (PM #9)

Fiscal Year (FY) 2000 Goal: Develop and implement change strategy.

❑   Complete Agency plan for transitioning to the workforce of the future. (PM #10)

FY 2001 Goal: Implement and update Agency transition plan, and develop and implement action items from employee survey.

This report reflects our understanding and evaluation of the process related to PMs #9 and #10. To achieve its strategic goal, "To be an employer that values and invests in each employee," SSA has developed several strategic objectives. Two of these objectives are 1) "Promote an Agency culture that successfully incorporates our values," and 2) "Create a workforce to serve SSA's diverse customers in the twenty-first century." SSA's FY 2001 Annual Performance Plan (APP) contains two performance indicators developed to meet this objective as follows:

❑   *Create Agency change strategy* - Created to meet SSA objective to, "Promote an Agency culture that successfully incorporates our values." This indicator will be considered achieved if SSA develops and implements a strategy for change.

❑   *Complete Agency plan for transitioning to the workforce of the future* - Created to meet SSA objective to "Create a workforce to serve SSA's diverse customers in the twenty-first century." This indicator will be considered achieved if SSA completes an employee survey and publishes an Agency workforce transition plan.

We performed our testing from September 21, 2000 through February 15, 2001. Our engagement was limited to testing at SSA's headquarters in Woodlawn, Maryland. The procedures that we performed were in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Consulting Services, and are consistent with appropriate standards for performance audit engagements in *Government Auditing Standards* (Yellow Book, 1994 version). However, we were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the reliability or accuracy of the reported results of the performance measures evaluated. Accordingly, we do not express such an opinion.

Performance Measure # 9 - Create Agency change strategy.

BACKGROUND

SSA's FY 2000 APP contains performance indicators related to its strategic goal to be an employer that values and invests in each employee. The resulting strategic objective is to promote an agency culture that successfully incorporates SSA values. The performance indicator, designated to track organizational progress made towards the goal of valuing and investing in each employee, is the creation of a change strategy that would instill the desired values. Nine desired values are listed in SSA's FY 2001 APP as follows:

❑ To treat every individual with equal regard and respect;

❑ To act with integrity;

❑ To imbue quality in all we do and help others do the same;

❑ To remember that courtesy and compassion mean everything;

❑ To listen carefully and to act on what we hear;

❑ To respect stability and embrace change, keeping what works and changing what could work better;

❑ To value diversity;

❑ To discharge faithfully our role as guardians of the public trust; and

❑ To act with this thought in mind, to millions of people, we are "the government."

To fulfill this strategic goal and objective, SSA needed to ascertain the current values and culture of SSA and determine if gaps existed between the current values and the desired values. The Office of Workforce Analysis (OWA) within the Office of Human Resources (OHR) was tasked with developing a plan to achieve this objective.

OWA developed a plan that included four major process steps as follows:

1) Perform a baseline study of the current culture;

2) Conduct a gap analysis between the current culture and the desired culture;

3) Conduct a benchmarking study to see how the best organizations measure their success in this area; and

4) Design and implement a change strategy to get to the desired agency culture.

Below is a brief description of the four major process steps taken by SSA to achieve its goal of developing and implementing an agency change strategy.

1. Perform a baseline study of the current culture.

To perform a baseline study of the agency culture, SSA researched the topic of organization culture based on well-known and respected sources in the field.[1] In addition, SSA followed standard qualitative data collection methods in order to develop an approach to discovering its culture and validating findings.

SSA also hired two external consultants to help it establish what it would need to accurately document its own culture. This research enabled SSA to define the meaning of culture for its own organization and to determine the particular constructs it needed to measure to obtain an accurate assessment of its culture.

Based on this research SSA identified three core cultural themes:

❑   Building confidence in SSA;

❑   Providing world-class service; and

❑   Creating a supportive work environment.

Appropriately, the OWA team then presented these three core themes to individuals and groups of SSA employees and managers for validation. The findings from these employee interviews, focus groups, and document reviews, formed the basis for the development of survey questions.

2. Conduct a gap analysis between the current culture and the desired culture.

To conduct the analysis, SSA developed an employee survey. Employees were asked to rate their level of agreement with 67 statements related to workplace behaviors and practices (Section A), values (Section B), and work climate (Section C) for the current SSA environment and also how important the behavior or practice was to them. The survey included a demographics section that allowed the results to be cross-tabulated by region, regional component, grade level, years of service, age, gender, etc.

Section B specifically asked respondents to give their opinion on the nine values listed in the 1997 Agency Strategic Plan (ASP). The inclusion of these nine values was especially important, since it was the first time SSA employees had been asked about their opinion of the ASP values. The inclusion of these values allows SSA to build a more direct measurement from the ASP, APP, and the Government Performance and Results Act of 1993, in general.

The survey was administered by mail and sent to a randomly selected 20 percent of the total SSA employee population (13,600). A cover letter was included with the survey from the Deputy Commissioner of Human Resources. It stressed that responses would be kept confidential and that an outside group would be collecting and tabulating the survey results. The survey was also sent to all 128 members of the SSA Senior Staff. The response rate for the employee survey was 48.5 percent and 51 percent for the Senior Staff.

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[1] Organizational Culture sources used by SSA: <u>Organizational Culture & Leadership</u> by Edgar Schein 1992; and <u>Corporate Cultures</u> by Terrence Deal and Allan Kennedy, 1982.

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Survey results were analyzed by taking the means of each current and desired workplace statement and identifying the top ten highest ratings, lowest ratings, and the gaps between the two groups. The employee, mid-level manager, and Senior Staff responses were also compared.

The following items were identified as the top ten gaps:

❑ Gap 1: Having an appraisal system that supports clear and challenging performance standards.

❑ Gap 2: Rewarding individuals for good work.

❑ Gap 3: For employee opinions to count.

❑ Gap 4: Having job advancement opportunities available.

❑ Gap 5: Sharing work responsibilities fairly.

❑ Gap 6: Effectively recruiting and selecting new employees who are motivated and well-matched to their jobs.

❑ Gap 7: Treating every individual with equal regard and respect.

❑ Gap 8: Rewarding good teamwork.

