



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MAR 9 2004

**INSPECTION MEMORANDUM**

**To:** Phil Maestri  
Director, Management Improvement Team  
Office of Deputy Secretary

**From:** Cathy H. Lewis  
Assistant Inspector General  
Evaluation, Inspections, and Management Services

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

This memorandum provides the results of our inspection of one Action Plan item from the Department of Education's (Department's) Blueprint for Management Excellence. We will be examining approximately 25 Action Plan items with two objectives in mind, determining if: 1) the items were completed as described; and, 2) the items help meet the stated Blueprint objective. In this report, we examined Action Item Number 181.

Blueprint Action Item 181 states:

Establish a new Strategic Investment Office (SIO) to assist in conducting the Strategic Investment Process (SIP) throughout the organization.

The comments field for the action item states: "Completed 3/31/03. The internal consultants staffed by details from across the Department will assist in conducting future strategic investment process reviews throughout the organization. First group of internal consultants began on 4/21/03."

**Objective 1: Was the action item completed as described?**

According to a Department spokesperson, a formal Strategic Investment Office (SIO) was never established. Instead, on January 2003, the Secretary approved the creation of In-House-Consultants. Although the original intention was to establish a group that could replace or supplement the external consultants that provided support in Phase I of the SIP, the decision was made to have the group provide a wide-range of services rather than focus on just the SIP. Their mission is to provide services that promote sound business strategies, streamlined processes, and innovative practices. According to the head of the consulting group, the in-house consultants have not been trained to be responsible for conducting the

strategic investment process. For Phase II of the SIP, only three members of the consulting group will be assisting One-ED teams.

The in-house consultants' office is comprised almost entirely of individuals on a temporary-one-year detail. If the goal is to create a stable office of experienced individuals to assist other offices, this approach to staffing may fall short. The learning curve for these individuals is significant and hiring a new cadre of consultants each year will result in a loss of institutional knowledge gained by the "retiring" consultants.

**Objective 2: Do the actions taken to close this action item help to meet the stated Blueprint objective?**

The stated purpose of Action Item Number 181 was to set up an office that could help with the strategic investment process. Such an office could have helped the Department advance the goal of improving the strategic management of human capital. However, the group that was created was not the office envisioned by the action item. While the broader, more generic focus of this group may be better suited to the actual skills and ability of the staff and the fact that group members are on one-year detail assignments, this change was not reflected in the MIT reporting documents. Also, it is not clear that this information was shared with the Executive Management Team (EMT) and that this group agrees that a Strategic Investment Office, as described in Action Item Number 181 is still necessary.

**Recommendation**

Clarify whether the EMT still wants to establish a Strategic Investment Office as described in Action Item Number 181. If not, this item should be listed as closed. If they do still feel it is needed, Action Item Number 181 should be listed as open and necessary steps taken to implement the action item as described.

**MIT Response**

The MIT provided additional information about the implementation of the SIP and agreed that Action Item Number 181 should be listed as closed. The MIT response is included as an attachment to this memorandum.



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202- \_\_\_\_\_

February 13, 2004

To: Cathy H. Lewis  
Assistant Inspector General  
Evaluation, Inspection and Management Services

From: Phillip Maestri, Director  
Management Improvement Team

Subject: Draft Inspection Memorandum (1/6/04)  
Review of MIT Action Item Number 181 (ED/OIG I13E0007)  
"Establish a new Strategic Investment Office to assist in conducting  
the Strategic Investment Process throughout the organization"

Thank you for the opportunity to review and comment on a draft version of this inspection memorandum.

Comments on Background and Findings

In response to your draft memo, the MIT reviewed EMT meeting records regarding the establishment of a Strategic Investment Office. As OIG found, the action was designated "completed" on March 31, 2003, when the MIT reviewed and closed, completed, or transferred to the 2003 *Blueprint* plan all actions from the 2002 *Blueprint*.

The EMT reviewed the staffing needs for One-ED implementation on September 3, 2002. At that meeting, the EMT approved the staffing of PPIS with one-year details from across ED. However, Phase I of One-ED was launched that same month and the PPIS-detailed employees reported for their assignments April 21, 2003. By that time, Phase I of One-ED had progressed under the direction of OM staff, assisted by contractors. It was arguably too late for the detailed employees to effectively assist with the process.

OIG also observes that the *Blueprint* was not updated to reflect the change. The deviation from the plan was not recorded by the MIT because the item was "completed" based on the plan to engage the PPIS-detailed employees, and the MIT does not continue to track activities on closed or completed items. As a result, the *Blueprint* was not updated to reflect the change in the One-ED staffing approach.

The Office of Management provided the following information on how the Strategic Investment process was managed during One-ED Phase I:

As described in comments provided to Judith Morrill, OIG, during the Inspection, the SIP is being overseen by the One-ED Steering Committee, which was chaired by the Assistant Secretary for Management. He reports on progress to the

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Department's Executive Management Team. Membership of this committee is available on the Department's Accountability Website. The project manager for Phase 1 was Michael Munoz, Deputy Assistant Secretary for Performance Improvement. With COR assistance performed by Maureen Nixon, he oversaw a management consulting contract with Booz Allen Hamilton (BAH). BAH worked with the employee teams to implement the SIP in each process area and delivered:

- 1) Process maps of the current and to-be states
- 2) Best practice findings from benchmarking visits
- 3) Roles and responsibilities of the current and to-be states
- 4) Metrics of the current and to-be states
- 5) A business case analysis for each process

In addition, BAH and Mr. Munoz provided assistance to each employee team as they presented a summary case for change to the Executive Management Team, which is chaired by the Deputy Secretary. Following these presentations – by nine employee teams – two functional areas were asked to go to competitive sourcing: 1) human resources and 2) payment processing. The remaining teams are proceeding to implement their re-engineered processes. In one instance, postsecondary education policy, the In-House Consultants are assisting ED employees with implementation.

Phase 2 of One-ED began in October 2003. The One-ED Steering Committee is again overseeing it. Mr. Mitchell Clark, Advisor to the Assistant Secretary for Management, is the project manager. BAH has again been hired to provide management consulting services; their teams are being augmented by In-House Consultants. Maureen Nixon is again serving as COR on the BAH contract.

#### Response to recommendations

*“Clarify whether the EMT still wants to establish a SIO.”* While the members of the EMT are aware of the progress of One-ED and how it is staffed, the issue of the SIO has not been on the EMT agenda since the original concept was approved in September 2003. The MIT agrees that it would be appropriate to clarify with the EMT that the current staffing strategy is acceptable to the members.

*“If not, the item should be listed as closed.”* The MIT concurs that this action item was not completed as intended. As a result, the MIT will record action item #181 as “closed” rather than “completed” and will note the change in the comments section of the *Blueprint* action item.