

October 2007

OFFICE OF  
PERSONNEL  
MANAGEMENT

Opportunities Exist to  
Build on Recent  
Progress in Internal  
Human Capital  
Capacity





Highlights of [GAO-08-11](#), a report to congressional requesters

### Why GAO Did This Study

Given the importance of the Office of Personnel Management's (OPM) role in managing the nation's federal workforce, GAO assessed OPM's internal capacity for human capital management. This report—the third in the series—extends prior work and (1) looks at the extent to which OPM has addressed key internal human capital management issues identified by examining employee responses to the 2004 and 2006 Federal Human Capital Survey (FHCS) and (2) has strategies in place to ensure it has the mission critical talent it needs to meet current and future strategic goals. To address our objectives, GAO analyzed 2004 and 2006 FHCS results, summaries of OPM employee focus groups, and analyzed OPM strategic and human capital planning documents.

### What GAO Recommends

GAO recommends that the Director of OPM institute a documented process to ensure an agencywide perspective on workforce and succession efforts, including funding, implementation, and evaluation. In commenting on the report, the Director of OPM agreed with our recommendation, adding that the insights and recommendation provided in the report will be useful in shaping both ongoing and planned human capital initiatives within OPM.

To view the full product, including the scope and methodology, click on [GAO-08-11](#). For more information, contact J. Christopher Mihm at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

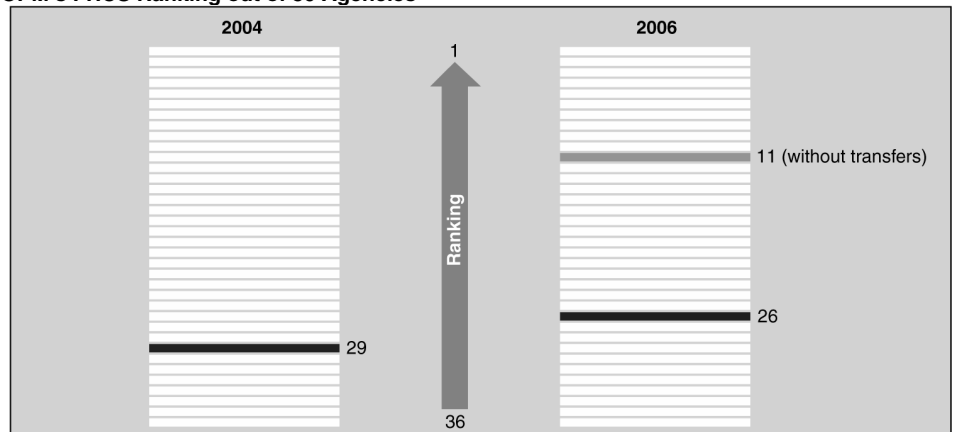
## OFFICE OF PERSONNEL MANAGEMENT

### Opportunities Exist to Build on Recent Progress in Internal Human Capital Capacity

#### What GAO Found

OPM has taken positive actions to address specific concerns raised by employees and managers in the 2004 and 2006 FHCS responses. OPM conducted employee focus groups to understand factors contributing to the low 2004 survey scores and took actions, such as trying to improve communication throughout the agency. The 2006 survey results showed improvement in the area of leadership, with mixed results in the performance culture and accountability area, and continued concern in the talent management area. Without the responses from the investigative service employees who transferred from the Department of Defense in early 2005, OPM's 2006 FHCS results would have been, in many cases, significantly more positive than in 2004. The perceptions of the investigative service employees, however, will need continued attention.

OPM's FHCS Ranking out of 36 Agencies



Source: GAO presentation of OPM information.

OPM has strategies in place, such as workforce and succession management plans, that are aligned with selected leading practices relevant to the agency's capacity to fulfill its strategic goals. For example, OPM's top leadership is involved in these efforts, and the agency has assessed gaps in numbers and competencies and created gap closure plans for its mission critical and leadership workforce.

OPM lacks, however, a well-documented agencywide evaluation process of some of its workforce planning efforts. In particular, OPM's implementation of division-level training plans could make it difficult for the agency to identify and address reasons for shortfalls in meeting its talent management goals. In a relatively short time, there will also be a Presidential transition, and well-documented processes can help to ensure a seamless transition that builds on the current momentum.

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## Abbreviations

CHCMS	Center for Human Capital Management Services
CHCO	Chief Human Capital Officer
CIO	Chief Information Officer
DOD	Department of Defense
DSS	Defense Security Services
EEO	equal employment opportunity
EHRI	Enterprise Human Resources Initiative
ERB	executive resources board
FHCS	Federal Human Capital Survey
FISD	Federal Investigative Services Division
GS	General Schedule
HCAAF	Human Capital Assessment and Accountability Framework
HCLMSA	Human Capital Leadership and Merit System Accountability
HC Plan	A Plan for the Strategic Management of OPM's Human Capital
HR	human resources
HRLOB	Human Resources Line of Business
HRM	human resources management
HRPS	Human Resources Products and Services
IDP	individual development plan
MCAT	Management Competency Assessment Tool
MCO	mission critical occupation
MSD	Management Services Division
OCFO	Office of the Chief Financial Officer
OPM	Office of Personnel Management
PMA	President's Management Agenda
SES	Senior Executive Service
SHRP	Strategic Human Resources Policy
TAG	training advisory group

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United States Government Accountability Office  
Washington, DC 20548

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October 31, 2007

The Honorable Joseph I. Lieberman  
Chairman  
The Honorable Susan M. Collins  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Daniel K. Akaka  
Chairman  
The Honorable George V. Voinovich  
Ranking Member  
Subcommittee on Oversight of Government Management,  
the Federal Workforce, and the District of Columbia  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Office of Personnel Management (OPM) has a vital role to play in ensuring agencies are making strategic human capital management a priority. In addition, OPM has an important operational responsibility to work with federal departments and agencies to ensure that human capital reforms, such as performance management systems, are providing employees with fair and transparent results and meaningful opportunities to enhance communication and improve individual and organizational performance. These strategic and operational human capital management challenges also exist within OPM, and as OPM's role in the federal government continues to evolve, its workforce must be structured to tackle these challenges.

We have previously reported that OPM has made commendable efforts toward transforming itself to being a more effective leader of governmentwide human capital reform, but that it can build upon that progress by addressing challenges that remain.<sup>1</sup> For example, OPM's own workforce, through the Federal Human Capital Survey (FHCS), has

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<sup>1</sup>GAO, *Office of Personnel Management: OPM Is Taking Steps to Strengthen Its Internal Capacity for Leading Human Capital Reform*, [GAO-06-861T](#) (Washington, D.C.: June 27, 2006).

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expressed concerns about the agency's ability to recruit and develop employees with the skills necessary to achieve its mission objectives. Further, the executive branch agencies have pointed to problems in receiving timely and accurate human capital guidance and advice from OPM. In addition, OPM has undergone significant changes in the last few years including the expansion of its agency functions in the area of personnel security investigations. In early 2005, the agency's workforce grew by approximately 40 percent when more than 1,500 security clearance employees transferred from Defense Security Services (DSS), a Department of Defense (DOD) agency, to the OPM investigative services division.

Given the importance of OPM's key role and these challenges, you asked us to assess the extent to which OPM has the capacity to lead and implement governmentwide human capital reform. In addition to the June 2006 testimony on OPM's internal capacity for leading human capital reform,<sup>2</sup> we issued a report in January 2007 that specifically identified lessons that could be learned from OPM's efforts to lead and implement the senior executive performance-based pay system and other human capital initiatives that can be applied to ongoing and future human capital reform efforts.<sup>3</sup> For this report, the third in the series, we determined the extent to which OPM (1) has addressed key internal human capital management issues identified by examining employee responses to the 2004 and 2006 FHCS, and (2) has strategies in place to ensure it has the mission critical talent it needs to meet current and future strategic goals.

To address our first objective, we analyzed OPM's 2004 and 2006 FHCS results related to key issues of leadership, performance culture and accountability, and talent management to determine whether OPM has made progress in addressing areas of concern from the 2004 survey. We also analyzed OPM's 2006 survey results to identify any new challenges to OPM's strategic human capital management. To address our second objective, we reviewed OPM's strategic and human capital planning documents and analyzed the extent to which OPM adheres to selected strategic workforce planning practices and principles relevant to OPM's capacity to fulfill its strategic goals. For example, we reviewed OPM's

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<sup>2</sup>GAO-06-861T.

<sup>3</sup>GAO, *Office of Personnel Management: Key Lessons Learned to Date for Strengthening Capacity to Lead and Implement Human Capital Reforms*, GAO-07-90 (Washington, D.C.: Jan. 19, 2007).

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analyses identifying critical skills and competencies and related gaps and determined the extent to which they aligned with OPM's strategic and operational plan. We focused primarily on examining Senior Executive Service (SES) positions and positions from the two OPM divisions with the most responsibility for working with federal departments and agencies to assist them with their human capital efforts: the Strategic Human Resources Policy (SHRP) and the Human Capital Leadership and Merit System Accountability (HCLMSA) divisions. We also had discussions with and obtained other pertinent documentation from officials at OPM at their headquarters in Washington, D.C. In addition, we reviewed academic literature and prior GAO reports about succession and workforce planning.

We conducted our review in Washington, D.C., from December 2006 through August 2007 in accordance with generally accepted government auditing standards. Detailed information on our scope and methodology appears in appendix I.

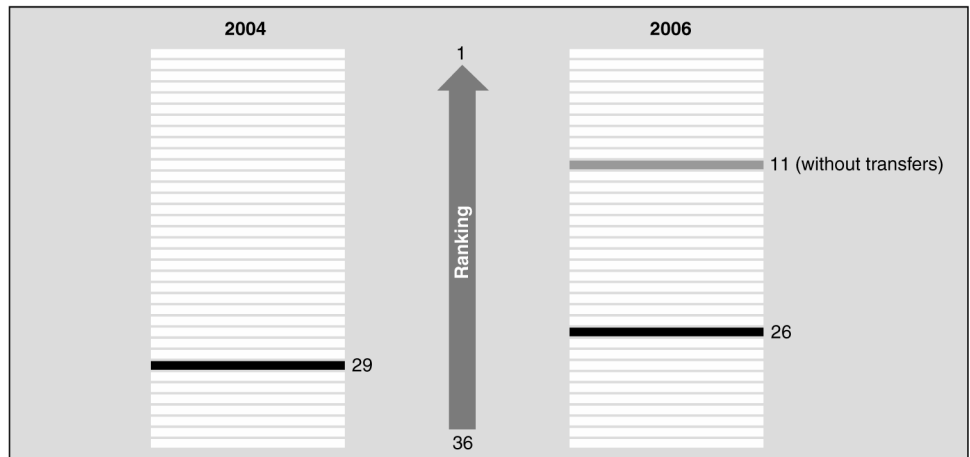
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## Results in Brief

OPM's 2006 FHCS results, including the DOD investigative service transfers, showed strong improvement in OPM employees' perceptions of leadership, mixed results in the performance culture and accountability area, and a continuing concern in the area of talent management. For example, there was an 8 percentage point increase from 2004 to 2006 in response to "my organization's leaders maintain high standards of honesty and integrity," while in the area of talent management, OPM declined 5 percentage points from 2004 to 2006 in response to employees reporting satisfaction with the training they received. As illustrated in figure 1, however, without the responses from the DOD investigative service transfers, OPM's 2006 FHCS ranking would have been substantially higher than its 2004 ranking.



**Figure 1: OPM's FHCS Ranking out of 36 Agencies**



Source: GAO presentation of OPM information.

The less positive<sup>4</sup> responses of the DOD investigative service transfers on key questions point to areas where OPM will need to continue to focus its attention. For example, without DOD transfers, the OPM 2006 response to “I have a high level of respect for my organization’s senior leaders” would have been 14 percentage points higher than 2004 results for the same question. OPM conducted a series of employee focus groups to understand factors contributing to its low scores on the 2004 FHCS and to gather employee ideas for addressing top priority improvement areas. The agency then developed action plans and took various steps in response to the employee focus groups, such as conducting Web casts from the Director and generating e-mail communications on internal organizational changes. Across the agency, in response to the 2006 survey results, OPM reviewed and updated the first set of action plans by incorporating changes as needed to address areas of new and continuing concern to OPM employees.

OPM’s workforce and succession plans are consistent with selected leading practices and principles relevant to its capacity to fulfill its strategic goals. The agency lacks, however, a well-documented process for agencywide evaluation of some of its workforce planning implementation

<sup>4</sup>A positive response is calculated by combining the top two response categories, e.g., strongly agree and agree, and a negative response is calculated by combining the bottom two response categories, e.g., strongly disagree and disagree.

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efforts, particularly training and development. OPM's leadership is involved in the organization's succession and workforce planning through its executive resources board (ERB), which serves as the advisory and review body for all major leadership management policies and programs. In addition, OPM has assessed gaps in numbers and competencies and created gap closure plans for its mission critical and leadership workforce, with competency assessments showing overall improvement with few remaining deficiencies. By operating at the division level without a well-documented agencywide evaluation process, however, OPM's top leadership may be missing opportunities to identify, and address, weaknesses in its workforce planning and succession efforts. For example, it was not evident that OPM can identify whether it is optimizing its investment in training and development by making the appropriate level of investment and prioritizing funding across divisions so that it addresses the most important needs first. In addition, in a relatively short time, there will be a Presidential transition, and well-documented processes can help to ensure a seamless transition that can build on the current momentum.