❑ Gap 9: Delivering training in a timely and effective manner.

❑ Gap 10: Resolving conflicts in positive ways.

3. Conduct a benchmarking study to see how the best organizations measure their success in this area.

A benchmarking study was conducted to see how other organizations carry out a culture change effort. Thirty-seven organizations were selected for the benchmarking study (25 private and 12 public organizations). Eleven organizations ultimately participated in the study by responding to a survey; four of the eleven allowed SSA to conduct site visits. A conference call was conducted with a fifth benchmark partner. The results of the benchmarking study provided SSA with comparisons and ideas that could be implemented for their own culture change effort.

SSA found that most Government agencies responding to their best practice survey were not willing to share the details of their culture change efforts and found that those that did showed little evidence of change.

4. Design and implement a change strategy to get to the desired agency culture.

SSA formed an intercomponent workgroup (OCW) to examine the results of the culture survey and formulate a change strategy plan. The group included members from all relevant SSA stakeholders. While the 10 gaps found between the current and desired

SSA cultures formed the basis for SSA's change strategy plan; OCW also examined other sources of information relevant to the assessment of SSA culture as follows:

❑ The results of the 1999 SSA employee survey conducted by the National Partnership for Reinventing Government;

❑ Other current SSA initiatives that will influence organizational culture, such as the 2010 Vision;

❑ The results of the employee interviews;

❑ The results of the benchmarking studies; and

❑ The results of brainstorming and discussion sessions.

The OCW analyzed and categorized the 10 gaps into 3 groups: performance management, communications, and empowerment. The recommendations were categorized as follows:

❑ Theme #1: Create a comprehensive performance management system.

❑ Theme #2: Promote greater communication throughout SSA.

❑ Theme #3: Empower Individuals/Offices/Components/Agency.

RESULTS OF EVALUATION

During the period of September 21, 2000 to February 15, 2001, we evaluated the current processes and controls, which support the FY 2000 SSA performance measurement process. In addition, we determined the accuracy of the underlying performance measure data. Our evaluation of the information provided by SSA management as of February 15, 2001 allowed us to determine that the reported FY 2000 results of the performance measure tested (shown below) were reasonably stated based on the methodology used by SSA.

Performance Measure	Reported Result
9. Create Agency change strategy	Change strategy created

OWA has completed the four major steps and identified short- and long-term recommendations for SSA to help achieve its goal of becoming an employer that values and invests in each employee. We evaluated the approach that SSA has taken to study its culture and found that SSA's overall strategy to change its organizational culture is based on solid research principles. We determined that SSA undertook a thorough effort to fully understand the theory and practice behind the study of organization culture and to define the characteristics of its own culture.

In addition, we found that the employee survey SSA developed was based on strong research and literature related to the measurement of organizational culture and used appropriate survey development standards. However, we did note the following opportunities for improvement in SSA methodology:

1. SSA has not assigned specific responsibility for implementing recommendations.
2. Cultural themes are not a direct measure of the culture.
3. Survey sections were not directly "mapped" to SSA's values.

1. SSA has not assigned specific responsibility for implementing recommendations.

The change strategy is embodied within OCW's short- and long-term recommendations, but specific responsibility for implementing these recommendations has not yet been assigned. SSA stated that it is currently awaiting approval of the strategy from senior management. However, assignments have not been identified within the document. Not assigning specific recommendations to particular individuals or offices will result in a lack of accountability mechanisms within the organization to help support these change initiatives.

2. Cultural themes are not a direct measure of the culture.

We found that the three cultural themes are consistent with the tenor of the nine APP values. However, the cultural themes are not a direct measurement of the culture. Specifically, it is not clear how the survey sections and subsequent questions are directly "mapped" or cross-walked to these three core cultural themes.

3. Survey sections were not directly "mapped" to SSA's values.

Sections A and C of the survey were not directly "mapped" to the APP values as found in Section B. If Sections A and C could be mapped by group or category to the nine APP values, it would allow SSA to build a more direct measurement from the APP and GPRA in general. By mapping or grouping the nine values against Section A and C, it would be possible statistically to conduct factor analysis[2] and obtain factor groupings. This analysis would provide a way to measure the nine APP values and see how they group or correlate to Sections A and C statistically. This analysis would help SSA to further define the areas where they need culture change and action plans.

CONCLUSIONS AND RECOMMENDATIONS

Our evaluation found that OWA has completed the implementation process of this performance measure. OWA completed four major steps of developing and implementing a strategy by performing a baseline study, a gap analysis, a benchmark study, and identified short- and long-term recommendations for SSA to implement. However, SSA has not assigned responsibility for implementing recommendations.

1) We recommend that SSA assign specific responsibility to individuals or organizations for developing a plan to accomplish these recommendations and establish interim performance measures to track the effects of individual recommendations.

2) We recommend a more direct grouping of questions to these three core cultural themes, so that they can be validated and measured directly.

3) We recommend that SSA consider grouping related questions of the survey (Sections A and C) into factors that map to the nine APP values.

For example, the questions could be grouped into sections mapping to employee performance, agency pride, diversity, customer satisfaction, management assessment, etc. By creating groups or categories of questions, SSA would have the ability to create factor groupings and perform additional analysis generating results that would be useful in building a more direct map to the APP values.

OTHER MATTERS

As part of this evaluation, we identified several less significant matters that are peripheral to this engagement that SSA should also consider. These points are discussed below.

SSA benchmarking study did not include enough public organizations.

SSA did not include a great deal of literature pertaining specifically to public organizations in its research review. When benchmarking culture to make appropriate comparisons, it is important to find similar organizational characteristics by function, size, or sector. Because SSA delivers unique services in a public setting and is under public scrutiny, SSA should find similar cultures for best practice comparison.

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[2] Factor analysis is a correlation coefficient technique.

<u>Recommendations</u>

4) We recommend that SSA include more public sector culture studies and research in their literature review and best practice research and research other government organizations delivering similar services, such as the equivalent of SSA in Canada, England, and France.

5) Additionally, while public and private sector organizations share many characteristics, SSA may want to consider the inclusion of research related to the study of public sector organizational culture (e.g., Rainey, 1991, <u>Understanding and Managing Public Organizations</u>).

