



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE INSPECTOR GENERAL

8/23/04

INSPECTION MEMORANDUM

To: Edward McPherson
Under Secretary

From: John P. Higgins, Jr.
Inspector General

Subject: Blueprint for Management Excellence Action Items

This memorandum provides a summary of the results of our inspection of 20¹ action items from the Department of Education's (Department's) Blueprint for Management Excellence (Blueprint). Each action item was intended to improve the Department's strategic management of human capital. Our objective in our examination was to determine if the items were completed as described and whether, as completed, the actions taken helped the Department achieve its stated Blueprint objective. All of the action items reviewed fell under five general headings: 1) workforce planning, 2) recruitment and hiring, 3) training, 4) culture of accountability and 5) strategic investment process. All of the items reviewed were designated as "completed" by the Management Improvement Team (MIT) prior to our inspection activity.

Based upon our inspection activities, we determined that six of eight workforce planning action items and one of seven recruitment and hiring actions were not in fact completed. We also determined that nine other action items were only partially completed. For those action items that were not completed, or only partially completed, OIG made specific recommendations to the MIT. The MIT also had the option of reclassifying an action item as "closed" if it determined that the action contemplated was no longer necessary or that the activity had been incorporated into another action item. Following our inspections, the MIT decided to close six action items that had previously been identified as completed.

Our inspections identified two major concerns. First, the One-ED Report was relied upon to close several action items; however, neither the report nor the strategic investment process have proven to be effective surrogates for the development of a comprehensive

¹ We did not initiate inspections of five MIT action items initially identified by us because we determined that they were duplicative of action items already being reviewed (Action Items 64, 128, 129, 149 & 188).

human capital plan that will enable the entire Department to systematically address core issues such as workforce planning, succession planning and organizational structure. Second, the number of action items identified as completed that were not in fact completed underscores the need to verify the information provided when an action item is reported as completed.

Lack of a Comprehensive Human Capital Plan

In 2002 OMB accepted the One-ED Report as the Department's response to its request to develop a five-year plan for human capital, strategic sourcing and restructuring. The One-ED plan, however, does not adequately articulate an overarching vision of human capital tied to the Department's business objectives. It does not provide guidance that will enable the Department and each office to (1) align strategic goals and human capital requirements, and to integrate those requirements into their budget planning and execution; (2) assess their organizational structure to ensure that it is the optimum structure for achieving the identified business objectives, including increased citizen access; (3) provide support for the development and implementation of a workforce plan that includes a critical skills analysis, a skill gap assessment for future needs and a strategy for addressing identified gaps; or (4) provide support for the development and implementation of a viable succession plan. The strategic investment process that might have generated information that could have informed decisions on structure and workforce and succession planning has not proven to be a viable tool for this purpose. It has taken much longer than anticipated to cover relatively few business functions and the information produced is extremely limited and does not cover the entire component. As the MIT itself acknowledged, in response to our reports, "all of the activities outlined in One-ED have not been accomplished as originally envisioned and therefore it has not had the intended effect on the organization."

In response to the OMB request, other agencies have developed and are implementing comprehensive human capital plans. In November 2003, and in the prior year, OIG identified strategic management of human capital as one of the Department's Management Challenges. The Department cannot adequately respond to the Blueprint objective of improving the strategic management of its human capital without the development and implementation of a comprehensive human capital plan. In April, the Department began work on the development of a plan. Consultants working with OM are currently interviewing managers in each component with respect to mission, workforce, recruitment and hiring. We have shared our concerns with the Assistant Secretary for Management about the very short time amount of time allotted for this process, and the apparent lack of sufficient time for individual offices to think about and discuss the interrelated elements of a human capital plan, including organizational structure, workforce and succession planning, and knowledge management before they attempt to identify action strategies to address their human capital issues. We also expressed concern about the review process for drafts of any plan that is developed and the need to integrate plan activities into budget planning and execution. The Assistant Secretary for Management shared our comments with the group working on the plan.

Lack of Verification

The MIT team received reports from action owners that action steps had been completed. It did not, however, independently verify this information, which resulted in items being listed as “completed,” when in fact they were not. As discussed, the MIT believed it was neither adequately staffed to perform verification, nor did it perceive that role as part of its mission. Sufficient resources need to be allocated to monitor future submissions and independently verify whether action steps have in fact been completed.

Conclusion

OIG is monitoring the implementation of the recommendations for 11 action items. Several of the recommendations may be addressed once the Department successfully develops and implements a comprehensive human capital plan, that includes workforce planning, succession planning, assessment of organizational structure and the effective management of the Department’s human resources. Monitoring of new Blueprint action items needs to include verification of actions reported as completed.

Recommendations

1. The Department, working with the individual offices, must complete and implement a comprehensive human capital plan, including workforce, succession and recruitment plans, assessment of organizational structures, including IT and information management infrastructures, and management of human capital resource strategies that will support the achievement of the Department’s business objectives.
2. The Department must articulate an implementation strategy for the human capital plan including budget and infrastructure support, and timeframes for completion of identified activities.
3. The Senior Officers in consultation with the Undersecretary, should identify a process for verifying information provided to them prior to determining that an action item has been completed and the resources needed to undertake this activity.

Department Responses

Philip Maestri, Director of the Management Improvement Team (MIT) submitted the Department’s response. A copy of the response is included with this report.

Response

The Department concurred with the first two recommendations and agreed that “not all of the human capital activities outlined in the Blueprint for Management Excellence have been accomplished as originally envisioned and have therefore not had the intended

effect on the organization...not all of the planned human capital activities that were fully completed realized the intended results.” The response memo indicates that the Department does agree additional work needs to be done in the area of human capital planning and that a new human capital plan will be completed by September 30, 2004.

Our draft report recommended that the MIT, in consultation with the Executive Management Team, identify a process for verifying information provided to them prior to determining that an action item has been completed and the resources they would need to perform this activity. While the Department agrees with the report’s recommendation that a process for verifying the completion of Blueprint items needs to be established, according to the response memorandum, the roles and responsibilities of the MIT and the Executive Management Team have changed. The responsibility for such an oversight role now rests with the senior officer who owns the management reform agenda item. We have modified our recommendation accordingly.

We appreciate the cooperation shown by your staff during this inspection.

Cc: Dr. Eugene Hickok

EIMS REPORTS ON BLUEPRINT ACTION ITEMS

Completion of Blueprint for Management Excellence Numbers 63 and 71
(ED/OIG I13D0026)

Completion of Blueprint for Management Excellence Numbers 65 and 66
(ED/OIG I13D0021)

Completion of Blueprint for Management Excellence Numbers 153, 154 and 155
(ED/OIG I13E0013)

Completion of Blueprint for Management Excellence Action Item Number 221
(ED/OIG I13D0020)

Review of MIT ACTION Item # 82 (ED/OIG I13D0023)

Review of MIT Action Item Number 84 (ED/OIG I13E0001)

Review of MIT Action Item Number 169 (ED/OIG I13E0003)

Review of Blueprint for Management Excellence item number 172 (ED/OIG I13E0008)

Review of MIT ACTION Item # 179 (ED/OIG I13D0022)

Review of Blueprint for Management Excellence item number 171 (ED/OIG I13E0005)

Completion of Blueprint for Management Excellence Action Item Number 180
(ED/OIG I13E0009)

Review of Blueprint for Management Excellence item number 219 (ED/OIG I13D0025)

Review of MIT Action Item Number 183 (ED/OIG I13E0010)

Review of MIT Action Item Number 218 (ED/OIG I13E0009)

Completion of Blueprint for Management Excellence Number 181 (ED/OIG I13E0007)