U.S. GOVERNMENT
PRINTING OFFICE

KEEPING AMERICA INFORMED

ASSESSMENT
REPORT
06-03

GPO ORACLE PROGRAM
STAKEHOLDER ANALYSIS

March 31, 2006

OFFICE OF INSPECTOR GENERAL

Memorandum

DATE: March 31, 2006

REPLY TO
  ATTN OF: Assistant Inspector General for Audits and Inspections

SUBJECT: Final Report on GPO Oracle Program Stakeholder Analysis
             Report Number 06-03

     TO: Public Printer
            Executive Sponsor, GPO Oracle Program

The GPO Office of the Inspector General (OIG) has completed a stakeholder analysis of GPO's Oracle Program. The analysis was conducted to identify management vulnerabilities that, if not corrected, could result in failure of the program to meet the expectations of stakeholders. To conduct the analysis, the OIG contracted with the Bronner Group (Bronner), a leading consultant to the public sector market. Bronner's consulting services include management and technology consulting, large-scale workforce training, and assurance services to federal, state, and local government entities. As part of this analysis, Bronner examined stakeholder issues, concerns, and expectations, as well as program integration, implementation, and execution.

Background and Objectives

GPO currently hosts its key financial, administrative, human resources, and program support applications in a legacy mainframe environment. GPO has been operating the current legacy systems for over 20 years without major changes to architecture or technology. As a result, systems and applications are rapidly becoming obsolete due to lack of programming staff and vendor support. Many of the current systems are not sufficiently documented, which increases risk when changes need to be implemented. Audit trails are insufficient because the current systems and applications are not sufficiently integrated. As such, the legacy environment is not cost effective and cannot be used optimally to support GPO's business growth and enhancement needs. In order to reduce IT costs, provide better audit compliance, address new functional requirements, and improve overall operating efficiency, GPO is migrating current business, operational, and financial systems, including associated work processes, to an integrated system of Oracle enterprise software and applications with the purpose of providing GPO with integrated and flexible tools to successfully

support business growth and customer technology requirements for products and services. This migration will include replacing current legacy systems and applications with supportable and upgradeable integrated systems software and applications, reengineering existing legacy work processes and management reporting requirements, and establishing an IT environment to enable growth, compliance with federal financial management and auditing requirements, and business continuity. However, the Oracle Program faces many challenges, including an uncertain funding stream, an incomplete program management team, lack of enough qualified functional and technical personnel, and insufficient processes and tools to manage and measure the status of each project associated with the program.

The results of the OIG's stakeholder analysis were briefed to the Public Printer and senior staff on January 30, 2006. Details of the analysis scope and results, contained in Bronner's presentation entitled "GPO Enterprise Program Stakeholder Analysis," December 2, 2005, were distributed at the briefing. Subsequent to the briefing, the GPO Chief Financial Officer was named Executive Sponsor for the GPO Oracle Program.

This report summarizes the vulnerabilities identified during the stakeholder analysis, related recommendations to mitigate the risks associated with those vulnerabilities, and management's response to those recommendations. Our evaluation of management's response has been incorporated into the body of the report and is presented in its entirety at Appendix A. We consider management's proposed actions responsive to each of the recommendations. All recommendations will remain open for reporting purposes until corrective actions are completed.

Because of the nature of the challenges facing GPO's Oracle Program, we acknowledge that disposition of the recommendations made in this report will take time and will not meet the normal GPO standard of 120 days.[1] As management of the Oracle Program is currently undergoing reevaluation, the Executive Sponsor understandably could not provide us with estimated completion dates for some of the recommendations. We will periodically meet with the Executive Sponsor to track GPO's progress in implementing those recommendations. The status of each recommendation upon issuance of this report is included in the chart in Appendix B. The final report distribution is in Appendix C.

Findings and Recommendations

A. Inadequate Functional and Technical Staffing. With certain exceptions, the analysis revealed that the program lacks the participation of functional personnel with subject matter expertise. There is no program Manager

---

[1] GPO Instruction 710.2B – "Resolution of Audit Findings," dated June 13, 1986, requires that all audit recommendations be implemented within 120 days of issuance of the final audit report, or other implementation date approved by the Inspector General.

representing GPO's user-based systems, business functions, or processes. Furthermore, GPO does not have staff with sufficient technical depth to cover all areas required in an enterprise system implementation. Authorizations to obtain personnel with such skills have not been timely. As a result, GPO is at increased risk that poor decisions will be made regarding user needs, processes, and procedures. Furthermore, the scarcity of talented GPO technical staff may cause burn-out before the program is completed.