This report contains a recommendation to the Director of OPM to institute a documented process for its top leadership to monitor workforce and succession efforts carried out at the division level, to help ensure an agencywide perspective on workforce and succession funding, implementation, and evaluation.

In its written comments on a draft of this report, the Director of OPM agreed with our recommendation, adding that the insights and recommendation provided in the report will be useful in shaping both ongoing and planned human capital management initiatives within OPM.

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## Background

OPM manages the federal government's human capital and is responsible for helping agencies shape their human capital management systems and holding them accountable for effective human capital management practices. Title 5 of the U.S. Code, which provides for the effective management of the civil service, describes OPM's mission and responsibilities. OPM is also responsible for administering retirement, health benefits, and other insurance services to government employees, annuitants, and beneficiaries.

During the past several years, OPM has undergone significant changes. The entire agency was restructured in fiscal year 2003, which included steps such as eliminating redundant operations and organizational layers.

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As mentioned previously, in early 2005, OPM's workforce expanded by approximately 40 percent when more than 1,500 security clearance employees transferred from DSS. Several months later, OPM experienced a change in top leadership, with the appointment of a new agency director in May 2005. In addition to making organizational changes, OPM has recast a number of its mission objectives. As we previously reported, OPM is continuing to transform itself from less of a rulemaker, enforcer, and independent agent to more of a consultant, toolmaker, and strategic partner in leading and supporting executive branch agencies' human capital management systems.<sup>5</sup> OPM has also played a role in the design and implementation of new human capital systems at the Departments of Homeland Security and Defense and has exerted greater human capital leadership through its *Human Capital Scorecard* of the President's Management Agenda (PMA).

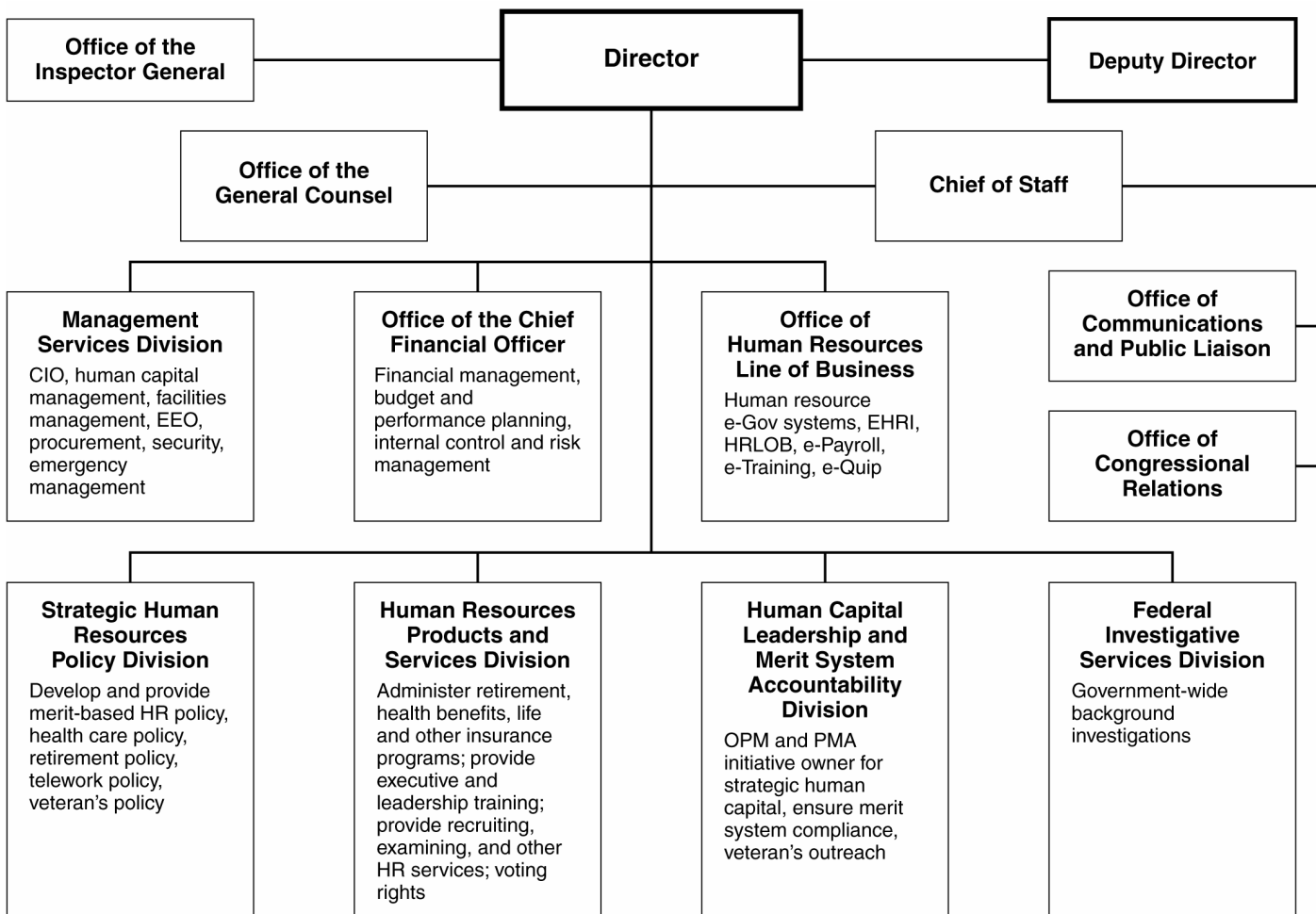
OPM is responsible for helping other federal departments and agencies with strategic human capital management, while serving as a model for managing its own workforce. SHRP and HCLMSA are the two OPM divisions with the most responsibility for working with federal departments and agencies to assist them with making their human capital efforts more effective. SHRP designs, develops, and implements human capital policies and programs. SHRP's objective is to make sure federal agencies understand human capital policy and correctly apply it. For example, SHRP counsels agencies on how to apply policy to their performance appraisal, employee development, labor-management relations, information technology, and workforce planning programs. HCLMSA serves as the strategic leader of the governmentwide effort to transform human capital management so that agencies are held accountable for managing their workforces effectively, efficiently, and in accordance with merit principles. This division provides advice and assistance in all areas of staffing and human capital management, such as workforce restructuring and assistance in recruiting. While SHRP focuses on developing human capital policy, HCLMSA's responsibilities deal primarily with the implementation of that policy. The Management Services Division (MSD), headed by the senior executive who also serves as the agency's Chief Human Capital Officer (CHCO), is responsible for providing human capital management services to the agency. MSD houses the Center for Human Capital Management Services (CHCMS), which is responsible for coordinating much of OPM's internal strategic human

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<sup>5</sup>[GAO-06-861T](#).

capital planning, including workforce and leadership succession management efforts. This group is also responsible for supporting the agency in recruitment, hiring, and other day-to-day human capital management activities. Figure 2 shows OPM's organizational structure.

**Figure 2: OPM's Organizational Structure**



Source: OPM.

One of OPM's efforts has been to conduct the FHCS biennially to measure employees' perceptions on whether conditions characterizing successful

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organizations are present in their agencies. OPM uses the FHCS in the Human Capital Assessment and Accountability Framework (HCAAF) as one source of information for evaluating agency success in creating a better working environment for their employees.<sup>6</sup> OPM analyzes the FHCS results for itself and each agency with the four indices of the HCAAF: Leadership and Knowledge Management, Results-Oriented Performance Culture, Talent Management, and Job Satisfaction. A performance agreement at OPM showed the agency had a goal of being in the top half of agencies surveyed for 2006 and being in the top 5 of government rankings for 2008. The FHCS data are also used to rank agencies and subcomponents on a “Best Places to Work” index score, which measures employee satisfaction. The Partnership for Public Service and the Institute for Study of Public Policy Implementation produce the best places to work rankings.<sup>7</sup> More than 220,000 federal employees responded to the most recent survey in 2006, with a governmentwide response rate of 57 percent. The survey participation rate within OPM was 80 percent.

In 2006 testimony, we reported that OPM’s 2004 survey results could be summarized as reflecting employees’ concerns about perceptions of leadership; talent management; customer focus, communication, and collaboration; and performance culture and accountability.<sup>8</sup> We identified these four key areas as critical for human capital development in order for OPM to continue to transform itself into a more effective leader of governmentwide human capital reform. The areas differ slightly from the four HCAAF indices and represent a somewhat different grouping of survey items than the indices. For example, we included three questions that were asked relating to talent management: (1) the skill level in my work unit has improved over the past year; (2) I have sufficient resources to get my job done; and (3) supervisors/team leaders provide employees with constructive suggestions to improve their job performance. For this report, we did not include customer focus, communication, and collaboration because the number of survey items we included in that area

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<sup>6</sup>The HCAAF is a framework that OPM has developed to help agencies develop and implement effective human capital management systems and improve their human capital management practices. The HCAAF fuses strategic human capital management to merit system principles and other civil service laws, rules, and regulations.

<sup>7</sup>The Partnership for Public Service and the Institute for Study of Public Policy Implementation created a statistical model to transform raw FHCS data into specific measures of workplace satisfaction.

<sup>8</sup>[GAO-06-861T](#).

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decreased to one question from 2004 to 2006, making the data no longer significant.

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## **OPM 2006 Survey Results Show Improvement in Employees' Perceptions of Leadership: Challenges Exist in Talent Management and Perceptions of DOD Investigative Service Transfers**

Compared to its 2004 results, OPM's 2006 FHCS results indicate strong improvement in employee perceptions on key questions relating to leadership, mixed results in performance culture and accountability, and continuing challenges in talent management. Additionally, OPM's 2006 survey results show that the investigative service transfers from DOD, who joined the agency in 2005, were less positive than the rest of OPM's 2006 responses and negatively affected OPM's overall results. As a response to a decrease in positive 2004 FHCS responses within OPM, the agency used survey results and focus groups to develop action plans to address areas of employee concerns. In response to the 2006 survey results, OPM reviewed and updated the first set of action plans by incorporating changes as needed to address areas of concern to OPM employees.

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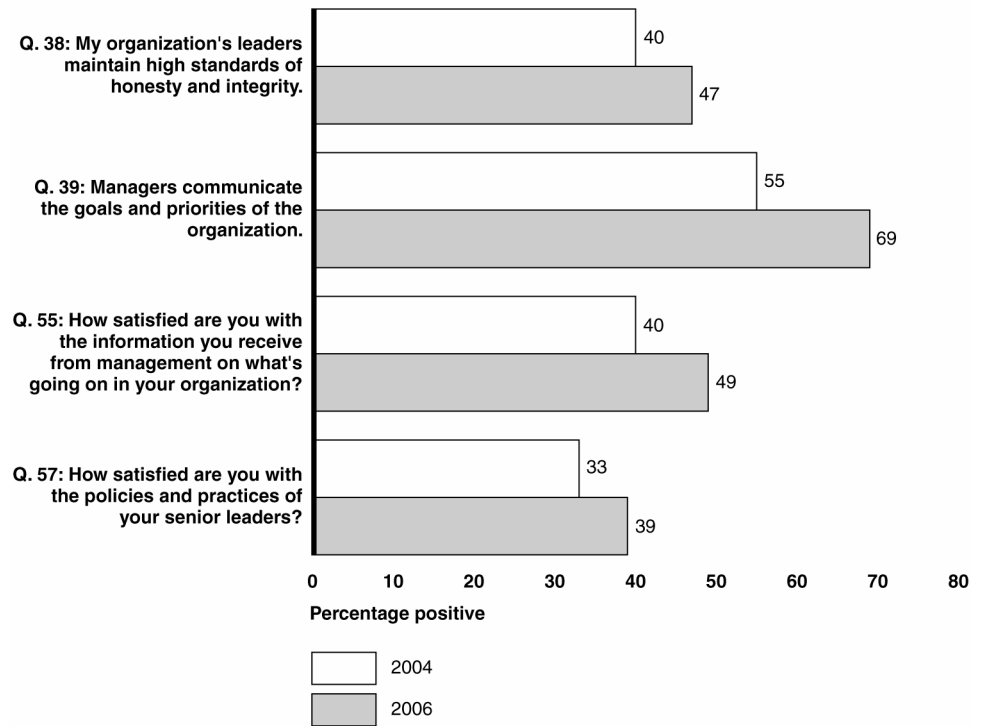
## **OPM's 2006 FHCS Leadership Responses Show Strong Improvement**

Top leadership in agencies across the federal government must provide the committed attention needed to address human capital and related organizational transformation issues. In 2006, OPM experienced a positive increase in employee perceptions of questions relating to leadership compared to 2004 FHCS responses. Four questions out of the top 10 questions having the largest increase in positive responses from 2004 to 2006 were related to leadership. For example, there was an 8 percentage point increase for both "satisfaction with information received from management" and "my organization's leaders maintain high standards of honesty and integrity," as displayed in figure 3.<sup>9</sup>

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<sup>9</sup>The differences calculated before rounding may not match figure 3 differences.