Survey respondents could be biased.

Excluding Senior Staff, less than half (48.5 percent) of the sampled employees responded. It is possible, in this situation, that SSA obtained very precise results for a biased subset of the total population. In other words, those who responded to the survey may be more positive or negative towards SSA than those who did not respond.

SSA sampled a very large portion of its population (20 percent or 13,600) unnecessarily. Depending on the required level of precision required in the estimate, SSA could have sampled fewer cases. For example, with a sample size of 13,600, an estimate of the percent of the population having a particular characteristic would be within less than one percentage point of the actual value. Whereas, selecting a sample of about 2,500 employees, an estimate of the same quantity would be within about two percentage points of the actual value. The smaller sample size produces an estimate that would certainly be reasonable for most decision-making situations at a much lower cost to SSA. Generally, the reasoning behind selecting such a large sample is that great variability is known to exist within the total population.

<u>Recommendation</u>

6) We recommend that in the future SSA select a smaller sample (1,000 or 2,000 cases) and expend more resources to obtain a high response rate for that smaller sample.

Organizations selected for benchmarking study may not be appropriate.

It is not clear how SSA initially selected the 37 organizations for the benchmarking study and why more private than public organizations were chosen. As stated previously, when benchmarking other organizations for comparison purposes or best practice behavior, example organizations should have similar characteristics for the most valid and appropriate comparison.

<u>Recommendation</u>

7) We recommend that the benchmarking organizations be chosen due to their similarity in the desired culture, size, sector, purpose, and organizational structure to obtain the best possible comparisons.

Benchmarking study may have not been necessary.

Rather than expending its resources performing a benchmarking study, SSA may have obtained more useful information if it had searched for best practice Government agencies that have undertaken successful culture change efforts. SSA had already obtained a great deal of research from its contractor on culture change efforts but little information on other Federal organizations subject to GPRA who had embarked on culture change goals.

<u>Recommendation</u>

8) We recommend that in the future SSA benchmark itself against other government organizations specifically under GPRA guidelines that have included culture change or change strategy goals in their APP.

This way, SSA may be able to gain helpful information from other federal organization's performance indicators monitoring cultural change.

Performance Measure # 10 – Complete Agency plan for transitioning to the workforce of the future

BACKGROUND

SSA's FY 2000 APP contains performance indicators related to its strategic goal to be an employer that values and invests in each employee. The resulting strategic objective is to create a workforce to serve SSA's diverse customers in the twenty-first century. The resulting performance indicator to track achievement towards this goal is to complete SSA's plan for transitioning to the workforce of the future. The FY 2001 goal is to implement and update the transition plan and develop and implement action items from the employee survey.

Implement and update the transition plan.

To fulfill SSA's Strategic Plan of creating a workforce to serve SSA's diverse customers in the 21St century, SSA developed a 5-year workforce transition plan. The plan was developed with input from all SSA components and its labor and management organizations. The plan was based on:

❑ What SSA expects to happen in the future; what the effects of the future will have on SSA's workforce needs;

❑ What actions will be taken to address SSA's workforce needs.

SSA based the development of its workforce plan on the following components:

1) projected attrition analysis, 2) predicted succession flow for major SSA occupations, and 3) factors to be considered for future updates. SSA performed a workforce analysis to ascertain its current capabilities and expected needs based on these three components. The expectations of the future came from well-respected and legitimate sources such as the Census Bureau, the Office of Personnel Management and the analysis of its own Agency history of personnel trends.

SSA identified five major issues to be addressed by its workforce transition plan:

1) SSA needs to improve the process for projecting its workforce needs and for planning how to meet them to allow adequate time for recruiting and training;

2) SSA needs to recruit new employees that reflect the diversity of its customers, with the necessary competencies and who will stay long enough to give a return on investment;

3) SSA needs to fully develop and utilize its employees and provide them with the necessary tools and training;

4) SSA needs to provide a work environment and an organizational culture that supports employees and enables them to provide world-class customer service; and

5) SSA needs to explore additional avenues for meeting its future workforce needs.

SSA's plan was comprised of the following items:

❑ Description of workforce planning issue,

❑ Action items to address issues,

❑ Milestones to track progress of each issue,

❑ Lead office responsible, and

❑ Target completion dates.

Each of these items is appropriately explained and the milestones are appropriate actions needed to address each workforce planning issue. To increase manageability and accountability, SSA has assigned a lead office responsible for each action item.

Develop and implement action items from the employee survey

SSA has recently administered a pilot of its employee survey (January 16-February 2, 2001) and the analysis of the survey data is in process. An official SSA report has not yet been released on the status of this strategic goal.

The purpose of conducting the employee survey is to assess current levels of satisfaction with job and work environment. Once the data is collected, SSA will have the knowledge to help make SSA a better place to work. The information gathered from the survey will help SSA to meet its Strategic Objective to "create a workforce to serve SSA's diverse customers in the twenty-first century."

The intended steps for administering a pilot employee survey are listed below. SSA has completed the first five steps.

1. Provide a validated survey instrument grounded in sound statistical research;

2. Conduct a pre-survey publicity and communications campaign to maximize employee interest and participation;

3. Print and distribute all survey materials;

4. Administer the survey using a blend of machine scorable questionnaires, toll-free interactive phone responding, internet/intranet methodology and/or any other appropriate survey response mechanism;

5. Take appropriate steps to ensure a minimum response rate of 75 percent;

6. Conduct train-the-trainer sessions on how to teach managers/supervisors to analyze and use the survey findings for the development of action plans to improve satisfaction;

7. Provide an in-depth written analysis of the overall survey results with specific recommendations for next steps SSA should consider based on these results;

8. Conduct executive level briefings on overall findings;

9. Generate feedback reports to Headquarters covering consolidated results for the test sites;

10. Provide feedback reports to all survey participants covering the findings for their individual work units at the lowest level of supervision; and

11. At the conclusion of the full process test, SSA will conduct an internal evaluation to determine the advisability of proceeding with a full implementation, across SSA.