>**Recommendation 1.** The Executive Sponsor should develop program position descriptions and selection criteria for each team member. Qualifications of each proposed team member should be reviewed with the Executive Sponsor prior to acceptance on the team.
>
>**Management's Response.** Concur. GPO is in the process of developing a position description for the Project Manager. Additional position descriptions and requirements will occur as the project proceeds. The skill sets will vary as the project proceeds from phase to phase. The timeframe for implementation of this recommendation is immediate and on a recurring basis throughout the projects duration which is expected to continue through FY2007. The complete text of management's response is in Appendix A.
>
>**Evaluation of Management's Response.** Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.
>
>**Recommendation 2.** The Executive Sponsor should assess critical technical program staffing requirements and make hiring recommendations to an Executive Steering Committee (see Recommendation 3 below).
>
>**Management's Response.** Concur. This will be a continuous process as requirements will change during the course of the project (see Appendix A).
>
>**Evaluation of Management's Response.** Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

B. Top Management Support Not Aligned With Program Execution. While many individuals believe there has been strong support for the program from GPO executive management, results of the stakeholder analysis suggest that the program has suffered significantly from a lack of commitment from critical functional groups required to actively participate. Executive management support has not been aligned with subordinates tasked to carry out the program's

mission. In addition, individual objectives, goals, and measures have not been a visible part of all performance management and incentive systems. As a result, communication of the mission and the establishment of objectives and measures necessary for subordinates to carry out the mission may be hindered.

Recommendation 3. The Public Printer should establish a functioning Executive Steering Committee with appropriate governance, charter, roles and responsibilities, authority, and review processes. The program should have "dual" sponsorship from both the IT organization (the IT Strategic Partner) and the functional organizations. The Executive Sponsor should have primary accountability, with support from IT and the leadership of all impacted business units.

Management's Response. Concur. Management expects to have a formal steering committee named by April 30, 2006. Formal documentation of charter, roles, responsibilities, authority, and review should be completed by July 15, 2006 (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Recommendation 4. Once established, the Public Printer should require the Executive Steering Committee to establish program objectives, goals, and measures for all accountable parties (GPO Executive Team, Functional Division Leaders, Information Technology Team, and key managers; Oracle; and all Contractors) that can be monitored and enforced. At a minimum:

✓ The Executive Sponsor should be responsible for ensuring that there is a business case justification (see Recommendation 6), plans for restructuring and reduction of positions are developed, and actual cost reduction goals are achieved.

✓ The Executive Sponsor and the IT Strategic Partner should jointly be responsible for implementation of all required systems and technology to support the business transformation. This includes a reconciliation of new system workflows and processes with the old policy, process and procedures to create an optimum efficiency of both the new system and the new workflow and procedures.

Management's Response. Concur. The processes cited in the recommendation will be included in formal work plans beginning immediately and throughout the project (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Recommendation 5. The Public Printer should require a periodic report (preferably monthly) from the Executive Steering Committee on the achievement of individual objectives, goals, and measures.

Management's Response. Concur. Management plans to begin meetings in June 2006 after the naming of the steering committee (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

C. Lack of Target Performance Metrics. GPO has not established metrics to manage the program. A baseline of financial costs has not been established at the process level to compare to replacement or re-engineered processes. As a result, GPO end-user organizations cannot be held accountable for productivity improvements related to the new system implementation.

Recommendation 6. The Executive Sponsor, in collaboration with the IT Strategic Partner, should create a business case for the new system implementation that includes appropriate metrics and measures. The business case should include:

- ✓ BUSINESS CONTEXT
  - Business Problem
  - Program Objectives

- ✓ PROPOSED SOLUTION
  - Proposed Solution
  - Product Selection
  - Consistency with GPO's IT Strategy

- ✓ PROGRAM APPROACH
  - Estimated Program Resource Requirements
  - Implementation Approach
  - Estimated Duration of Implementation

- ✓ COSTS/BENEFITS/FUNDING
  - Estimated Program Cost
  - Estimated Financial Benefits/ROI

✓ PROCUREMENT RECOMMENDATION
  • Contract Resources Required

✓ APPROVALS
  • Departmental Approval
  • Final Review and Approval

Management's Response. Concur. This will occur concurrent with implementation processes going forward (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

D. Lack of Methodology For Organizational Restructuring and Alignment of "To Be" Accountabilities. GPO has not developed a target ("To Be") organizational design or cost savings model to optimize the organization to the new system. As a result, GPO may lose the ability to appropriately identify and achieve cost savings to offset its investment in the new system. Additionally, without a clearly defined ability to design the consolidation of workflows and re-baseline staffing requirements and positions, GPO runs the risk of a productivity loss due to ineffective use of labor.