**Figure 3: OPM Responses to Selected Leadership Questions in 2004 and 2006**



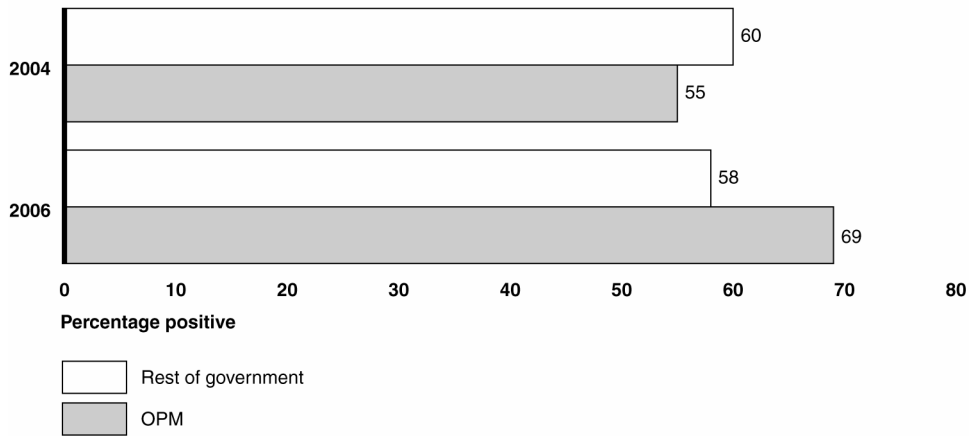
Source: GAO analysis of OPM data.

The positive response increase for leadership questions from 2004 to 2006 represents a major improvement for the agency and a decreasing gap between OPM and the rest of government. OPM was significantly higher than the rest of government on three of eight leadership questions. For example, on the question “Managers communicate the goals and priorities of the organization,” OPM was 11 percentage points higher than the rest of government and 15 percentage points higher than OPM’s 2004 results, as shown in figure 4.<sup>10</sup> Additionally, on the HCAAF index for Leadership and Knowledge Management, OPM’s ranking improved from 28th in 2004 to 19th in 2006, out of 36 ranked agencies.

<sup>10</sup>The differences calculated before rounding may not match figure 4 differences.

**Figure 4: OPM and Rest of Government Responses to Managers Communicating the Goals and Priorities of the Organization in 2004 and 2006**

Q. 39: Managers communicate the goals and priorities of the organization.



Source: GAO analysis of OPM data.

For questions relating to leadership, however, OPM’s 2006 results continue to show a larger gap between SES and General Schedule (GS)-level employees than the difference found in the rest of government results. We reported previously that OPM’s 2004 FHCS results and the follow-up focus group discussions implied that information did not cascade effectively from the top leadership throughout the organization, and we identified a gap in perception between OPM’s SES and GS-level employees, particularly relating to questions on leadership.<sup>11</sup> In 2006, this gap persists between SES and GS-level employees. For example, in both 2004 and 2006 OPM’s SES responses were substantially more positive than non-SES responses for the statement “I have a high level of respect for my organization’s senior leaders.” While OPM has taken steps to address the lack of overall and cross-divisional communication and issues related to employee views of senior management, this gap between SES and GS-level response remains a challenge.

Finally, the significant leadership changes that occurred at OPM since the 2004 FHCS survey may have affected the perspectives of employees regarding leadership questions. A new director began a term at the agency in May 2005 and, according to OPM, about half of the senior leadership

<sup>11</sup>[GAO-06-861T](#).



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started after OPM administered the 2004 survey. Additionally, actions taken beginning in May 2006 in response to the 2004 survey results, such as Web casts and e-mail communications from the Director regarding internal changes, were intended to lead to positive 2006 FHCS responses to leadership questions.

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## 2006 FHCS Performance Culture and Accountability Responses Show Mixed Results

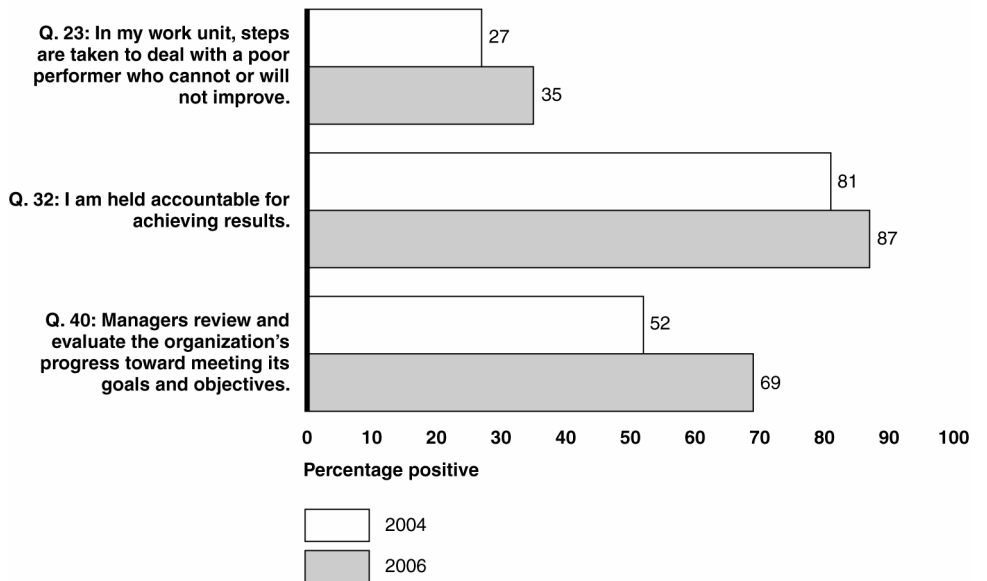
Effective performance management systems can drive organizational transformation by encouraging individuals to focus on their roles and responsibilities to help achieve organizational outcomes. We reported in 2006 that OPM's executive performance management system aligns the performance expectations of OPM's top leaders with the goals of the organization.<sup>12</sup> In addition, we reported that OPM could build upon its positive results for some of its performance-related questions to address performance culture concerns, one of the three areas examined in the focus groups. Similar to the 2004 results, OPM's 2006 results relating to performance culture and accountability showed some mixed areas of strength that could be maximized and areas of weakness to be addressed.

Of the 12 questions we identified as relating to performance culture and accountability, OPM's results for three questions in 2006 demonstrated substantial improvement compared to 2004 results and two questions dropped significantly from 2004 to 2006. Figure 5 shows the questions that substantially improved. OPM's highest positive increase from 2004 to 2006 was a 17 percentage point increase in response to "managers review and evaluate the organization's progress toward meeting its goals and objectives." OPM also saw a more positive response to "I am held accountable for achieving results." Questions that dropped significantly involved employees feeling encouraged to come up with new and better ways of doing things and performance appraisals being a fair reflection of performance.

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<sup>12</sup>[GAO-06-861T](#).

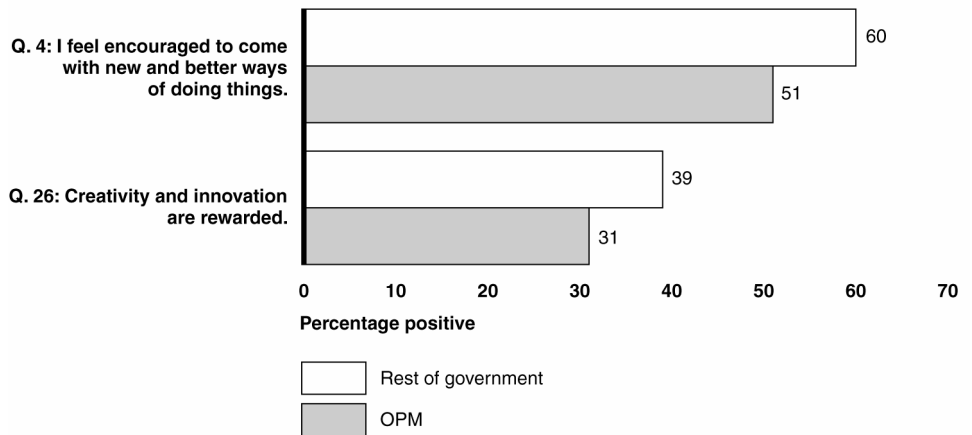
**Figure 5: OPM Responses to Selected Performance Culture and Accountability Questions for 2004 and 2006**



Source: GAO analysis of OPM data.

On the performance accountability questions that saw a large positive increase at OPM from 2004 to 2006, OPM was significantly higher than the rest of government. In addition, OPM's ranking on the HCAAF index for Performance Culture increased from 29th in 2004 to 25th in 2006. OPM, however, remains among the bottom half of the 36th ranked agencies in this area. Of the performance culture and accountability questions, OPM responded significantly lower than the rest of government on five questions. Two of these questions dealt with creativity and innovation in the workplace, as displayed in figure 6. These mixed results indicate that while OPM has seen and can build upon the positive increases on some performance culture and accountability questions, room for improvement still exists in this area at the agency.

**Figure 6: OPM and Rest of Government Responses to Selected Performance Culture and Accountability Questions in 2006**



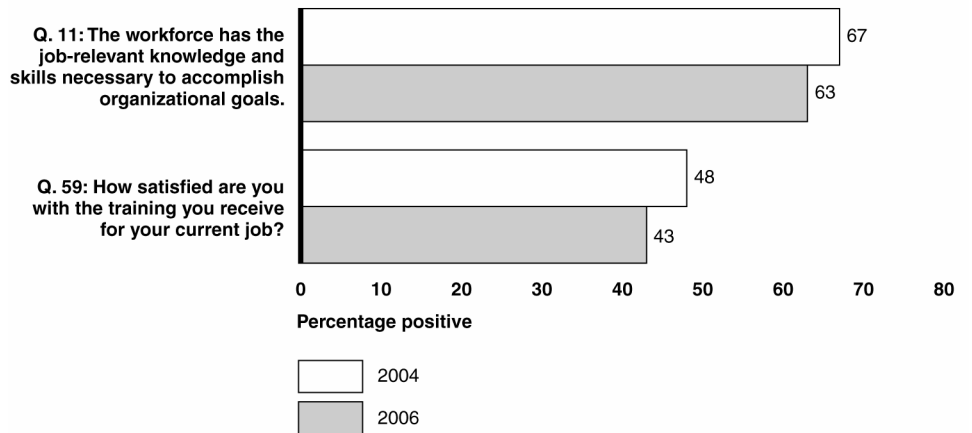
Source: GAO analysis of OPM data.

## 2006 FHCS Talent Management Responses Show Challenges Persist

OPM's 2006 FHCS responses indicate that talent management concerns continue among employees at the agency. Of the nine questions we identified as relating to talent management, OPM showed a decline on seven questions from 2004 to 2006. The largest decline from 2004 to 2006 was a 5 percentage point drop from 48 to 43 percent of OPM employees reporting satisfaction with the training received for their present job. Figure 7 shows the decline in two talent-management related questions. Training was a specific area of concern for OPM's SES, who reported an 8 percentage point decrease in satisfaction with their training and a 13 percentage point decrease in support for "the skills in my work unit have improved in the past year." We have previously highlighted talent management as an area of concern and noted that OPM's ability to lead and oversee human capital management could be affected by its internal capacity and ability to maintain an effective leadership team, as well as an effective workforce.<sup>13</sup>

<sup>13</sup>GAO-06-861T.

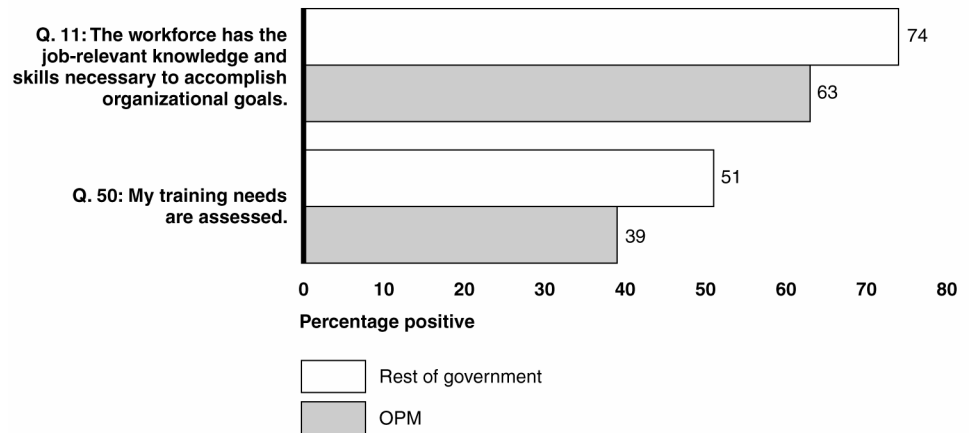
**Figure 7: OPM Responses to Selected Talent Management Questions for 2004 and 2006**



Source: GAO analysis of OPM data.