RESULTS OF EVALUATION

During the period of September 21, 2000 to February 15, 2001, we evaluated the current processes, systems and controls, which support the FY 2000 SSA performance measurement process. In addition, we determined the accuracy of the underlying performance measure data. Our evaluation of the information provided by SSA management as of February 15, 2001 allowed us to determine that the reported FY 2000 results of the performance measure tested (shown below) were reasonably stated.

Performance Measure	Reported Result
10. Complete Agency plan for transitioning to the workforce of the future.	Agency transition plan published

We have evaluated SSA's approach to creating its workforce transition plan and found that SSA has completed the plan and provided a well-thought out strategy to implement the transition plan and to meet its diverse workforce needs. We found that SSA performed its analysis based on standard workforce analysis procedures and reasonable assumptions of the future.

In addition, our evaluation of the questions and structure of the employee survey for the process test and have found it to be a well-researched and tested survey instrument. SSA has chosen a reliable metric that can be benchmarked and also has the option of adding three additional questions to the employee survey. We found that the development and implementation of the SSA employee survey process test is proceeding according to schedule and appears to be on-target for meeting its goal of improving SSA work environment.

CONCLUSIONS AND RECOMMENDATIONS

Given the nature of long-range planning and unpredictability of the future, we found SSA's approach to be reasonable.

9) We recommend that SSA continue to monitor its workforce planning issues and make changes to the workforce plan quarterly, or as needed.

APPROPRIATENESS OF THE PERFORMANCE MEASURES

As part of this engagement, we evaluated the appropriateness of each of the performance measures with respect to GPRA compliance and SSA's APP. To do so, we determined whether the specific indicators and goals corresponded to the strategic goals identified in SSA's APP, determined whether each of these indicators accurately measure performance, and determined their compliance with GPRA requirements.

PM #9 and PM #10 do not meet the full intent of GPRA and are therefore not adequate GPRA performance measures. Both are actually means and strategies by which SSA may achieve their Goal #4, "To be an employer that values and invests in each employee." According to the Office of Management and Budget (OMB) Circular A-11 *Preparation and Submission of Budget Estimates*, "The annual plan includes a description of resources, processes, and technologies required to achieve the performance goals and indicators. These are means (in many instances, inputs) the agency will employ…."[3] If one reads the description of the two performance measurements in SSA's FY 2000 Performance and Accountability Report, one would get a synopsis of processes, not a description of a performance goal or indicator.
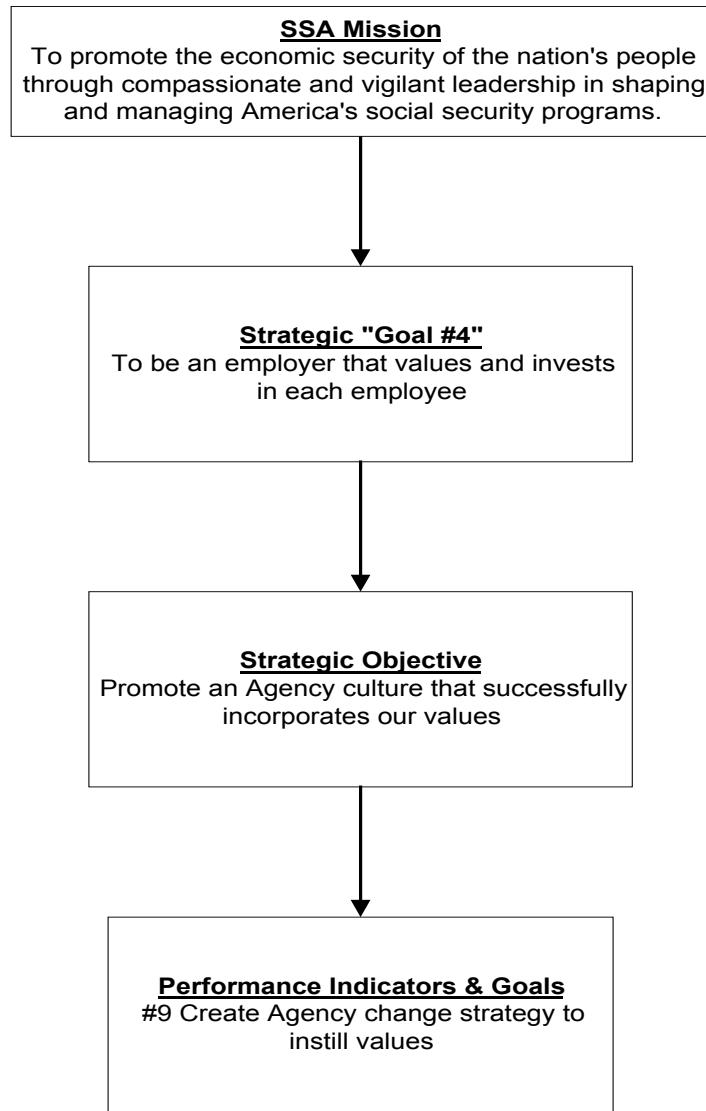
In both cases, SSA could develop means-type goals to measure their effectiveness at meeting their strategic objective to "Promote an Agency culture that successfully incorporates our values." For example, SSA should develop measures to gauge their effectiveness at transforming Agency culture or attaining the workforce profile that they desire. These current PMs would then become the means and strategies by which SSA could achieve its means-type goals for his objective.

Performance Measure #9 aligns logically with the SSA Strategic Plan but is not a GPRA performance measure.

The relationship between PM #9 and the applicable SSA Strategic Goal is depicted in the following figure:

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[3] OMB Circular A-11 *Preparation and Submission of Budget Estimates* section 220.11.

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┌─────────────────────────────────────────┐
│              SSA Mission                  │
│  To promote the economic security of the │
│  nation's people through compassionate    │
│  and vigilant leadership in shaping        │
│  and managing America's social security    │
│  programs.                                 │
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                    ▼
┌─────────────────────────────────────────┐
│            Strategic "Goal #4"            │
│   To be an employer that values and       │
│   invests in each employee                 │
│                                            │
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┌─────────────────────────────────────────┐
│            Strategic Objective            │
│   Promote an Agency culture that          │
│   successfully incorporates our values     │
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│       Performance Indicators & Goals      │
│   #9 Create Agency change strategy to      │
│   instill values                           │
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SSA's mission is supported by five strategic goals, including Goal #4, "To be an employer that values and invests in each employee." Goal #4, in turn, is supported by several strategic objectives, including the relevant objective dealing with SSA's culture, "Promote an Agency culture that successfully incorporates our values." PM #9 indicates whether or not SSA creates a strategy to instill values. The diagram indicates that PM #9 and its corresponding activities logically align with SSA's strategic planning process.