> **Recommendation 7.** The Executive Sponsor should develop a "To Be" organizational plan and staffing model with definitions of new positions and skills that will be required. A vision document should be prepared that clearly articulates the goals of the business transformation and the future "To Be" process environment. The staffing model should be based on the workflow and process requirements as defined by the re-engineered "To Be" processes.

> **Management's Response.** Concur. Once the Project Manager has been hired, management will embark on a current process and "to be" process analysis for each module/phase implemented. The analysis may take place in sections in order to manage the timing of implementation and related costs (see Appendix A).

> **Evaluation of Management's Response.** Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

> **Recommendation 8.** The Executive Sponsor should require process re-engineering of system-impacted areas, reevaluation of procedures, re-definition of workflow, and integration of systems processing capabilities.

All existing policies and procedures should be re-evaluated in light of the new "To Be" processes. Work rules and labor agreements will also need to be reviewed and modified.

Management's Response. Concur. This will be included in pre-implementation planning and procedure mapping with each future module implemented (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Recommendation 9. The Executive Sponsor should require that work processes be re-architected, and that a new management structure be created that leverages technology advances. A "zero based" method (activity based budgeting) for creating staffing needs by the exact "To Be" process requirements will require explicit information on the amount of time each task takes and the volume per day of all task processing.

Management's Response. Concur. Management expects to implement this recommendation on an on-going basis. It will be considered during implementation of each succeeding module (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Recommendation 10. The Executive Sponsor should develop a transformation program and plan to manage changes, including training, hiring, and collaboration to transform the workforce. This needs to include specific organizational transition plans (e.g., user guides, training, new process flows, reclassification, and staff displacement). Development of an integrated new business process is needed to reconcile old procedures and past practices with the new procedures and practices inherent to and implemented with the new business system. This includes development of (1) a cross-walk and explanation of obsolete policies and procedures replaced by the new system, (2) a new procedure manual for the resulting new integrated business process, policies and procedures, and (3) a functional and technical training plan to achieve these aims.

Management's Response. Concur. The elements of this recommendation will be included as new project plans are developed (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Recommendation 11. The Executive Sponsor should develop a formal communications plan and enroll leadership to sponsor events in each GPO organization impacted by the program. This plan should:

- ✓ Determine the specific audience and communication needs for each audience.

- ✓ Determine modes of communication (email, website, departmental awareness sessions).

- ✓ Determine message content for the functional area.

- ✓ Coordinate communications with the implementation schedule.

- ✓ Develop and implement mechanisms for effective feedback.

Management's Response. Concur. The elements of this recommendation will be included in future project plans (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Recommendation 12. The Executive Sponsor should develop cost savings models, using both attrition and benefit penetration methods that will enable GPO to understand recurring cost savings potentials and analyze alternative investment scenarios. Alternative scenarios that best explore GPO's unique labor contract cycles should be developed. Specifically, the Executive Sponsor should:

- ✓ Develop staffing reduction needs from the reengineering for each business process within the affected scope of implementation.

- ✓ Attrition Model – by staff category use annual attrition rates to identify the potential for attrition to eliminate excess staff over the cost recovery period.

- ✓ Penetration Model – develop a more aggressive model of staff reduction based on elimination of excess staff over a (5-7) year period where 100% of excess staff is eliminated by (5-7) years after implementation. For example, penetration rates may be as follows (for a 5 year reduction cycle):

- Year 1 – 25%

- Year 2 – 40%

- Year 3 – 60%

- Year 4 – 80%

- Year 5 – 100%

Management's Response. Concur. The elements of this recommendation will be included in future project plans (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

E. Earned Value Management Should Be Instituted for Managing Program Progress. GPO does not have an effective method to manage program progress through complete implementation and cost savings realization. Complex system implementations require a sophisticated method to determine if the program is on-budget and on-schedule. A generally accepted method for measuring performance is Earned Value Management (EVM). EVM measures program performance by comparing the value of work completed against the value of work planned at any given point. Utilization of EVM would provide GPO with an "early warning" system to identify program problems and take corrective actions in a timely manner. OMB and various Executive Branch agencies have issued guidance toward using EVM.