In addition, in the 2006 survey, OPM was significantly lower than the rest of government on five of the nine questions we identified as relating to talent management. For example, OPM was 11 percentage points lower than the rest of government for “the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.” Additionally, only 39 percent of OPM employees said that their training needs were assessed, compared to 51 percent of the rest of government, as displayed in figure 8. Further, OPM’s ranking decreased from 28th to 31st out of 36 agencies on the HCAAF index for Talent Management in 2006.

**Figure 8: OPM and Rest of Government Responses to Selected Talent Management Questions in 2006**



Source: GAO analysis of OPM data.

## DOD Investigative Service Transfers' Survey Results Show Need for Special Attention to Those Employees

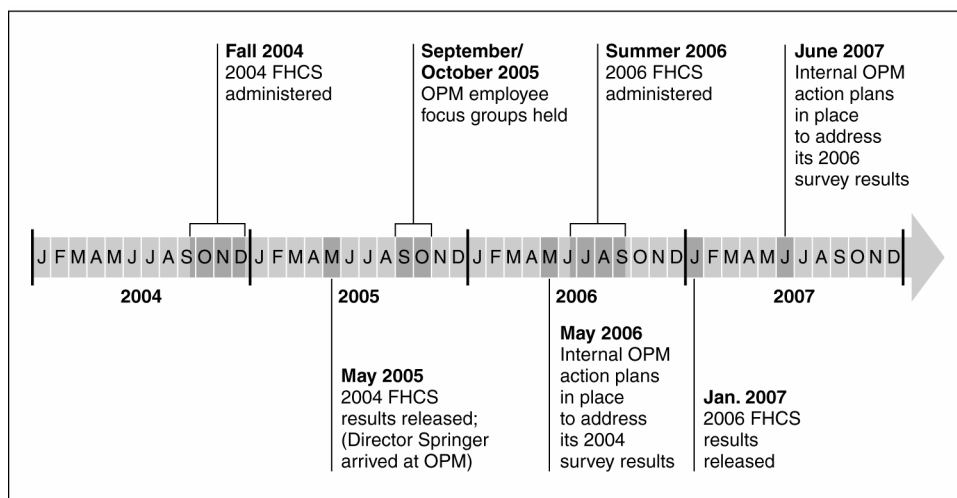
Without DOD transfers, results for just under half of the 2006 survey questions relating to leadership, performance culture and accountability, and talent management would have been higher by 5 percentage points or more. In fact, all but 1 of the 29 questions relating to leadership, performance culture and accountability, and talent management that we identified would have been more positive without DOD transfers. Moreover, OPM reported those employees who participated in both the 2004 and 2006 surveys rated the agency higher on almost every item on the survey in 2006. OPM's FHCS agency ranking would have increased dramatically from 26th to 11th place without the DOD transfers. OPM would have seen the greatest increase in those questions relating to leadership, with six of the eight questions we identified as relating to leadership having a 14 to 16 percentage point increase from 2004 to 2006. For example, without DOD transfers, OPM 2006 response to "I have a high level of respect for my organization's senior leaders" would have been 14 percentage points higher than 2004 results. The question that would not have been more positive addressed talent management, suggesting that talent management is a salient issue for OPM, regardless of the transfers. In addition, DOD transfers gave more neutral responses on several questions, particularly those relating to performance culture and accountability and equal employment issues, indicating a lack of perspective rather than a negative response. Given that the DOD transfers had more neutral responses to these questions, this suggests that OPM may have an opportunity to help shape the perspectives of its new

transfers on these issues. Selected survey questions and data from the 2004 and 2006 surveys appear in appendix II.

## OPM Addressed Human Capital Issues through 2004 and 2006 FHCS Action Plans

Figure 9 shows a sequence of selected actions OPM took regarding the 2004 and 2006 FHCS and the accompanying internal OPM action plans.

**Figure 9: Sequence of Selected 2004 and 2006 FHCS Actions Taken by OPM**



Source: GAO presentation of OPM information.

To address a decrease in positive responses to the 2004 FHCS, OPM hired a contractor to conduct a series of OPM employee focus groups. The purpose of the groups was to understand the factors contributing to the 2004 responses and report employee ideas for addressing top priority improvement areas. Employees were randomly selected to participate in 33 focus groups with participants from all major divisions, headquarters and the field, employees and supervisors, and major installations. The results of the 2004 FHCS and the responses of the focus groups showed that OPM employees were most concerned with leadership and leadership's ability to deal with staff about policies and performance. Employees preferred OPM to have more open communication to address inadequate planning and excessive supervision. Employees identified additional problem areas for OPM including lack of management support, inadequate training for supervisors and managers on performance culture

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and accountability, and lack of senior executive interest in and respect for employees.

OPM required each division to develop specific action plans to address the critical issues raised by employees in both the survey results and the focus groups. In December 2005 and January 2006, the CHCMS met with each associate director and their management team to present their individual results and discuss the next steps in the process. OPM also held a half-day planning meeting with a cross-section of OPM divisions and office representatives to develop an OPM-wide action plan. As an example of activities based on the 2004 survey action plans, OPM has attempted to improve communication throughout the agency by initiating visits to its field locations, creating an e-mail mail box where employees can make suggestions on more efficient and effective ways of doing business, and holding employee meetings. Additionally, to address employee concerns about communication with senior leaders, OPM established brown bag lunches with the Director and a process in all divisions to solicit employee input on various initiatives and set aside “open door” time for employees to speak with their managers.

After release of the results of the 2006 FHCS, OPM reviewed and updated the first set of action plans responding to the 2004 survey by incorporating changes as needed to address new and continuing areas of concern to OPM employees. OPM’s analysis of the data included (1) comparisons between responses in 2004 and 2006 agencywide and governmentwide, (2) comparisons of results by organizational components, (3) a review of responses between headquarters and field locations, and (4) a review of the responses comparing supervisory and nonsupervisory employees. OPM believed responses to eight questions on the 2006 FHCS improved based on their previous actions for issue areas dealing with leadership. OPM identified that the areas reflecting the lowest positive response rates centered in large part around performance culture areas; for example, promotions based on merit, employee empowerment, and awards. OPM also found that the responses from the field employees were lower than the responses from headquarters employees, where some questions had significant differences ranging from 10 to 20 percentage points lower.

In response to the survey results, OPM updated five actions from the action plans responding to the 2004 survey and developed five new actions for the action plans responding to the 2006 survey. In terms of leadership, OPM carried over two actions from the first set of action plans because of the positive response from employees: using OPM’s Intranet for up-to-date information sharing throughout the organization and using the Director’s

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formal and informal communication methods, such as brown bag meetings, field site visits, and Web casts. One area of concern for employees of OPM was employee empowerment. To address this issue, OPM indicated that it would continue to work on delegating authorities to the lowest appropriate level and involving employees in decisions to increase internal approval and coordination to streamline organizational processes. In addition, in OPM's recently developed action plans, 5 out of 10 actions will address talent management. For example, OPM will be implementing the core curriculum for supervisory training that was developed because of the first set of action plans. OPM officials said the supervisory training program was funded in May 2007 and implementation started in July 2007. Additionally, OPM developed four new actions to deal with training and development: (1) administering performance management training for all employees, (2) developing individual development plans (IDP), (3) creating electronic access to training opportunities, and (4) implementing an internal rotation professional development program.

Each division and office analyzed their organization-specific results to reflect the 2006 responses of their employees in order to update their previous action plans. SHRP, for example, had each of its center leaders meet with employees to discuss the survey results and held a divisional town hall meeting to talk about the results and answer any questions the employees had. HCLMSA used a new interactive communication tool to involve employees and management in resolving issues and capitalizing on strengths identified by the 2006 FHCS results. HCLMSA focused on 38 questions where the positive results were less than 65 percent; from these questions, 3 to 5 questions were consensually determined as key discussion areas and included in the division's current action plans. OPM also plans to develop communications plans to ensure field locations receive the same information as headquarters on a timely basis.<sup>14</sup>

The investigative services division, which includes the DOD transfer employees, also developed action plans in response to the 2006 FHCS. For example, in response to employees' concerns with their personal work experience, through early September 2007, 428 Federal Investigative Service Division (FISD) employees had participated in detail assignments within FISD, assignments outside of FISD but within OPM, and assignments to other agencies to gain additional program knowledge. OPM

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<sup>14</sup>The largest field population is in the investigative services division.



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will conduct an agencywide employee survey in October 2007, and OPM officials said they believe these survey results will show significant improvement for FISD.

After OPM assessed the survey results and the Director approved the action plans, the agency notified its employees about how it will address the responses and will post information on OPM's Intranet with continual progress updates. Additionally, CHCMS officials said they will monitor the action plans quarterly and report findings to the Director in an effort to build a positive and productive work climate where all employees and managers feel valued and appreciated.

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## OPM's Workforce and Succession Plans Align with Selected Leading Practices, but the Agency Lacks a Well-Documented Process of Evaluation of Some of These Efforts

OPM's workforce and succession plans are consistent with selected strategic workforce planning practices and principles relevant to OPM's capacity to fulfill its strategic goals. OPM's top leadership is engaged in workforce and succession planning efforts, and OPM has assessed competency gaps and created gap closure plans for its mission critical and leadership workforce. The agency, however, operates some of these division-level efforts without a well-documented process for evaluation agencywide. For example, it was not evident how OPM is able to identify the appropriate level of investment in training and development and to prioritize funding so that it addresses the most important training needs first.

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## OPM's Top Leaders are Involved in Workforce and Succession Planning

We have previously reported that efforts to address important organizational issues, such as strategic workforce planning, are most likely to succeed if agencies' top program and human capital leaders set the overall direction, pace, tone, and goals from the beginning of the effort.<sup>15</sup> We have also noted that effective succession planning and management programs have the support and commitment of their organizations' top leadership, and that the demonstrated commitment of top leaders is perhaps the single most important element of successful management. In particular, reinforcing leadership support by assigning responsibility for succession efforts, and holding executives accountable for succession

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<sup>15</sup>GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

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planning in performance plans, are effective strategies for ensuring the active participation of leadership.

One of OPM's vehicles for involving top leadership in its workforce and succession planning efforts is its ERB. Chaired by OPM's Chief of Staff, the ERB serves as the advisory and review body for all major leadership management policies and programs related to the SES specifically, and management and leadership in general. Among other responsibilities, the ERB is charged with executive/leadership succession planning and workforce planning; executive/leadership staffing management; and executive, managerial, and leadership development management. ERB membership consists of all of OPM's associate directors, including the associate director who also serves as the agency's CHCO, along with the chief financial officer, the general counsel, and the deputy associate director for CHCMS. The ERB meets weekly and provides CHCMS, OPM's internal human resources management group, with direction on key workforce and succession planning decisions, among other things.

According to a CHCMS official, the ERB helps to set the direction for the agency's succession planning and workforce planning efforts. At least annually, the ERB meets with CHCMS staff and division management to review all of the succession planning position profile sheets, templates that the agency uses to try to capture the leadership skills needed for it to meet its strategic and operational goals and objectives both currently and in the future. The ERB looks at the description of potential successors identified and, according to the CHCMS official, will sometimes override the supervisor's position profile assessments based on their "big-picture" knowledge of agencywide human capital resources. The ERB also works with CHCMS to identify opportunities for economies of scale in addressing training and development needs that cut across divisions. For example, CHCMS and the ERB jointly proposed the establishment of a new supervisory training curriculum for all OPM managers and supervisors. This curriculum intends to address several agencywide training and development needs, such as strengthening performance management skills, closing leadership competency gaps, and addressing issues that emerged in the 2004 FHCS results. As a result, the Director of OPM approved funding for this agencywide initiative, which OPM is now implementing as part of the action plans to address the 2006 FHCS results.

In addition to leveraging the ERB to engage its leadership with workforce and succession planning, OPM also made explicit its CHCO's accountability for succession planning. In the CHCO's 2006 Performance Agreement, OPM charged the CHCO with the responsibility of having

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agencywide, written succession plans in place by October 2006. OPM also held other members of OPM's executive management team accountable via their 2006 performance agreements for general workforce and succession planning efforts. In his 2007 executive performance agreement, the CHCO is accountable for implementing leadership and succession-related training and development initiatives. For example, the CHCO is responsible for implementing the supervisory training for all managers described above. This training curriculum includes courses intended to address leadership competencies, which include performance management and interpersonal skills training.

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### OPM Has Aligned Its Workforce and Succession Plans with Its Strategic Goals

According to OPM's HCAAF standards, an agency should align its human capital management strategies, including workforce planning, with its mission, goals, and organizational objectives and integrate them into its strategic plans, performance plans, and budgets. We have similarly reported that it is critically important to align an organization's human capital program with its current and emerging mission and programmatic goals.<sup>16</sup> In its most recently published *A Plan for the Strategic Management of OPM's Human Capital* (HC Plan), OPM links its human capital planning to its current 5-year, agencywide *Strategic and Operational Plan*.<sup>17</sup> The HC Plan explicitly notes the relationship between OPM's agencywide mission and its workforce, recognizing that OPM's overall success in achieving its mission objectives is dependent on a strategic focus on its own talent and human capital needs.