Based on the taxonomy of performance measures included in Appendix F, PM #9 is a measure of accomplishment because it reports on a result (strategy created) achieved with SSA resources. It is further categorized as an output measure because it indicates the quantity (zero or one) of a service provided (creation of a strategy).

Within the framework of GPRA, PM #9 technically fits the definition of an output measure because it is "…a description of the level of activity or effort that will be produced or provided over a period of time or by a specified date…." However, this metric does not meet the intent of GPRA and could be improved as follows.

Ideally, a performance metric should help SSA take action and affect the performance of the indicator being measured. In this case, the metric is binary because it provides a yes or no answer. This provides limited information for planning action, other than the knowledge that a goal may or may not have been met.

The metric does not promote an adequate and correct understanding of the subject area. It is true that developing the change strategy supports the objective of, "promoting an agency culture that successfully incorporates our values." However, the metric is focused on whether or not a change strategy has been created, not the quality or suitability of the strategy or the progress made in achieving the strategy.

Ideally, a performance metric should allow SSA to track progress over time. However, this is not possible with a binary metric of this nature. The performance goal for this particular metric is a 1-time occurrence—create and implement the strategy. As a result, this measure, as designed, does not provide an indication of incremental progress.

The completed and planned activities related to this measurement are valid and necessary for achieving SSA's strategic objective, to "Promote an Agency culture that successfully incorporates our values." Furthermore, the agency change strategy should be created and implemented. However, the subject measurement is not useful and should be revised to support the cultural change effort.

Recommendations

10) SSA should eliminate PM #9 from its GPRA strategic planning effort and replace it with metrics that help to (a) indicate the quality of the change strategy, and (b) quantify the progress made in achieving that strategy over time.
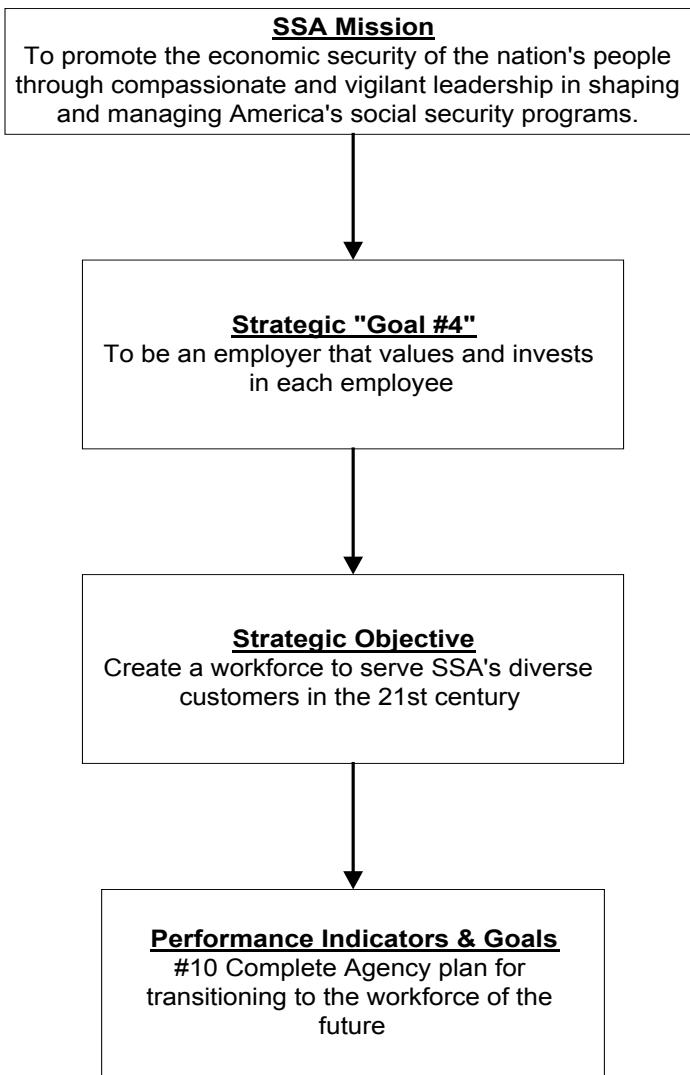
11) In addition, the measurement system should be designed to help SSA managers take appropriate action to ensure the success of the cultural change effort.

Overall, SSA's approach to measuring Agency culture is worthwhile and should be continued.

12) To better meet GPRA requirements, SSA should develop measures that qualitatively and quantitatively measure employees' perspectives of their workplace environment.

Performance Measure #10 aligns logically with SSA's Strategic Plan, but is not a direct link to measuring if SSA is becoming an employer that creates a workforce to serve SSA's diverse customers in the 21st century.

The relationship between PM #10 and the applicable SSA Strategic Goal is depicted in the following figure:

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┌─────────────────────────────────────────┐
│               SSA Mission                 │
│  To promote the economic security of the  │
│      nation's people through              │
│  compassionate and vigilant leadership in │
│       shaping and managing America's      │
│          social security programs.        │
└─────────────────────────────────────────┘
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┌─────────────────────────────────────────┐
│            Strategic "Goal #4"            │
│   To be an employer that values and       │
│         invests in each employee          │
│                                           │
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                    ▼
┌─────────────────────────────────────────┐
│            Strategic Objective            │
│  Create a workforce to serve SSA's diverse│
│        customers in the 21st century      │
│                                           │
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┌─────────────────────────────────────────┐
│     Performance Indicators & Goals        │
│        #10 Complete Agency plan for       │
│     transitioning to the workforce of the │
│                   future                  │
└─────────────────────────────────────────┘
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The SSA mission is supported by five strategic goals, including Goal #4, "To be an employer that values and invests in each employee." Goal #4, in turn, is supported by several strategic objectives, including the relevant objective of "creating a workforce to serve SSA's diverse customers in the 21st century." The diagram indicates that PM #10 and its corresponding activities logically align with SSA's strategic planning process.