Recommendation 13. The Executive Sponsor should utilize Earned Value Management techniques to diagnose program schedule slippage problems. A baseline for departmental processing costs should be established. Costs going forward should also be tracked. Not all formal indicators for EVM need to be applied as this will be a learning curve for the organization. The program team at a minimum should track and report on the following:

- ✓ Earned Value (EV)
- ✓ Planned Value (PV)
- ✓ Actual Cost (AC)
- ✓ Budget at Completion (BAC)

The following variances should be tracked as well:

- ✓ Cost Variance

- ✓ Schedule Variance
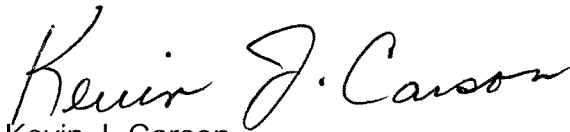- ✓ % Spent
- ✓ % Complete

The following forecasts should be maintained:

- ✓ Estimate at Completion
- ✓ Estimate to Complete
- ✓ Variance at Completion

Management's Response. Concur. EVM will be implemented as team members become trained. One member of the Oracle project team attended a workshop on EVM in March 2006 (see Appendix A).

Evaluation of Management's Response. Management's planned actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

We appreciate the courtesies extended to the OIG and Bronner staffs. If you have any questions concerning the report, please contact Mr. Brent Melson, Deputy Assistant Inspector General for Audits and Inspections at (202) 512-2037, or myself at (202) 512-2009.

Kevin J. Carson
Assistant Inspector General for Audits and Inspections
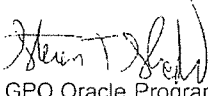
cc:
Deputy Chief of Staff

G₂O
U.S. GOVERNMENT
PRINTING OFFICE
KEEPING AMERICA INFORMED
WASHINGTON, DC 20401

Memorandum
OFFICE OF THE INSPECTOR GENERAL

DATE: March 23 2006
REPLY TO
ATTN OF: Chief Financial Officer
SUBJECT: Response to Report on GPO Oracle Program Stakeholder Analysis

TO: Assistant Inspector General for Audits and Inspections

My Office has reviewed the Report on GPO Oracle Program Stakeholder Analysis.

In general, we agree with the recommendations.

The management of the Oracle Systems project is in the beginning stages of its own reengineering. We are in the process of a search for a new project manager with the requisite skill set to implement this series of systems/modules in a manner reflective of conforming to the findings in this report. The Oracle Systems project is really a series of projects each with distinct module implementations.

Management needs to address the staffing concerns as a priority and each individual on the team will need some level of "best practice" project management training in order to successfully manage this project.

However, since we are in process of implementing and are managing with limited resources in terms of skilled resources and funding, it is not prudent to stop the entire project and wait until we are fully staffed and trained before we continue. The necessity of implementing these systems as quickly as possible compared to the obvious costs and risks of not implementing needs to be balanced against suspending the implementation until we have a fully qualified and trained team.

We intend to implement "best practice" methods on a gradual basis as we continue to march down the path of implementation.

The systems transformation at the GPO does not end with the Oracle implementation, although it is a big part, it continues into other areas such as the process systems within the plant. Our learning experiences in "best practices" project management will continue to have benefits into the future.

The implementation of many of the recommendations will be a process that will show steady progress but will not be fully implemented until the end of the Oracle implementation which is now expected to be at the end of calendar year 2007.

Attached you will find the Office of the CFO's responses to the recommendations contained in this report.

Please feel free to contact me at your earliest convenience should you have any questions and or would like to discuss our responses to this report.

1

Findings and Recommendations

Recommendation 1: The Executive Sponsor should develop Program position descriptions and selection criteria for each team member. Qualifications of each proposed team member should be reviewed with the Executive Sponsor prior to acceptance on the team.

Response: **We agree with this recommendation and are in the process of developing the position description for the lead position – the project manager. Additional position descriptions and requirements will occur as the project proceeds. The skill sets required will vary as we proceed from phase to phase. We anticipate the need to bring in outside assistance in the form of new hires and/or contract employees with the requisite business systems analysis and design skill sets. Internal staffing for this project will vary from phase to phase dependent upon the implementation requirements. The timeframe for implementation of this recommendation is immediate and on a recurring basis throughout the project's duration which currently is expected to continue through FY2007.**

Recommendation 2: The Executive Sponsor should assess critical technical Program staffing requirements and make hiring recommendations to an Executive Steering Committee (see Recommendation 3 below).