OPM charges each of its divisions with linking their workforce analysis and competency needs to their business initiatives. For example, the SHRP division has designated the design of a modern compensation system as a key business initiative. Accordingly, SHRP identifies (1) activities related to the initiative (working with internal and external stakeholders, drafting and implementing legislation, etc.); (2) the occupations that constitute its mission critical workforce (HR policy specialist, actuary, etc); (3) the number of mission critical staff needed; and (4) the general and technical competencies that are important for its mission critical workforce (oral

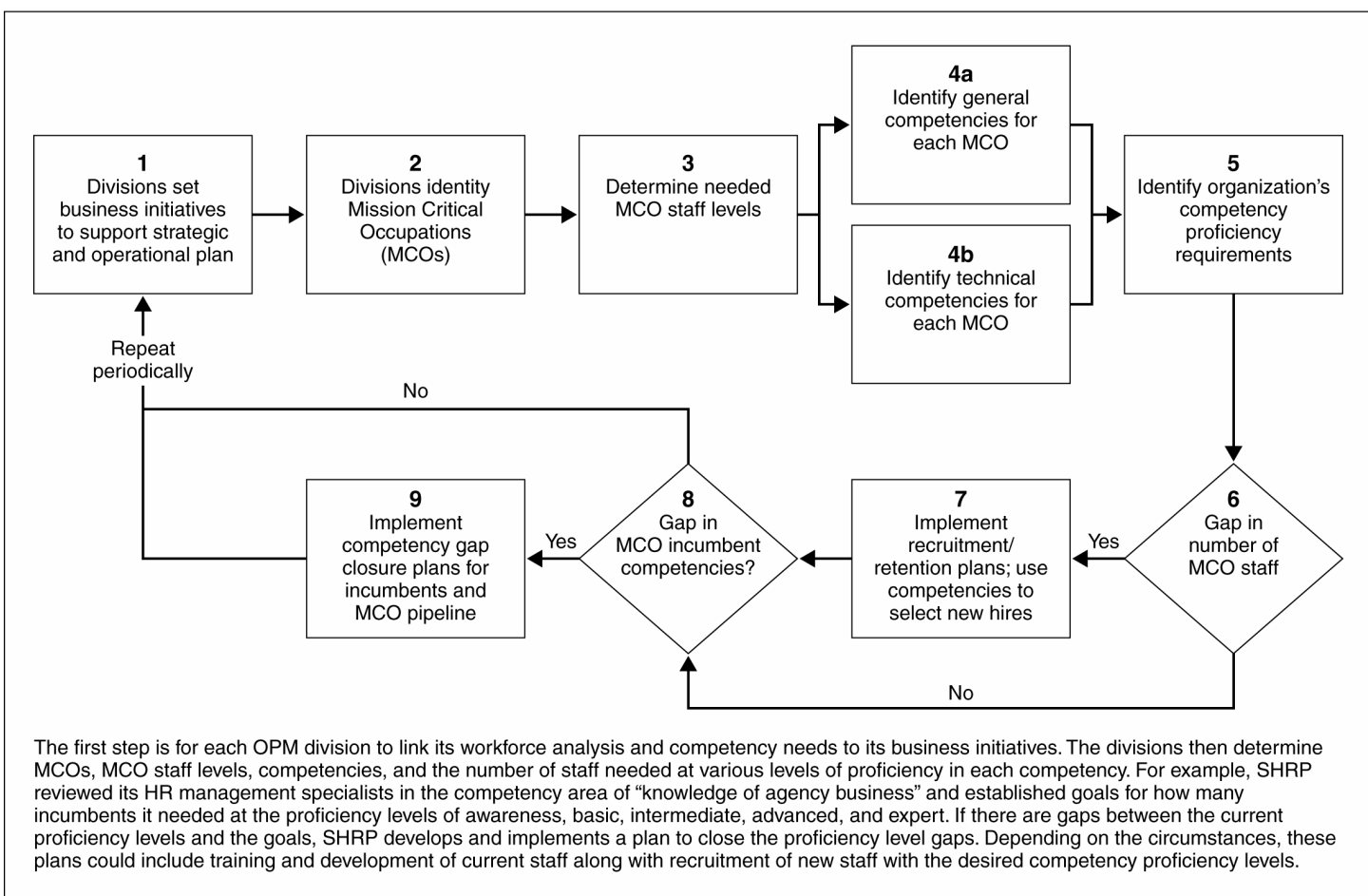
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<sup>16</sup>GAO-04-39.

<sup>17</sup>OPM's current *A Plan for the Strategic Management of OPM's Human Capital* covers the fiscal years 2006–2007; the *Strategic and Operational Plan* covers 2006–2010; and its most recently published *Corporate Leadership Succession Management Plan* is dated August 2006.

communication, creative thinking, problem solving, etc.). Each of OPM's divisions contribute a similar written section to the agencywide HC Plan to represent how OPM links the identification of its mission critical occupations and key competencies to its business initiatives. The diagram in figure 10 depicts the steps in OPM's workforce planning process.

**Figure 10: OPM's Workforce Planning for Mission Critical Occupations**



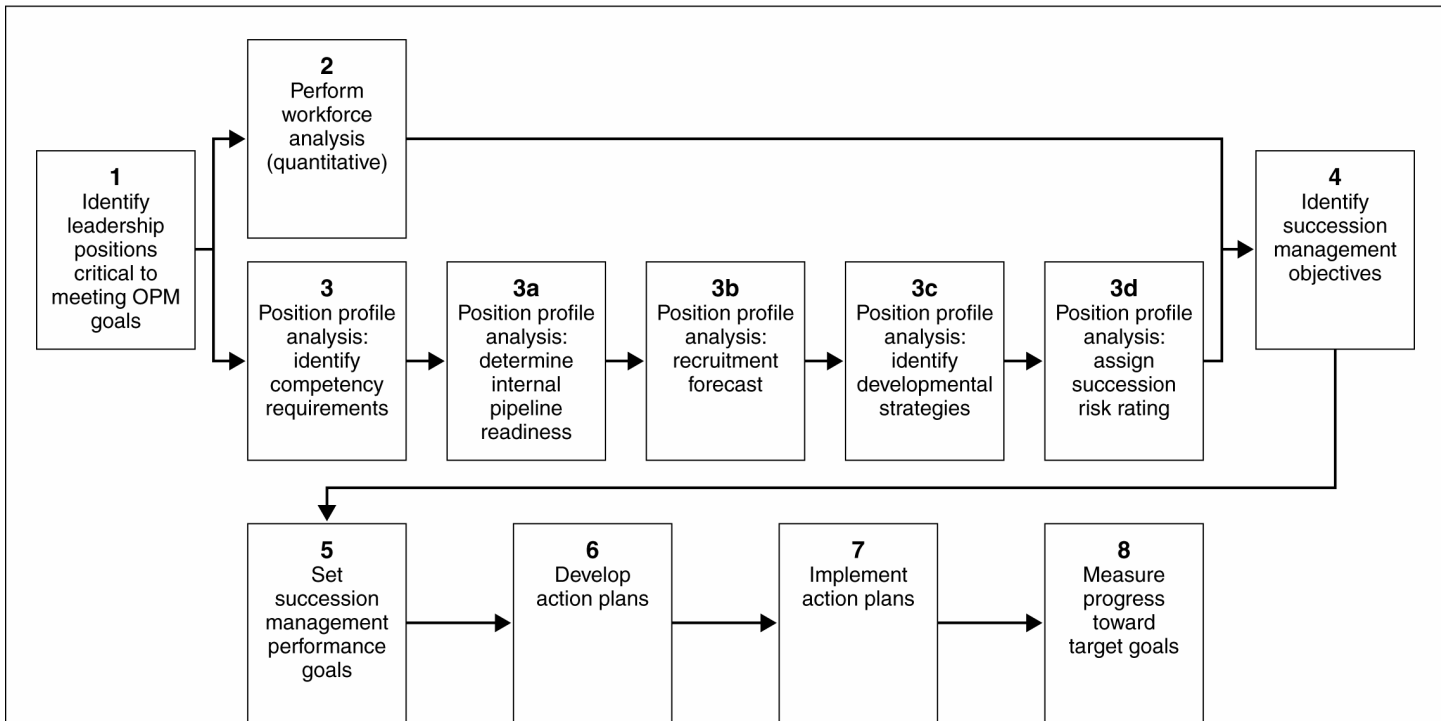
Source: GAO analysis of OPM information.

OPM's *Corporate Leadership Succession Management Plan* describes that the key goal of its succession plan is to ensure the availability of diverse individuals with the necessary competencies to fill key leadership positions so the agency can meet its short- and long-term goals, regardless

of turnover. The succession plan also notes that the agency needs leaders with a mix of specific skills in order to meet the goals and objectives laid out in its 5-year *Strategic and Operational Plan*. Similar in its approach to workforce planning, OPM charges its divisions with the responsibility for carrying out the individual-level, position-based elements of its succession planning process.

The diagram in figure 11 depicts the steps in OPM’s succession management planning process that focus on analyzing the succession risk and developing an internal leadership pipeline for each individual leadership position.

**Figure 11: OPM’s Succession Management Planning**



OPM begins its position-based succession management process by identifying every leadership position—including supervisors, managers, and executives—that is essential to meeting the agency’s goals. The agency then conducts two types of analyses to establish its succession management goals. Quantitative analysis of its leadership workforce produces trend and forecast data on attrition, retirement, and other workforce dynamics (see step 2). OPM also engages in a qualitative analysis of turnover and succession risk, requiring the direct supervisor of each leadership incumbent to complete a succession planning position profile for these employees (see steps 3–3d). OPM uses these analyses to identify its succession management objectives and performance goals.

Source: GAO presentation of OPM information.

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OPM requires the direct supervisor of each executive, manager, and supervisor to complete a succession planning position profile template for these employees. (See appendix III for a copy of the succession planning position profile template.) The succession planning position profile sheets include the supervisor's judgment of risk factors such as the likelihood that the incumbent will leave; an identification of key general and technical competencies needed for the position; a determination of the "readiness" of internal candidates, those that are ready immediately, within 1 to 2 years, or within 3 to 5 years; and other items. OPM uses these quantitative and qualitative assessments to develop succession management objectives, performance goals, and action plans to help ensure that OPM has a robust candidate pool to replace leadership incumbents as needed. Our review of 93 of approximately 330 succession planning position profile documents showed that nearly all of the sampled documents had been updated within the past year.<sup>18</sup> Our review also confirmed that all of these included an estimation of the prospective successor pool for at least 5 years out, with two citing the need to begin developing the candidate pipeline at least 10 years in advance. An official in CHCMS explained OPM intends that the profile sheets will serve as a built-in mechanism requiring management to think about leadership positions and how they may need to change. For example, some of the SHRP profile sheets illustrate sensitivity to the changing environment in relation to future recruitment efforts: "internally and short term, outlook is quite positive; however, as agency human resource program responsibilities continue to restructure, streamline and consolidate into more generalist and consultative roles, the potential candidate pool of detail oriented technically proficient staffing experts will decline."

While some aspects of the succession planning position profile sheets demonstrate a forward-looking approach to development and recruitment efforts, the extent to which OPM is identifying key competencies for leadership positions based on anticipated long-term changes in mission and objectives is not evident. In reviewing OPM's instructions for completing the position profile sheets, we found no guidance stating that supervisors are to identify key competencies for these leadership positions according to current and anticipated future requirements.

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<sup>18</sup>An OPM official said the 93 profile sheets represent the career SES positions from all divisions, except the Office of the Director, and the supervisors and managers from HCLMSA and SHRP.

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OPM Has Assessed Gaps in Numbers and Competencies and Created Gap Closure Plans for Its Mission Critical and Leadership Workforce

We have previously reported that an agency needs to define the critical skills and competencies that it will require in the future to meet its strategic program goals and then develop strategies to address gaps and human capital conditions in critical skills and competencies.<sup>19</sup> With regard to leadership positions, it is important to emphasize developmental or “stretch” assignments for high-potential employees in addition to formal training, in order to strengthen skills and competencies and broaden experience. Consistent with these workforce and succession planning principles, OPM has undertaken a number of workforce assessments and has developed gap closure plans, which include a mix of training and developmental assignments, to address current and projected deficiencies in mission critical and leadership positions.

Competency Assessments Conducted

According to its current HC Plan, as of June 2006, 62 percent of OPM’s 5,194 employees were in mission critical occupations.<sup>20</sup> OPM has several division-level and centralized strategies to assess the competencies of its mission critical occupations. OPM conducted agencywide skills assessments in 2001 and 2003 and more recent assessments in targeted mission critical occupations such as information technology and human resources management (HRM).

In 2006, HCLMSA focused competency assessment and gap closure efforts on the mission critical occupation of accountability auditor. During the same year, CHCMS conducted a competency assessment of its HRM specialists, using a competency model developed by the CHCO Council in cooperation with OPM.<sup>21</sup> In the fourth quarter of fiscal year 2006, SHRP, HCLMSA, and the Human Resources Products and Services (HRPS) divisions assessed their human resources specialists. OPM reassessed these specialists using the CHCO Council HRM competency model in May 2007. All of these assessments looked for gaps in both competency levels and numbers of mission critical incumbents.

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<sup>19</sup>GAO-04-39.