Based on the taxonomy of performance measures included in Appendix F, PM #10 is a measure of accomplishment because it reports on a result (workforce plan created) achieved with SSA resources. It is further categorized as an output measure because it indicates the quantity (zero or one) of a service provided (creation of a workforce plan).

Within the framework of GPRA, PM #10 technically fits the definition of an output measure because it is "…a description of the level of activity or effort that will be

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produced or provided over a period of time or by a specified date...." However, this metric does not meet the intent of GPRA.

Ideally, a performance metric should help SSA to take action and affect the performance of the indicator being measured. In this case, the metric is binary because it provides a yes or no answer. This provides limited information for planning action, other than the knowledge that a goal may or may not have been met.

The metric does not promote an adequate and correct understanding of the subject area. It is true that completing SSA's plan for transitioning to the workforce of the future supports the objective to "create a workforce to serve SSA's diverse customers in the 21st century." However, the metric is focused on whether or not a workforce plan has been created, not the quality or suitability of the plan or the progress made in achieving the plan.

Ideally, a performance metric should allow SSA to track progress over time. However, this is not possible with a binary metric of this nature. The performance goal for this particular metric is a 1-time occurrence—create and implement the workforce plan. As a result, this measure, as designed, does not provide an indication of incremental progress.

<u>Recommendation</u>

13) We recommend that SSA monitor the action items and milestones specified in the workforce plan as the performance indicator of whether SSA is creating a workforce to serve SSA's diverse customers in the 21st century.

The workforce plan describes the method SSA can use to achieve this strategic objective, but it is not appropriate for measuring if SSA has implemented its plan and is achieving the goals of the plan.

Agency Comments

Of the 13 recommendations contained in this report, SSA agreed with 8, disagreed with 1, and deferred comments on 4 of the recommendations pending Agency action on the OCW report. The Agency disagreed with the recommendation that it select a smaller sample size and expend more resources to obtain a high response rate for that smaller sample when surveying its employees on SSA's culture. It deferred on four recommendations that called for changes to the questionnaire used to survey its employees. Please see Appendix C for the full text of the Agency's Comments.

OIG Response

We appreciate SSA's comments to this report. The implementation of the recommendations contained within this report will help to ensure for the better measurement of SSA's culture and its ability to transition its workforce to meet the needs of citizens in the future. We continue to recommend that SSA revisit the size of the sample it used when surveying its employees on its culture. SSA had a sample of over 13,000 employees and a response rate below 50 percent. In future surveys, SSA should spend less of its resources on administering a very large sample of employees and more

of its resources on ensuring that an adequate number of those sampled actually respond to the survey.

We understand the Agency's desire to defer its response to four recommendations pending action on the OCW report. We will continue to track these recommendations and look forward to the Agency's response to them in the near future.

APPENDICES

APPENDIX A – Scope and Methodology

APPENDIX B – Acronyms

APPENDIX C – Agency Comments

APPENDIX D – Performance Measure Summary Sheets

APPENDIX E – Performance Measure Process Maps

APPENDIX F – Performance Measure Taxonomy

SCOPE AND METHODOLOGY

The Social Security Administration (SSA) Office of the Inspector General contracted PricewaterhouseCoopers, LLP (PwC) to evaluate 11 SSA performance indicators identified in its Fiscal Year 2001 Annual Performance Plan (APP). We performed our testing from September 21, 2000 through February 15, 2001.

Our engagement was limited to testing at SSA's headquarters in Woodlawn, Maryland. The procedures that we performed were in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Consulting Services, and are consistent with appropriate standards for performance audit engagements in *Government Auditing Standards* (Yellow Book, 1994 version). However, we were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the reliability or accuracy of the reported results of the performance measures evaluated. Accordingly, we do not express such an opinion.

For these two performance indicators, PwC was asked to assess SSA's progress to date in the implementation process, and evaluate if SSA has the capacity to effectively complete the implementation process.

1. Create Agency change strategy (PM #9)

In order to assess SSA's progress to date in the implementation process and evaluate if SSA has the capacity to effectively complete the implementation, we obtained an understanding of the underlying process and procedures surrounding the implementation of the measure through interviews and meetings with the appropriate SSA personnel. In addition, we reviewed and evaluated the following:

❑ "Organizational Culture Project: Final Report," May 2000.

❑ Memo entitled "Organizational Culture Workgroup Recommendations," October 18, 2000.

❑ SSA Performance Plan for FY 2000.

❑ SSA Performance Plan for FY 2001, Revised Final Performance Plan for FY 2000.

❑ SSA 2000-2005 Strategic Plan "Mastering the Challenge."

2. Complete Agency plan for transitioning to the workforce of the future (PM #10)

We reviewed and evaluated the following documents to gain an understanding of the processes used to create the workforce plan and the pilot employee survey.

❑ "Workforce Planning at the Social Security Administration," February 2000.

❑ Memo entitled " Future Workforce Transition Plan—ACTION," June 5, 2000.

❑ Memo entitled "Quarterly Status Report on SSA's Future Workforce Plan—INFORMATION," November 28, 2000.

❑ SSA Performance Plan for FY 2000.

❑ SSA Performance Plan for FY 2001, Revised Final Performance Plan for FY 2000.

❑ SSA 2000-2005 Strategic Plan "Mastering the Challenge."

❑ SSA Employee Survey RFQ, released August 2000.

❑ Pilot Employee survey.

3. Determined whether both performance measures were meaningful and in compliance with the Government Performance and Results Act of 1993.

As part of this engagement, we evaluated the appropriateness of each of the performance measures with respect to GPRA compliance and SSA's APP. To do so, we determined whether the specific indicators and goals corresponded to the strategic goals identified in SSA's APP, determined whether each of these indicators accurately measure performance, and determined their compliance with GPRA requirements.

