

## Office of Personnel Management



Highlights of [GAO-03-115](#), a report to Congress included as part of GAO's Performance and Accountability Series

## Why GAO Did This Report

This is GAO's first performance and accountability series report on the Office of Personnel Management (OPM), the federal government's human capital agency. OPM faces challenges in four key areas: leadership, oversight, internal management, and administration of the federal retirement and health insurance programs. The data presented in this report are intended to help sustain congressional attention and an agency focus in addressing these challenges and ultimately overcoming them. This report is part of a special series of reports on governmentwide and agency-specific issues.

## What Remains to Be Done

Consistent with OPM's ongoing internal transformation efforts, GAO believes that OPM should

- accelerate efforts to seek and implement solutions to problems with the federal pay and hiring systems,
- ensure that agencies establish and maintain merit-based human capital management systems and promote agency self-monitoring programs, and
- ensure that it effectively transitions to its new organizational structure while continuing to address its human capital, financial management, and information security challenges.

[www.gao.gov/cgi-bin/getrpt?GAO-03-115](http://www.gao.gov/cgi-bin/getrpt?GAO-03-115).

To view the full report, click on the link above. For more information, contact Chris Mihm at [mihmj@gao.gov](mailto:mihmj@gao.gov) or (202) 512-6806.

## What GAO Found

OPM has implemented important initiatives and has others under way to improve its mission and management performance. Building on these efforts, OPM has additional opportunities to overcome the following management challenges.

- **Leading strategic human capital management governmentwide.** Many agencies continue to experience human capital shortfalls. They want and need greater OPM leadership and assistance to help them strategically manage their human capital and address challenges in recruiting, retaining, and rewarding talented staff—caused, in part, by long-standing problems with the federal pay, classification, and hiring systems.
- **Overseeing agency human capital management systems.** Merit system surveys and studies continue to show a need for strong oversight of agency human capital systems. Surveys show employees continue to believe agencies are not adhering to several of the merit principles.
- **Transforming OPM and managing its internal operations.** As in other areas, OPM has major efforts under way to address this challenge. It is realigning its organizational structure, has prepared a draft succession plan, is implementing a new financial management system, and is addressing several information security weaknesses. But more remains to be done as OPM transitions to its new structure. For example, OPM should implement workforce and succession planning strategies to address the expected staff losses from retirements and to close skill and knowledge gaps, fully implement an agencywide security program and conduct security risk assessments of its information systems, and continue to take steps to address historical weaknesses in activities of its discretionary appropriation funds.
- **Administering the retirement and health insurance programs.** OPM has made major strides in managing these programs, which have received high ratings from customers over the past few years—for example, over 90 percent of federal annuitants are satisfied with OPM's retirement services. But customer satisfaction could fall if OPM is not able to handle the impending retirement wave or implement measures to limit health care premiums.