Response: **We agree with this recommendation. This is also a continuous process as requirements will change during the course of the project.**

Recommendation 3: The Public Printer should establish a functioning Executive Steering Committee with appropriate governance, charter, roles and responsibilities, authority, and review processes. The Program should have "dual" sponsorship from both the IT organization (the IT Strategic Partner) and the functional organizations. The Executive Sponsor should have primary accountability, with support from IT and the leadership of all impacted business units.

Response: We agree with this recommendation and expect to have a formal steering committee named by April 30, 2006. Formal documentation of charter, roles/responsibilities, authority and review should be completed by July 15, 2006.

2

Recommendation 4: Once established, the Public Printer should require the Executive Steering Committee to establish Program objectives, goals, and measures for all accountable parties (GPO Executive Team, Functional Division Leaders, Information Technology Team, and key managers; Oracle; and all Contractors) that can be monitored and enforced. At a minimum:

✓ The Executive Sponsor should be responsible for ensuring that there is a business case justification (see Recommendation 6), plans for restructuring and reduction of positions are developed, and actual cost reduction goals are achieved.

✓ The Executive Sponsor and the IT Strategic Partner should jointly be responsible for implementation of all required systems and technology to support the business transformation. This includes a reconciliation of new system workflows and processes with the old policy, process and procedures to create an optimum efficiency of both the new system and the new workflow and procedures.

Response: We concur with this recommendation and will include these processes in formal work plans. This will begin immediately and continue throughout the duration of the project.

Recommendation 5: The Public Printer should require a periodic report (preferably monthly) from the Executive Steering Committee on the achievement of individual objectives, goals, and measures.

Response: We concur and plan to begin meetings in the June 2006 timeframe after the naming of the steering committee.

3

Recommendation 6: The Executive Sponsor, in collaboration with the IT Strategic Partner, should create a business case for the new system implementation that includes appropriate metrics and measures. The business case should include:

✓ BUSINESS CONTEXT
  - Business Problem
  - Program Objectives

✓ PROPOSED SOLUTION
  - Proposed Solution
  - Product Selection
  - Consistency with GPO's IT Strategy

✓ PROGRAM APPROACH
  - Estimated Program Resource Requirements
  - Implementation Approach
  - Estimated Duration of Implementation

✓ COSTS/BENEFITS/FUNDING
  - Estimated Program Cost
  - Estimated Financial Benefits/ROI

✓ PROCUREMENT RECOMMENDATION
  - Contract Resources Required

✓ APPROVALS
  - Departmental Approval
  - Final Review and Approval

Response: **We concur with this recommendation. However, as we are in the process of implementing this system, it will occur concurrent with the implementation processes going forward.**

4

Recommendation 7: The Executive Sponsor should develop a "To Be" organizational plan and staffing model with definitions of new positions and skills that will be required. A vision document should be prepared that clearly articulates the goals of the business transformation and the future "To Be" process environment. The staffing model should be based on the workflow and process requirements as defined by the re-engineered "To Be" processes.

Response: **Once the Project Manager has been hired, we will embark on a current process and "to be" process analysis for each module/phase implemented. We believe the project will continue at least through 2007. The analysis may take place in sections (i.e. not the entire project at once) so that we can manage the timing of implementation and costs associated with it.**

Recommendation 8: The Executive Sponsor should require process re-engineering of system-impacted areas, reevaluation of procedures, re-definition of workflow, and integration of systems processing capabilities. All existing policies and procedures should be re-evaluated in light of the new "To Be" processes. Work rules and labor agreements will also need to be reviewed and modified.

Response: **We fully agree with this recommendation and this will be part of the pre-implementation planning and procedure mapping with each future module implemented.**

Recommendation 9: The Executive Sponsor should require that work processes be re-architected, and that a new management structure be created that leverages technology advances. A "zero based" method (activity based budgeting) for creating staffing needs by the exact "To Be" process requirements will require explicit information on the amount of time each task takes and the volume per day of all task processing.