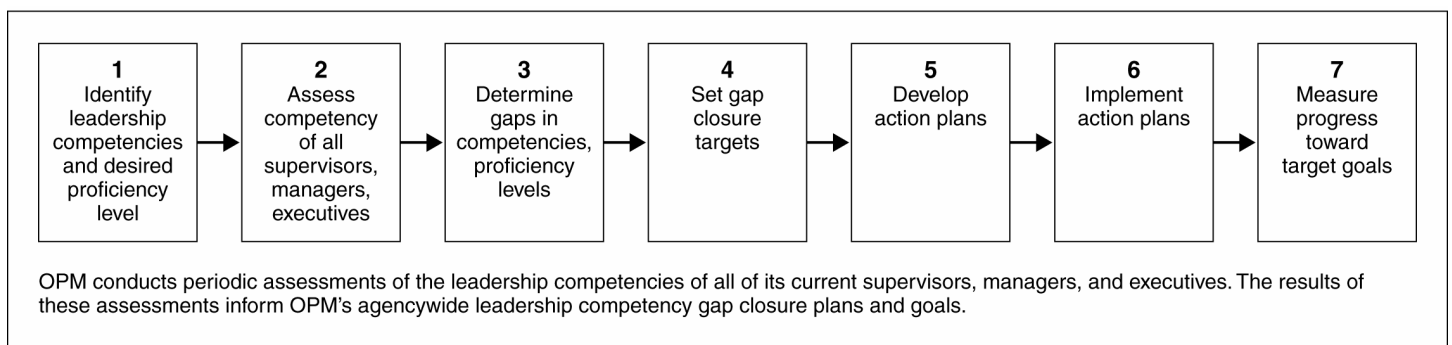
<sup>20</sup>According to OPM’s HC Plan, mission critical occupations directly and substantially impact mission attainment (as defined in OPM’s strategic and operational goals) and: (1) are difficult to fill, and/or require specialized knowledge/skills; (2) have a recognized need for a knowledge transfer management plan and/or succession plan; and (3) merit targeted resources for recruitment, retention, and knowledge management.

<sup>21</sup>The work of HRM specialists ranges across policy development, consultation, and agency outreach, and operational recruitment and staffing activities.

To determine the competency levels for both its current and prospective leadership, OPM looks at both individual leadership positions and general leadership skills. As described in figure 11, in looking ahead to its future leadership, OPM uses qualitative data to assess potential gaps in its leadership pipeline, using the succession planning position profiles. As part of this individual, position-based planning process, the direct supervisor of every subordinate executive, manager, and supervisor describes the key competencies needed for a particular position and the number of potential internal successors for the leadership position, and produces an estimate of when these candidates will be ready to assume the leadership responsibilities in question. The supervisor describes the training and development opportunities needed to address any gaps and to prepare the pool of prospective candidates to assume the leadership position. From these individual analyses, OPM derives a measure it refers to as a “bench-strength index,” which counts the number of internal candidates that are ready to replace a single incumbent, when it becomes necessary.

In addition to assessing its in-house leadership pipeline and external prospects for each individual leadership position, OPM looks at the competency levels of its current leadership corps. Figure 12 depicts the steps in OPM’s workforce planning process that focus on assessing the competencies of the agency’s current leadership incumbents and developing and implementing plans to close gaps as needed.

**Figure 12: OPM’s Workforce Planning for Leadership Incumbents**



Source: GAO analysis of OPM information.

The agency most recently conducted a formal competency assessment of its 376 incumbent leaders in fiscal year 2006, using an online survey completed by the supervisors of all subordinate executives, managers, and



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Competency Assessments  
Show Overall Improvement  
with Some Gaps Remaining

supervisors. OPM uses these data to make a determination of the extent to which its current leadership cadre meets the desired proficiency levels for competencies required in their positions. In early 2007, OPM launched the Management Competency Assessment Tool (MCAT), a governmentwide, Web-based instrument for assessing the skill levels of managers, supervisors, team leaders, and others in key leadership and performance management competencies. OPM has been using the MCAT internally for its agencywide leadership competency assessments. The agency used this tool to conduct a reassessment of skills gaps among these 376 leadership positions in July 2007.

Based on the results of agencywide skills assessments conducted in 2001 and 2003, OPM reports that it has made at least some improvement to employee proficiency levels in 96 percent of its mission critical competencies, and has eliminated gaps in 64 percent of these competencies. OPM's current HC Plan includes an initiative to conduct an agencywide skills reassessment to continue to monitor its gap closure progress.

Regarding its organizational leadership cadre, OPM recently reported positive results. The only priority competency gap common across supervisory, managerial, and executive leadership positions was in the area of interpersonal skills, which are critical to the agency's increased focus on performance management, consultancy, and other strategic initiatives. OPM has also calculated turnover risk and overall succession risk for leadership positions based on information captured in the succession planning position profile sheets. These indicate that while 30 percent of the current leadership is at high risk for turnover, only 3 percent are high risk for overall succession purposes, since the expectation is that OPM can identify suitable candidates from within or outside the agency. In terms of its leadership candidate pipeline, the succession planning position profile sheets indicated that as of August 2006, all but 11 of the 376 leadership positions met OPM's bench-strength goal of having a minimum 2:1 ratio of ready-now candidates for each incumbent. More recently, an OPM official confirmed that the agency had reduced this number even further, with only 8 positions considered by the agency to be at high-risk for succession management purposes due to weak bench strength.

On the division level, OPM's most recent competency assessment and gap analysis completed in 2006 for employees in the GS-201 HR specialist mission critical occupation in SHRP and HRPS identified few gaps among employees in this occupational group. Only the competency area of

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knowledge of agency business emerged as a high-priority gap, based on factors such as the gap's impact on OPM's ability to accomplish mission objectives, size of the gap, and level of difficulty in closing the gap through development of internal employees or recruitment from external sources. Specifically, OPM set a target to increase by more than double the number of HR specialist staff at the advanced proficiency level, from 39 to 87. OPM's strategy to accomplish this goal was to provide training and developmental opportunities to increase the expertise of current staff, while building a pipeline of HR specialists at the awareness and basic levels of proficiency from a pool of external hires. In May 2007, OPM readministered the competency assessment of the SHRP and HRPS GS-201 employees, using the CHCO Council HRM Competency Model, to determine the extent to which gap closure efforts over the past year resulted in higher competency proficiency levels. The results of OPM's assessment indicated that it had surpassed its goals by moving the HR specialists to, or beyond, the targeted proficiency levels.

#### SHRP's Mission Critical Workforce

In addition to its emphasis on the HRM Competency Model as it relates to GS-201 series employees, SHRP has reported on all of the elements of its mission critical workforce, which include actuaries, statisticians, and psychologists, along with HR specialists. In the HC Plan, SHRP notes that its mission critical employees exhibit strengths in the areas of technical competence, oral communication, and problem solving. It describes areas of particular challenge in the fields of creative thinking and reasoning. Further, SHRP is looking ahead to identify a potential future competency gap in written communication, particularly related to writing policy. SHRP plans to address competency gaps in the areas of written communication, creative thinking, and reasoning by incorporating these competencies into the selection processes for new staff and by providing appropriate developmental opportunities to current staff.

In an interview with SHRP's Associate Director about the division's mission critical workforce, she noted that recruitment and retention for the division would continue to present underlying challenges. She said that SHRP would be trying to recruit employees with the same types of skills other federal government agencies would increasingly need, requiring those with excellent written, analytical, and technical abilities as well as capable leaders. Some positions in SHRP are particularly difficult to fill with the caliber of talent the division needs. For example, the Associate Director explained that it was hard to recruit mid-level actuaries and statisticians from outside OPM because often these individuals, while possessing adequate technical skills, do not know and understand the mission and workings of OPM. In addition, recruiting an employee with

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HCLMSA's Mission Critical Workforce

actuarial skills and management experience is very difficult given the salary that individuals with those skills can command in the private sector. She did note that SHRP does a lot of recruiting based on its mission; individuals want to come to OPM to be part of some of the largest human capital programs in the world. In terms of retention, the Associate Director said that the SHRP division loses a number of employees to other federal agencies because these agencies view the division's employees as potential assets to their human capital offices. For example, she said the division's classification employees along with those in employee and labor relations are highly sought after. She noted that she makes limited use of recruitment and retention bonuses because of funding issues, but she finds the intern hiring flexibilities useful.

OPM has also been focusing on competency assessments and gap closure strategies for its HCLMSA division GS-201 HR specialists, who serve as human capital officers and other HR specialists, directly supporting the PMA human capital initiative.<sup>22</sup> Based on external stakeholder input, as well as through internal assessments, HCLMSA chose to set a higher proficiency level target for its HR specialists in the areas of technical competence and client engagement. For example, we have noted that, based on interviews with the federal workforce community, OPM needed a greater emphasis on providing consultative and technical expertise to its agency customers.<sup>23</sup> HCLMSA's leadership took this type of external feedback into consideration when setting the goal to significantly increase the percentage of human capital officers and HR specialists who are at least at the advanced proficiency level in both the technical competence and client engagement competency areas. OPM has recently reported that, based on its readministration of the competency assessment of HCLMSA's GS-201 employees in June 2007, the division surpassed its competency goals in the advanced/expert proficiency levels. The division fell short of its goal for the number of HR specialists at the intermediate level of proficiency, which OPM attributes to an overall attrition in the number of HR specialists. Although OPM was able to replace the three human capital officers that left during the reporting year, it could only recruit one HR specialist to replace the four that left. As of June 2007, this represented a net loss of three employees with an overall HCLMSA staff reduction of 6 percent.

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<sup>22</sup>Human capital officers serve as OPM liaisons to each executive branch agency.

<sup>23</sup>[GAO-06-861T](#).

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In the HC Plan, HCLMSA also describes additional initiatives and actions related to its mission critical workforce planning. It noted that recruitment, training, and development efforts have reduced competency gaps that existed in 2004 and described the establishment of a training advisory group (TAG) in fiscal year 2005 made up of members who represent each mission critical role in HCLMSA. In 2007 and beyond, HCLMSA, with TAG's assistance, plans to continue to provide staff development opportunities to ensure employees in mission critical roles possess all the strategic competencies needed to achieve goals and accomplish the mission.

In an interview on HCLMSA's mission critical workforce, the division's Associate Director said the biggest recruitment challenge for HCLMSA is finding the right people with the right skills, and the most important aspect of retention is maintaining a positive organizational culture. He said the HCLMSA division is organized into two almost completely separate functions—human capital management and merit systems accountability—which require somewhat different skills. He explained that the human capital side of HCLMSA faces a conundrum because the division loses employees to other agencies, which is good for the larger federal human capital community, but difficult for the division. On the other hand, he said that because HCLMSA's human capital focus is not as technical as the compliance side, when he needs to recruit employees, he is able to successfully hire individuals from the private sector. The Associate Director said that he sees recruitment as an ongoing process, and he believes that an important part of his job is to always be recruiting for current or future positions. In terms of retention, he noted that a critical component of retention is having a good organizational culture, which often depends on better communication.

## Gap Closure Plans

OPM has a number of gap closure plans in place. For example, to specifically address the leadership competency gap in the area of interpersonal skills, OPM has instituted a requirement that each supervisor, manager, and executive work with their supervisor to develop a supervisory training plan. Each individual plan identifies mandatory and elective training reflecting the specific needs of the individual and addressing any gaps in the target area of interpersonal skills. To support the goal of closing the interpersonal skills gap, OPM has developed an agencywide supervisory training curriculum that includes a mix of classroom and Web-based course such as "Interpersonal Skills," "Front Line Leadership," and "Dealing with Poor Performers." In addition to agencywide and division-level gap closure plans, the position-based succession planning position profiles for each executive, manager, and

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supervisor include an action plan to prepare the pool of potential internal successors. Plans may include training, professional conferences, developmental assignments, and other opportunities. OPM officials said that any profile that indicates that a corporate leadership position is at high risk for succession management requires an aggressive plan of action to address how the agency will reduce the risk rating.

In addition, OPM recently implemented a pilot program for closing potential succession gaps. In early spring of 2007, it launched a knowledge transfer pilot in its Office of the Chief Financial Officer (OCFO) to formalize the process for capturing institutional knowledge. According to OPM, knowledge transfer is a way to capture critical information necessary to perform program responsibilities and ensure that knowledge is not lost due to personnel changes, such as retirements, new work assignments, or temporary absences. The pilot process begins with an advance set of questions sent to an interviewee, followed by a structured interview on topics such as duties performed by the incumbent, the incumbent's internal and external contacts, statutory requirements of the work, and required training and skills needed. The goal of the interview is to be able to provide the incumbent's current supervisor and successor with information necessary to continue to carry out work activities. The OCFO is also working on incorporating into the pilot a database to track where incumbents' important electronic and paper files and records are located. According to an OCFO official, while OPM is still evaluating the pilot, it has been well received and it is likely that it will be expanded in the future.