ACRONYMS

APP   Annual Performance Plan

ASP   Agency Strategic Plan

FY   Fiscal Year

GPRA   Government Performance and Results Act

OCW   Organizational Culture's Workgroup

OHR   Office of Human Resources

OWA   Office of Workforce Analysis

PM   Performance Measure

PwC   PricewaterhouseCoopers LLP

SSA   Social Security Administration

AGENCY COMMENTS

SOCIAL SECURITY

December 18, 2001   Refer To: S1J-3

To: James G. Huse, Jr.
           Inspector General

           Larry Dye
           Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Performance Measure Review: The Social
           Security Administration's Transition Planning" (A-02-01-11014)—INFORMATION

           We appreciate OIG's efforts in conducting this review. Our comments on the report content
           and recommendations are attached.

           Staff questions can be referred to Laura Bell on extension 52636.

           Attachment:
           SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "PERFORMANCE MEASURE REVIEW: THE SOCIAL SECURITY ADMINISTRATION'S TRANSITION PLANNING)" A-02-01-11014

We appreciate the opportunity to comment on the draft report. Overall, we found value in the report contents and recommendations. At this time, we are deferring comments on recommendations 2, 3, 4, and 5, pending agency action on the Organizational Culture's Workgroup (OCW) report. Our comments on the remaining recommendations follow.

Recommendation 1

Assign specific responsibility to individuals or organizations for developing a plan to accomplish these recommendations and establish interim performance measures to track the effects of individual recommendations.

Comment

We agree that specific responsibility should be assigned to ensure accountability. Once Agency action is taken on the OCW report, we will work with appropriate executives and staffs to assure accountability. We will also consider using the framework provided by the Agency's Annual Performance Plan (APP) to track and measure our progress in implementing the recommendations.

Recommendation 2

Group more directly questions to the three core cultural themes, so that they can be validated and measured directly.

Comment

It is premature to respond to this recommendation pending agency action on the OCW report.

Recommendation 3

Consider grouping related questions of the survey (Sections A and C) into factors that map to the nine APP values.

Comment

See response for recommendation #2.

Recommendation 4

Include more public sector culture studies and research in the literature review and best practice research and research other government organizations delivering similar services, such as the equivalent of SSA in Canada, England, and France.

Comment

See response for recommendation #2.

Recommendation 5

Consider the inclusion of research related to the study of public sector organizational culture (e.g., Rainey, 1991, <u>Understanding and Managing Public Organizations</u>).

Comment

See response for recommendation #2.

Recommendation 6

Select a smaller sample (1,000 or 2,000 cases) and expend more resources to obtain a high response rate for that smaller sample.

Comment

We disagree with this recommendation. The survey was designed so that it could be broken down into various components (field, systems, etc.) for further analysis. Given the size and organizational structure of SSA, this would not be possible with a smaller sample.

Recommendation 7

Choose benchmarking organizations due to their similarity in the desired culture, size, sector, purpose, and organizational structure to obtain the best possible comparisons.

Comment

We agree, and will choose benchmarking organizations based on desired similarities.

Recommendation 8

Benchmark the Agency against other government organizations specifically under GPRA guidelines that have included culture change or change strategy goals in their APP.

Comment

We agree. If the decision is made to benchmark again, we will include government organizations that have included these items in their APP and are willing to participate in benchmarking.

Recommendation 9

Continue to monitor its workforce planning issues and make changes to the workforce plan quarterly, or as needed.

Comment

We agree. We will continue to monitor our progress on the action items documented in the plan through our existing quarterly updates. As changes occur, appropriate amendments will continue to be made.

Recommendation 10

Eliminate PM#9 from the GPRA strategic planning effort and replace it with metrics that help to indicate the quality of the change strategy and quantify the progress made in achieving that strategy over time.

Comment

We agree. Quantifiable action items from the Agency Transition Plan are being included in the Agency's Annual Performance Plan. However, the creation of performance measures related to a change strategy is contingent upon agency approval of the OCW recommendation to develop a change strategy.

Recommendation 11

Design the measurement system to help Agency managers take appropriate action to ensure the success of the cultural change effort.

Comment

We agree, and as measures can be developed, they should be designed to help managers take appropriate action toward a successful change effort. Again, the creation of performance measures related to a change strategy is contingent upon Agency approval of the OCW recommendation to develop a change strategy.

Recommendation 12

Develop measures that qualitatively and quantitatively measure employees' perspectives of their workplace environment.

Comment

We agree. If organizational culture activities continue, we will work with appropriate executives and staffs, including the Office of Strategic Management, to improve these measures in accordance with GPRA.

Recommendation 13

Monitor the action items and milestones specified in the workforce plan as the performance indicator of whether SSA is creating a workforce to serve SSA's diverse customers in the 21st Century.

Comment

We agree. The Agency's existing APP, and tracking report system will continue to provide the framework for monitoring performance at an agency level.

PERFORMANCE MEASURE SUMMARY SHEETS

PERFORMANCE MEASURE SUMMARY SHEETS

Name of Measure	Measure Type	Strategic Goal/Objective
9) Create Agency change strategy	Output Measure	**Goal:** To be an employer that values and invests in each employee. **Objective:** Promote an Agency culture that successfully incorporates our values.

Purpose		Frequency
To achieve the objective SSA will conduct a benchmark analysis to establish a baseline and a strategy for change will be developed.		One Time

Target Goal	How Computed	Data Source
Develop and Implement a strategy	This goal will be considered achieved if SSA: a) Conducts a benchmark analysis to establish a baseline of information about their current culture. b) Establishes a baseline and develops a strategy for change and identifies appropriate indicators of progress.	Employee Survey Organizational Culture Project Organizational Culture Workgroup

Designated Staff Members	Division
Steve Aprile Jaime Fisher	HR/OWA

Testing and Results

We obtained an understanding of the underlying process and procedures surrounding the implementation of the measure through interviews and meetings with the appropriate SSA personnel. In addition, to we reviewed and evaluated the following:

- "Organizational Culture Project: Final Report," May 2000
- Memo entitled "Organizational Culture Workgroup Recommendations," October 18, 2000
- SSA Performance Plan for FY 2000
- SSA Performance Plan for FY 2001, Revised Final Performance Plan for FY 2000
- SSA 2000-2005 Strategic Plan "Mastering the Challenge"

Refer to "Results of Evaluation" for a description of the findings.