Response: **We agree with this recommendation. We expect to implement on an on-going basis and it will be considered as we implemented each succeeding module.**

5

Recommendation 10: The Executive Sponsor should develop a transformation program and plan to manage changes, including training, hiring, and collaboration to transform the workforce. This needs to include specific organizational transition plans (e.g., user guides, training, new process flows, reclassification, and staff displacement). Development of an integrated new business process is needed to reconcile old procedures and past practices with the new procedures and practices inherent to and implemented with the new business system. This includes development of (1) a cross-walk and explanation of obsolete policies and procedures replaced by the new system, (2) a new procedure manual for the resulting new integrated business process, policies and procedures, and (3) a functional and technical training plan to achieve these aims.

Response: We agree with this recommendation and as the new project plans are developed, we will include these elements.

Recommendation 11: The Executive Sponsor should develop a formal communications plan and enroll leadership to sponsor events in each GPO organization impacted by the Program. This plan should:

- ✓ Determine the specific audience and communication needs for each audience.
- ✓ Determine modes of communication (email, website, departmental awareness sessions).
- ✓ Determine message content for the functional area.
- ✓ Coordinate communications with the implementation schedule.
- ✓ Develop and implement mechanisms for effective feedback.

Response: We concur and will include in our go-forward project plans.

6

Recommendation 12: The Executive Sponsor should develop cost savings models, using both attrition and benefit penetration methods that will enable GPO to understand recurring cost savings potentials and analyze alternative investment scenarios. Alternative scenarios that best explore GPO's unique labor contract cycles should be developed. Specifically, the Executive Sponsor should:

✓ Develop staffing reduction needs from the reengineering for each business process within the affected scope of implementation.

✓ Attrition Model – by staff category use annual attrition rates to identify the potential for attrition to eliminate excess staff over the cost recovery period.

✓ Penetration Model – develop a more aggressive model of staff reduction based on elimination of excess staff over a (5-7) year period where 100% of excess staff is eliminated by (5-7) years after implementation. For example, penetration rates may be as follows (for a 5 year reduction cycle):

- Year 1 – 25%
- Year 2 – 40%
- Year 3 – 60%
- Year 4 – 80%
- Year 5 – 100%

Response: We concur and will implement in the new plan as we move forward.

7

Recommendation 13: The Executive Sponsor should utilize Earned Value Management techniques to diagnose Program schedule slippage problems. A baseline for departmental processing costs should be established. Costs going forward should also be tracked. Not all formal indicators for EVM need to be applied as this will be a learning curve for the organization. The Program team at a minimum should track and report on the following:

- ✓ Earned Value (EV)
- ✓ Planned Value (PV)
- ✓ Actual Cost (AC)
- ✓ Budget at Completion (BAC)

The following variances should be tracked as well:

- ✓ Cost Variance
- ✓ Schedule Variance
- ✓ % Spent
- ✓ % Complete

The following forecasts should be maintained:

- ✓ Estimate at Completion
- ✓ Estimate to Complete
- ✓ Variance at Completion

Response: **We concur and have sent the first of our Oracle Project Team members to a workshop on Earned Value Management in March 2006. We will implement as we become trained.**

8

Appendix B. Status of Recommendations

Recommendation No.	Resolved	Unresolved	Open/ECD*	Closed
1	X		09/30/07**	
2	X		09/30/07**	
3	X		07/15/06	
4	X		09/30/07**	
5	X		06/30/06	
6	X		09/30/07**	
7	X		09/30/07**	
8	X		09/30/07**	
9	X		09/30/07**	
10	X		09/30/07**	
11	X		09/30/07**	
12	X		09/30/07**	
13	X		09/30/07**	

*Estimated Completion Date.
**Because management of the Oracle Program is currently in the early stages of reevaluation, the Executive Sponsor could not provide estimated completion dates. Implementation of these recommendations will occur during the life of the Oracle projects and may not be fully addressed until near the end of the full Oracle implementation, currently estimated at 9/30/07. The OIG will meet periodically with the Executive Sponsor to track the status of these recommendations.

Appendix C. Report Distribution

Government Printing Office

Public Printer
Deputy Public Printer
Chief of Staff
  Deputy Chief of Staff
  Assistant Chief of Staff for Analysis
Chief Financial Officer and Executive Sponsor, GPO Oracle Program
Chief Information Officer
Chief Technical Officer
  Deputy Chief Technical Officer and Director of Innovation
Chief Human Capital Officer
Director, Congressional Relations