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**OPM Lacks a Well-Documented Process of Evaluation for Some of Its Workforce and Succession Planning Efforts, Particularly Its Investment in Training and Development**

We have reported on the importance of evaluating the contribution that workforce plans make to strategic results in order to measure the effectiveness of an agency's workforce plan and to help ensure that the strategies work as intended.<sup>24</sup> This involves two activities: determining (1) how well the agency implemented its workforce plan and (2) the contribution that the implementation made toward achieving programmatic goals. For example, a workforce plan can include measures that indicate whether the agency executed its hiring, training, or retention strategies as intended and achieved the goals for these strategies, and how these initiatives changed the workforce's skills and competencies. With regard to training and development, which are key to each of the OPM gap

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<sup>24</sup>[GAO-04-39](#).

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closure plans we reviewed, we have reported that front-end analysis can help ensure that agencies are not initiating these efforts in an uncoordinated manner, but rather that they are strategically focusing their training efforts on improving performance to achieve the agency's goals.<sup>25</sup>

A CHCMS official representing OPM on its workforce and succession planning process reported that the agency's plans are largely developed at the division level and are periodically evaluated by the ERB and the agency director. The official noted that these reviews are informal and are not documented or summarized in agency-level status reports. He further explained that OPM provides agency-level workforce analysis data, such as trends in hiring and turnover, to division heads and other top executives at least annually as part of the PMA reporting process. In addition, the official noted that, while there is no formal process for periodically distributing division-level workforce analysis reports, OPM can generate these data on demand and agency leaders and division heads can request this information at any time as the need arises. However, OPM had difficulty providing us with some of its key workforce analysis indicators, which OPM officials explained was partially due to technical difficulties with the reporting system.

Regarding OPM's training and development efforts, in its January 2004 comments on our report on designing training and development, OPM noted that it had increased the role of its CHCO to serve as an advisor to the Director on overall employee training and development initiatives and programs, as well as the establishment of the agency's training budget.<sup>26</sup> OPM viewed this move as a strategic approach to better position the agency to prioritize its training needs and forecast funds to support those needs. OPM has also recognized the importance of bringing a perspective to training and development activities, particularly with regard to prioritizing among training needs and forecasting funds to support those needs. More recently, OPM acknowledged the importance of tracking training and development investments when it announced a requirement that agencies must begin regularly submitting data on the cost and amount

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<sup>25</sup>GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-03-893G (Washington, D.C.: July 2003).

<sup>26</sup>GAO, *Human Capital: Selected Agencies' Experiences and Lessons Learned in Designing Training and Development Programs*, GAO-04-291 (Washington, D.C.: Jan. 30, 2004).

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of training they provide their employees.<sup>27</sup> Specifically, OPM now requires agencies to report, among other items, the names of employees receiving training; the title of the classes; the start and end dates; the facility where courses were offered, such as a government agency or university; the number of hours; cost; travel costs; and category, such as leadership development. An OPM official said that the HCLMSA division would monitor data and work with agencies to ensure they are using training dollars for succession planning and to fill critical skills gaps, as well as to improve performance management. In September 2006, OPM also issued a guide for collection and management of training information that emphasizes that agencies must manage and collect training information in support of mission objectives and strategic goals and must properly evaluate training to ensure it provides meaningful contributions to agency results.<sup>28</sup>

When we asked for management reports or a similar means for OPM's top management to track information on training activity, however, CHCMS was unable to provide us with this information. OPM's budget office provided aggregated annual training expenditures through its accounting system, but had no accompanying information on, for example, how many employees had received training or the type of training or professional development completed. When we requested status reports on training and development activity, program completion rates, or other examples of indicators of how implementation is progressing, an OPM official explained that this was not tracked at the agency level. An OPM official explained that while the agency has improved its training and development tracking, he anticipates being able to do better in the coming year. OPM had expected that its management would be able to use the Enterprise Human Resources Initiative (EHRI) data warehouse to generate information on training activity and expenditures as early as a year ago. While CHCMS had begun tracking training instances for OPM employees in its human resources data system by December 2006, OPM was dependent on the General Services Administration to build the interface to allow transmission of those data to the EHRI data warehouse. The interface to allow transmission of the data to EHRI was completed in July 2007.

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<sup>27</sup>71 Fed. Reg. 28545, May 17, 2006.

<sup>28</sup>Office of Personnel Management, *Guide for Collection and Management of Training Information* (Washington, D.C.: September 2006).

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In addition to gathering data on measures such as participant number and program costs, we have reported that agencies also need credible information to evaluate how training and development programs affect organizational capacity. Agencies should work toward demonstrating their training and development programs' value in providing future talent by identifying outcome-oriented measures and evaluating the extent to which these programs enhance their organizations' capacity.<sup>29</sup>

In terms of OPM's allocation of training resources, an OPM budget official explained that as a rule of thumb, the agency budgets no more than 2 percent of its salary and benefit levels, and that more recently, it has held training expenditures to less than 1 percent. He further explained that a reallocation of internal funds to OPM's retirement systems modernization project resulted in a 5 percent decline of agencywide spending on discretionary activities, leaving a 25 percent cut to the less than 1 percent allocation for fiscal year 2007 training activities. In addition to other reductions within the agency, OPM may make similar cuts to the fiscal year 2008 training budget. Although a CHCMS official told us that OPM is increasing its use of in-house training and development opportunities such as job shadowing and mentoring programs, which he believes can be more effective than outside training, we were unable to ascertain OPM's full investment in internal training and development programs since the budget tracking information does not include indirect costs. As we mentioned previously, however, survey results show that OPM employees are not satisfied with their training and addressing this concern is a focus of OPM's 2006 FHCS action plans. An OPM budget official noted that the agency is moving to a strategic budget process. Beginning with the fiscal year 2009 budget, OPM is requiring that internal budget requests, such as those for training and development and other succession management activities, be linked explicitly to OPM's agencywide strategic objectives.

It is also not evident how OPM is able to identify the appropriate level of investment in training and development and to optimize funding so that it addresses the most important needs first with its individual, position-based succession planning. The direct supervisor of the incumbent executive, manager, or supervisor completes the individual action plans for the training and development of the successor candidate pool.

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<sup>29</sup>GAO, *Human Capital: Selected Agencies Have Opportunities to Enhance Existing Succession Planning and Management Efforts*, [GAO-05-585](#) (Washington, D.C.: June 30, 2005).



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Although the ERB provides oversight for this process, an OPM official explained that division-level management is responsible for making decisions concerning if and how to invest resources across most of the training and development needs identified in the position profile sheets.

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## Conclusions

OPM is making progress in addressing issues indicated by the employee responses to both the 2004 and 2006 FHCS, with initiatives underway to attempt to build a positive and productive work climate in the agency. During the past year, OPM has taken positive actions to address specific concerns raised by employees and managers in the surveys, such as placing more emphasis on information sharing with employees at all levels on the strategic goals and objectives of the agency. This should help employees and managers enhance individual and organizational performance. It is also important to acknowledge that OPM's 2006 FHCS results, without the DOD investigative service transfers, would have been, in many cases, significantly more positive than in 2004. The responses from the investigative services division, however, are an area of concern that OPM will need to continue to focus attention on.

OPM also has strategic workforce and succession management plans in place that adhere to selected leading practices, and the agency has undertaken several initiatives to address human capital problems identified and to build on recognized strengths. As previously noted, OPM has implemented an innovative knowledge transfer pilot and is launching an agencywide individual development plan program, a professional development program, and supervisory training plans that include a curriculum intended to improve interpersonal skills, performance management, and other key competencies needed for a successful management environment. With its new approach to strategic budgeting for fiscal year 2009, OPM is also making strides in linking budget and program implementation information to its strategic goals, to aid its management in making decisions on workforce and succession management investments. OPM's CHCMS division also expects to monitor training implementation and expenditures more closely as it expands its use of the EHRI system in the coming year.

Even though OPM has acknowledged the importance of an agencywide perspective on workforce and succession planning and implementation with the establishment of the ERB and by pointing to an increased role for its CHCO, the agency has not documented well the coordination of some of these division-level activities. In a relatively short time there will be a Presidential transition, and well-documented processes can help to ensure

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a seamless transition that builds on the current momentum. Without a well-documented process in place for OPM's top leadership to review and monitor progress made at the division level, there is also a risk that the agencywide approach to strategic human capital management could be diminished. For example, OPM lacks information on direct and indirect costs of its training and development programs. Because these actions are essential to OPM's gap closure strategy for its mission critical workforce and succession management efforts, it is vital to the success of these efforts that the agency invests in training and development wisely. Without an agencywide view of how training investments relate to the agency's overall mission and strategic objectives, OPM may have difficulty understanding reasons for shortfalls in meeting its talent management goals and cannot effectively make a business case for prioritizing one set of training activities over another, which is increasingly important given tightening budget constraints.

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## Recommendation for Executive Action

To help OPM continue down its path of improvement with regard to internal capacity for strategic human capital management, we recommend that the Director of OPM institute a documented process for OPM's top leadership to monitor workforce and succession efforts carried out at the division level, to help ensure an agencywide perspective on workforce and succession funding, implementation, and evaluation. For example, OPM could document and report on how training and development budget requests are reviewed by agency's corporate leaders—such as the Chief Human Capital Officer or other decision makers in a position to identify the appropriate level of investment in training and development efforts across divisions—so that funding is prioritized according to the greatest needs relative to the agency's overall mission and objectives.

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## Agency Comments

In written comments on a draft of this report, reprinted in appendix IV, the Director of OPM agreed with our recommendation and acknowledged that its work must sustain and build upon its current momentum in addressing strategic and operational human capital challenges. The Director also noted that the insights and recommendation provided in the report will be useful in shaping both ongoing and planned human capital management initiatives within the agency.

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We are sending copies of this report to the Director of OPM and appropriate congressional committees. We will also provide copies to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.

A handwritten signature in black ink that reads "J. Christopher Mihm". The signature is written in a cursive, flowing style.

J. Christopher Mihm  
Managing Director, Strategic Issues

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# Appendix I: Objectives, Scope, and Methodology

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The objectives of our review were to

- determine the extent to which the Office of Personnel Management (OPM) has addressed key internal human capital management issues identified by examining employee responses to the 2004 and 2006 Federal Human Capital Surveys (FHCS) and
- determine the extent to which OPM has strategies in place to ensure it has the mission critical talent it needs to meet current and future strategic goals.

To address these objectives, we analyzed OPM's 2004 and 2006 FHCS results and summaries of its 2005 focus groups related to the key areas of leadership, performance culture and accountability, and talent management to determine whether OPM has made progress in addressing areas of concern from the 2004 survey. We identified these key areas as critical for human capital development in order for OPM to continue to transform itself to being a more effective leader of governmentwide human capital reform. The areas differ slightly from the four Human Capital Assessment and Accountability Framework (HCAAF) indices and represent a somewhat different grouping of survey items than the indices. We also analyzed OPM's 2006 survey results to identify any new challenges to OPM's strategic human capital management. In analyzing the data, we performed significance tests with corrections for multiple, simultaneous comparisons. Not all comparisons of 2004 and 2006 results were made because some questions were dropped from the 2004 survey and not included in the 2006 survey. We combined responses (for example, strongly agree and agree) to calculate the overall positive response of OPM employees, and we combined responses (for example, strongly disagree and disagree) to calculate the overall negative response of OPM employees. After an examination of documents detailing the survey methodology, we found the survey data to be sufficiently reliable for the purposes of this report.

To address our second objective, we obtained key strategic and human capital planning documents and analyzed the extent to which OPM adheres to selected strategic workforce planning practices and principles relevant to OPM's capacity to fulfill its strategic goals. We focused primarily on examining Senior Executive Service (SES) positions and positions from the two OPM divisions with the most responsibility for working with federal departments and agencies to assist them effectively with their human capital efforts: the Strategic Human Resources Policy (SHRP) and the Human Capital Leadership and Merit System Accountability (HCLMSA) divisions. We obtained and analyzed strategic,

human capital, workforce, succession, and training and development plans along with executive performance contracts. We reviewed individual succession planning position profile sheets for all supervisors, managers, and executives in SHRP and HCLMSA, along with all career SES incumbents throughout the agency except those from the Office of the Inspector General.

We also had discussions with and obtained other pertinent documentation from OPM officials at their headquarters in Washington, D.C. We conducted interviews with key officials at OPM to discuss workforce planning and succession planning, and we met with the associate directors of SHRP and HCLMSA. In addition, we reviewed OPM's own guidance to executive branch agencies such as the HCAAF, along with prior GAO work on leading practices in succession and workforce planning. The scope of our work did not include independent evaluation or verification of the effectiveness of the workforce and succession management planning used at OPM, including any performance results that OPM attributed to specific practices or aspects of its action plans.

We conducted our review in Washington, D.C., from December 2006 through August 2007 in accordance with generally accepted government auditing standards.