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Name of Measure	Measure Type	Strategic Goal/Objective	
10) Complete Agency plan for transitioning to the workforce of the future.		**Goal:** To be an employer that values and invests in each employee. **Objective:** Create a workforce to serve SSA's diverse customers in the twenty-first century.	
Purpose			**Frequency**
To achieve the objective this indicator will establish milestones for completing an Agency workforce transition plan.			One Time
Target Goal	**How Computed**		**Data Source**
Implement competency-based models for recruitment and training needs assessment	This goal will be considered achieved if SSA: a) Implements competency-based models for recruitment and training needs assessment. b) Completes employee survey. c) Publishes an agency transition plan.		Workforce Planning and Transition Plans
Designated Staff Members		**Division**	
Barbara Burdge Jean Venable Erik Jones Michele Noel		OHR OC/OHR	

Testing and Results

We obtained an understanding of the underlying process and procedures surrounding the implementation of the measure through interviews and meetings with the appropriate SSA personnel. In addition, we reviewed and evaluated the following:

- "Workforce Planning at the Social Security Administration," February 2000
- Memo entitled " Future Workforce Transition Plan—ACTION," June 5, 2000
- Memo entitled "Quarterly Status Report on SSA's Future Workforce Plan—INFORMATION," November 28, 2000
- SSA Performance Plan for FY 2000
- SSA Performance Plan for FY 2001, Revised Final Performance Plan for FY 2000
- SSA 2000-2005 Strategic Plan "Mastering the Challenge"

Refer to "Results of Evaluation" for a description of the findings.

PERFORMANCE MEASURE

**Performance Measure # 9
Create Agency Change Strategy**

Strategic Objective is to promote agency culture that successfully incorporates our values

Goal #4 is to be an employer that values and invests in each employee.

OWA in OHR assigned lead for developing plan to achieve culture objective

OWA develops plan to perform baseline study of current SSA culture

Research general topic of organizational culture and baseline current SSA culture

Conduct benchmarking study of other organizations that have conducted culture studies

Develop, deploy, and analyze employee survey

Develop Agency change strategy plan to achieve desired culture

Create group to look at both SSA organizational change strategey and NPR

Examine major gaps between current and desired cultures

Analyze gaps and review other SSA activities influencing culture

Determine gaps related to performance management, system communication, and empowerment

Develop short-term and long-term recommendations to narrow ten gaps and improve culture at SSA

Develop and administer survey questions and sampling plan

Compile survey results (both quantitative and qualitative)

Identify gaps between current and desired culture

Identify benchmark organizations for comparison to SSA

Perform site visits

Compile findings from benchmark site visits and surveys

Develop conclusions from findings

Details:

Conduct literature review on organizational culture and define term for SSA

Conduct secondary research (document reviews) into existing SSA material and found 3 existing themes describing SSA culture

Hire consultant to help SSA determine what needs to be measured in culture

Organize and deploy interview teams from every major SSA component to ask 1,000 managers, 200 employees about the 3 themes

Interview teams and compile findings from interviews

E-1

PricewaterhouseCoopers

Performance Measure # 10
Complete Agency plan for transitioning to
the workforce of the future

Strategic Objective is
to create a workforce
to serve SSA's
diverse customers in
the 21st century

Goal #4 to be an
employer that values and
invests in each employee.

OHR creates plan to
transition from workforce of
today to workforce of future

Define vision of SSA
future workforce

Create workforce transition
plan to meet vision of future

Implement Plan

Update workforce transition
plan quarterly

Determine expectations of
business trends in next five
years

Assess effects of trends
on SSA workforce

Develop actions to be
taken to address future
workforce needs

E-2

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PERFORMANCE MEASURE TAXONOMY

Categories of Performance Measures:

1) Measures of Efforts

Efforts are the amount of financial and nonfinancial resources (in terms of money, material, and so forth) that are put into a program or process. Measures of service efforts also include ratios that compare financial and nonfinancial resources with other measures that may indicate potential demand for services, such as general population, service population, or lane-miles of road.

- **Financial Resources That are Put into a Program or Process**
- **Non-Financial Resources That Are Put Into A Program Or Process**

2) Measures of Accomplishments

Accomplishment measures report what was provided and achieved with the resources used.

Outputs measure the quantity of services provided; outcomes measure the results of providing those outputs.

Output Measures

- **Quantity of a Service Provided that Meets a Certain Quality Requirements**

These indicators measure the physical quantity of a service provided that meets a test of quality. For example, measures may include the percentage of students graduated or promoted who have met a minimum prespecified standard of achievement; the percentage of buses meeting a prespecified on-time standard of achievement; the percentage of lane-miles of road repaired to a certain minimum satisfactory condition; and the percentage of criminal investigations performed that result in the identification of prime suspect.

- **Quantity of a Service Provided**

These indicators measure the physical quantity of a service provided. For example, measures may include the number of students promoted or graduated; the number of passenger miles provided by public transit; the number of lane-miles of road repaired; and the number of crimes investigated.

Outcome Measures

These indicators measure accomplishments or results that occur (at least partially) because of services provided. Results also include measures of public perceptions of outcomes. For example, measures may include the percentage of students achieving a specified skill-level gain in reading; the percentage of the population being served by public transportation; the percentage of lane-miles of road in excellent, good, or fair condition; and the clearance rate for serious crimes or the percentage of residents rating their neighborhood as safe or very safe.

3) Measures that Relate Efforts to Accomplishments

These indicators measure the resources used or cost (for example, in dollars, employee-hours, or equipment used) per unit of output. They provide information about the production of an output at a given level of resource use and demonstrate an entity's relative efficiency when compared with previous results, internally established goals and objectives, generally accepted norms or standards, or results achieved by similar jurisdictions.

- **Cost–outcome measures that relate efforts to the outcomes or results of services**
- **Efficiency Measures That Relate Efforts To Outputs Of Services**

Adapted from GPRA, GASB Concept No. 2, and the "Performance Measurement for Government" web site at Rutgers University
www.rutgers.edu/Accounting/raw/seagov/pmg/index.html

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The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency, as well as conducting employee investigations within OIG. Finally, OEO administers OIG's public affairs, media, and interagency activities and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

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Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.