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# Appendix II: Selected Survey Questions and Data on the Federal Human Capital Survey

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## Survey Items Corresponding to Federal Human Capital Survey (FHCS) Key Areas

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### Leadership

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- Q. 9: Overall, how good a job do you feel is being done by your immediate supervisor/team leader?
- Q. 36: I have a high level of respect for my organization's senior leaders.
- Q. 37: In my organization, leaders generate high levels of motivation and commitment in the workforce.
- Q. 38: My organization's leaders maintain high standards of honesty and integrity.
- Q. 39: Managers communicate the goals and priorities of the organization.
- Q. 51: Managers promote communication among different work units (for example, about projects, goals, needed resources).
- Q. 55: How satisfied are you with the information you receive from management on what's going on in your organization?
- Q. 57: How satisfied are you with the policies and practices of your senior leaders?
- 

### Performance Culture and Accountability

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- Q. 4: I feel encouraged to come with new and better ways of doing things.
- Q. 22: Promotions in my work unit are based on merit.
- Q. 23: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.
- Q. 24: Employees have a feeling of personal empowerment with respect to work processes.
- Q. 26: Creativity and innovation are rewarded.
- Q. 28: Awards in my work unit depend on how well employees perform their jobs.
- Q. 29: In my work unit, differences in performance are recognized in a meaningful way.
- Q. 30: My performance appraisal is a fair reflection of my performance.
- Q. 31: Discussions with my supervisor/team leader about my performance are worthwhile.
- Q. 32: I am held accountable for achieving results.
- Q. 40: Managers review and evaluate the organization's progress toward meeting its goals and objectives.
- Q. 56: How satisfied are you with the recognition you receive for doing a good job?
- 

### Talent Management

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- Q. 2: I am given a real opportunity to improve my skills in my organization.
- Q. 11: The workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.
- Q. 14: My work unit is able to recruit people with the right skills.
- Q. 15: The skill level in my work unit has improved in the past year.
- Q. 16: I have sufficient resources (for example, people, materials, budget) to get my job done.
- Q. 47: Supervisors/team leaders provide employees with constructive suggestions to improve their job performance.
- Q. 48: Supervisors/team leaders in my work unit support employee development.
- Q. 50: My training needs are assessed.
- Q. 59: How satisfied are you with the training you receive for your present job?
-

**Appendix II: Selected Survey Questions and  
Data on the Federal Human Capital Survey**

	Agency	Overall		GS1-12		GS 13-15		SES		NonSES	SES - NonSES
		2004	2006	2004	2006	2004	2006	2004	2006	2006	2006
<b>Data for Leadership Questions from the FHCS</b>											
Q. 9: Overall, how good a job do you feel is being done by your immediate supervisor/team leader?	OPM	68	68	66	66	71	72	89	92	68	24
	Rest of Gov't	65	66	65	66	69	70	80	69	66	3
Q. 36: I have a high level of respect for my organization's senior leaders.	OPM	43	48	45	44	38	54	84	96	47	49
	Rest of Gov't	50	49	50	50	49	50	66	59	49	10
Q. 37: In my organization, leaders generate high levels of motivation and commitment in the workforce.	OPM	33	38	34	33	29	46	81	88	37	51
	Rest of Gov't	37	38	38	39	38	38	58	48	38	11
Q. 38: My organization's leaders maintain high standards of honesty and integrity.	OPM	40	47	38	42	41	57	91	94	47	47
	Rest of Gov't	49	49	48	49	53	54	67	64	49	16
Q. 39: Managers communicate the goals and priorities of the organization.	OPM	55	69	55	67	53	74	94	93	69	24
	Rest of Gov't	60	58	60	59	61	61	74	70	58	12
Q. 51: Managers promote communication among different work units (for example, about projects, goals, needed resources).	OPM	47	48	44	42	51	58	93	86	47	39
	Rest of Gov't	52	53	51	53	57	58	70	65	53	12
Q. 55: How satisfied are you with the information you receive from management on what's going on in your organization?	OPM	40	49	37	43	45	59	87	88	48	40
	Rest of Gov't	46	47	45	46	49	50	57	60	46	14
Q. 57: How satisfied are you with the policies and practices of your senior leaders?	OPM	33	39	34	35	31	46	76	89	38	50
	Rest of Gov't	40	41	40	41	41	43	57	50	41	9
<b>Data for Performance Culture and Accountability Questions from the FHCS</b>											
Q. 4: I feel encouraged to come with new and better ways of doing things.	OPM	58	51	53	43	65	66	93	92	50	41
	Rest of Gov't	60	60	58	60	65	66	76	69	60	9
Q. 22: Promotions in my work unit are based on merit.	OPM	36	38	27	29	51	54	92	92	37	57
	Rest of Gov't	34	34	30	30	45	46	67	61	33	28

**Appendix II: Selected Survey Questions and  
Data on the Federal Human Capital Survey**

	Agency	Overall		GS1-12		GS 13-15		SES		NonSES	SES - NonSES
		2004	2006	2004	2006	2004	2006	2004	2006	2006	2006
Q. 23: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.	OPM	27	35	25	33	28	39	80	86	35	52
	Rest of Gov't	27	29	26	27	30	32	48	50	28	21
Q. 24: Employees have a feeling of personal empowerment with respect to work processes.	OPM	40	39	37	33	45	49	73	86	38	48
	Rest of Gov't	43	42	41	41	48	48	59	55	42	13
Q. 26: Creativity and innovation are rewarded.	OPM	31	31	26	22	37	47	82	91	30	61
	Rest of Gov't	36	39	33	37	45	48	54	58	39	20
Q. 28: Awards in my work unit depend on how well employees perform their jobs.	OPM	39	41	34	34	46	53	89	88	40	49
	Rest of Gov't	42	40	39	37	50	49	64	56	40	16
Q. 29: In my work unit, differences in performance are recognized in a meaningful way.	OPM	28	28	24	22	32	39	83	79	28	52
	Rest of Gov't	29	30	28	29	35	34	48	46	30	17
Q. 30: My performance appraisal is a fair reflection of my performance.	OPM	61	57	58	52	64	68	86	90	57	33
	Rest of Gov't	66	64	66	64	70	69	78	69	64	5
Q. 31: Discussions with my supervisor/team leader about my performance are worthwhile.	OPM	57	57	55	56	60	60	83	86	57	29
	Rest of Gov't	58	56	58	56	59	59	68	59	56	3
Q. 32: I am held accountable for achieving results.	OPM	81	87	79	86	85	89	97	95	87	8
	Rest of Gov't	80	79	79	79	82	83	90	83	79	3
Q. 40: Managers review and evaluate the organization's progress toward meeting its goals and objectives.	OPM	52	69	52	66	50	74	97	97	68	29
	Rest of Gov't	57	56	57	57	59	58	72	70	56	13
Q. 56: How satisfied are you with the recognition you receive for doing a good job?	OPM	43	46	40	39	48	57	81	90	45	45
	Rest of Gov't	49	49	47	48	56	56	57	50	49	1
<b>Data for Talent Management Questions from the FHCS</b>											
Q. 2: I am given a real opportunity to improve my skills in my organization.	OPM	55	53	51	47	63	66	87	90	53	38
	Rest of Gov't	63	62	61	60	69	69	78	74	62	12




**Appendix II: Selected Survey Questions and  
Data on the Federal Human Capital Survey**

	Agency	Overall		GS1-12		GS 13-15		SES		NonSES	SES - NonSES
		2004	2006	2004	2006	2004	2006	2004	2006	2006	2006
Q. 11: The workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.	OPM	67	63	68	61	65	67	77	93	63	30
	Rest of Gov't	74	74	73	73	74	74	81	84	73	11
Q. 14: My work unit is able to recruit people with the right skills.	OPM	46	44	42	38	51	54	91	95	43	53
	Rest of Gov't	44	44	42	43	47	46	57	58	43	15
Q. 15: The skill level in my work unit has improved in the past year.	OPM	50	51	51	47	48	59	93	80	51	30
	Rest of Gov't	51	51	52	52	49	50	63	63	51	13
Q. 16: I have sufficient resources (for example, people, materials, budget) to get my job done.	OPM	51	49	53	51	49	45	66	63	49	13
	Rest of Gov't	50	48	52	50	46	44	44	44	48	-3
Q. 47: Supervisors/team leaders provide employees with constructive suggestions to improve their job performance.	OPM	57	61	53	57	62	67	89	94	60	33
	Rest of Gov't	58	58	57	56	62	63	77	65	58	8
Q. 48: Supervisors/team leaders in my work unit support employee development.	OPM	62	61	57	54	70	75	91	95	60	35
	Rest of Gov't	65	64	63	62	72	73	85	79	64	15
Q. 50: My training needs are assessed.	OPM	42	39	41	34	43	47	80	67	38	28
	Rest of Gov't	51	51	52	52	51	51	53	55	51	4
Q. 59: How satisfied are you with the training you receive for your present job?	OPM	48	43	47	39	49	51	87	78	43	36
	Rest of Gov't	55	54	55	53	58	57	64	63	54	9

Source: GAO analysis of OPM data.

# Appendix III: OPM Succession Planning Position Profile—Annotated with Instructions



**OPM Succession Planning Position Profile**

<b>Position Title, Series, Grade:</b>	<b>Current Incumbent:</b>
<b>Division/Office, Center, Group, etc.:</b>	<b>Current Incumbent's Supervisor:</b>
<b>Date Incumbent Entered Position:</b>	<b>Likelihood of Turnover:</b> <input type="checkbox"/> HIGH <input type="checkbox"/> MODERATE <input type="checkbox"/> LOW Cite relevant factors used in assigning the above rating, including: <ul style="list-style-type: none"> <li>• Retirement eligibility:</li> <li>• Incumbent's expressed plans:</li> <li>• How recently position filled: and/or</li> <li>• Position turnover history</li> </ul>
<b>Key Competencies Needed for Position:</b> Identify relevant competencies (e.g., ECQ's, mandatory or desirable technical factors, and any desirable professional credentials.)	
<b>Readiness of Internal Candidates:</b> Assess internal agency employees and identify the number of candidates in each category below. Do not include names. If a reasonably precise number of "ready" internal candidates cannot be determined, enter a qualitative judgment such as "there is a high number of ready now candidates". Take into account current skill levels as well as planned development that is expected to be completed within the time frames outlined below. Ready Now: Ready 1-2 yrs: Ready 3-5 yrs:	
<b>Successor Developmental Techniques Action Plan</b> (e.g., developmental assignments, formal training, etc.) <b>Developmental Assignments:</b> Cite the kinds of developmental experience that might be found in a potential successor's IDP (e.g., a detail to a budget office; service on an interagency task force; etc.) <b>Formal Training:</b> <ul style="list-style-type: none"> <li>• Management Development Centers</li> <li>• FEI Program</li> <li>• Other external training (e.g., Brookings Institute)</li> </ul>	
<b>Ability to Attract External Candidates:</b> <ul style="list-style-type: none"> <li>• Do key competencies and/or technical skills required by the position exist in other agencies/industries?</li> <li>• Describe the impact of the current economic climate (job market)</li> <li>• Cite recent recruiting experience, where applicable</li> <li>• Not applicable if external recruitment is not relevant (i.e., position requires Federal experience)</li> </ul>	
<b>Outlook for Recruiting in Future:</b> Cite conditions in the labor market, occupational and industry trends, etc., that will likely impact the agency's ability to recruit candidates with necessary skills in the future.	
<b>Succession Risk Rating:</b> <input type="checkbox"/> HIGH <input type="checkbox"/> MODERATE <input type="checkbox"/> LOW - Select one – this rating will be used to concentrate efforts on the positions that are at highest risk. - Base the rating on an overall assessment of information provided above, in particular, responses to "Likelihood of Turnover", "Readiness of Internal Candidates", and "Ability to Attract External Candidates". (For example, a position that has a high likelihood of turnover, but which also has several candidates who are "ready now" and good chances for external recruitment, would generally be assigned a "low" risk rating.) - Provide a short summary statement supporting the rating.	

Date updated \_\_\_\_\_

Source: OPM.

# Appendix IV: Comments from the Office of Personnel Management



The Director

## UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

October 24, 2007

The Honorable David Walker  
Comptroller General  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Walker:

Thank you for the opportunity to provide comments in response to the Government Accountability Office (GAO) draft report entitled *Office of Personnel Management: Opportunities Exist to Build on Recent Progress in Internal Human Capital Capacity* (GAO-08-11).

As reflected in the report, the U.S. Office of Personnel Management (OPM) has invested considerable effort in developing and executing strategies that help ensure the Agency has the talent needed to meet our current and future strategic goals, and those efforts are paying off. The advancements we have made in the areas of workforce planning, succession planning, alignment of our human capital to mission and goals, competency analysis and gap closure, and addressing employee concerns raised in the Federal Human Capital Survey results, have materially contributed to the Agency's ability to acquire and sustain the human capital capacity necessary to deliver our important mission.

While our progress and accomplishments to date are noteworthy, we acknowledge that our work must be ongoing and we must sustain and build upon our current momentum in addressing strategic and operational human capital challenges. We appreciate the insights and recommendations provided in the report, as these will be useful in shaping both ongoing and planned human capital management initiatives within the Agency.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Springer".

Linda M. Springer  
Director

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# Appendix V: GAO Contact and Staff Acknowledgments

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## GAO Contact

J. Christopher Mihm, (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov)

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## Acknowledgments

In addition to the contact named above, key contributors to this report were William Doherty, Assistant Director; Ami Ballenger; Laura Miller Craig; Judith Kordahl; and Katherine Hudson Walker. In addition, Barbara Hills; Donna Miller; Beverly Ross; and John Smale provided key assistance.

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