THE DIRECTOR

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M-18-23

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Mick Mulvaney
          Director

SUBJECT: Shifting From Low-Value to High-Value Work

Each year, Federal employees devote tens of thousands of hours to low-value compliance activities from rules and requirements that have built up over decades. The President's Management Agenda (PMA) prioritizes reducing the burden of these low-value activities and redirecting resources to accomplishing mission outcomes that matter most to citizens.

With OMB Memorandum M-17-26, *Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda*, the Administration lifted 59 redundant, obsolete, or unnecessary requirements from all Federal agencies. Meanwhile, OMB has worked with Federal agencies to propose to eliminate or modify 407 Congressionally required plans and reports because they are outdated or duplicative. These proposals were released with the President's FY 2019 Budget; the list is available at www.performance.gov. [1]

This memorandum:

1. Provides guidance to Federal agencies to regularly review their own management guidance, identify opportunities to streamline operations and reduce burden on their components, and publicly report their progress;

2. Summarizes recent actions that central management agencies have taken to free agencies from unnecessary burden; and

3. Rescinds obsolete guidance documents to reduce unnecessary compliance requirements for Federal agencies.

Additional action on this priority can be tracked as part of the PMA's Cross-Agency Priority (CAP) Goal on Shifting From Low-Value To High-Value Work.

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[1] *Elimination of Unnecessary Agency Reports*, Performance.gov, https://www.performance.gov/elimination/elimination_of_unnecessary_agency_reports.html.

Section 1: Guidance to Federal agencies on increasing high-value work

All Federal agencies should regularly review their own management guidance and identify opportunities to streamline operations and reduce burden on their components, complementing the broader Government-wide efforts of the Cross-Agency Priority Goal to shift resources to high-value work. While all agencies are encouraged to undertake activities consistent with this memorandum, the 24 CFO Act agencies must take the following steps:

1. <u>Designate a point of contact</u>. Each agency should designate a senior official to coordinate the agency's burden-reduction initiatives. For most agencies, this point of contact will be the Performance Improvement Officer (PIO). Agencies should notify OMB at performance@omb.eop.gov of their senior agency official no later than 30 days from the date of this memorandum.

2. <u>Develop and implement strategies for shifting resources to high-value activities.</u> Agencies should develop and implement reforms to eliminate unnecessary or obsolete compliance requirements and reduce the cost of mission-support operations. Reforms may include streamlining or eliminating unnecessary reporting requirements, consolidating processes and functions across offices, using shared service solutions or technologies, eliminating agency-specific guidance or policies that preclude using shared services, and introducing new technologies, such as robotics process automation (RPA), to reduce repetitive administrative tasks, and other process-reform initiatives.

3. <u>Provide semi-annual updates on agency initiatives and progress.</u> Agencies should provide updates on their initiatives semi-annually, at the close of the second and fourth quarters of each fiscal year. A MAX Community page dedicated to Shifting to High-Value Work includes instructions to agencies for this reporting and offers additional resources, including examples of best practices and highlights of agency burden-reduction strategies and projects.

   These updates are not intended to be burdensome reporting requirements, and agencies must use their discretion in terms of the types of activities, measurement methodologies, and reporting that best fits their strategies. Where feasible, agencies should report progress in terms of FTE hours shifted to high-value work. If agencies implement significant shifts in resources that are not amenable to reporting in FTE hours, agencies should report cost savings instead. Agencies may use alternative methods, such as number of pages of reporting eliminated, when neither FTE hours nor cost savings is feasible.

Section 2: Update on central management actions to free Federal agencies from unnecessary burden

OMB has coordinated with other Federal, central management offices and agencies, including the Office of Personnel Management (OPM) and the General Services Administration (GSA), to identify reforms to burdensome data collection and reporting requirements.

Human Capital

Streamlining the QRB SES Certification Process. The process through which Qualification Review Boards (QRBs) review and certify candidates for the Senior Executive Service (SES) is burdensome for agencies and candidates alike. The process delays, at times for months, the entry of qualified executives into Federal service, denying agencies access to resources and expertise they desperately need. The burden and delays deter senior executives from entering public service, hampering the Federal longer-term recruitment efforts. OPM will develop a proof of concept for one or more new alternative assessment methods for QRB submissions, test the proof of concept during first quarter FY 2019, and, if successful, roll it out in multiple agency pilots during second quarter FY 2019.

Reducing the Burden of Data Collection and Reporting. OPM is required to collect workforce and other data from agencies in accordance with a variety of statutory requirements and other directives. These data are collected for central recordkeeping and to meet requirements related to Congressional oversight and human resources program evaluation, data analysis, and forecasting. Much of the data is collected digitally through automated routines. There are still numerous reporting requirements that require collection of qualitative and other data not readily available through automated processes that require manual and sometimes labor-intensive collection by agencies.

OPM will review statutorily-required reports and data-collection mandates, including those within OPM's administrative discretion, to assess the value of data collections from agencies and ensure that unnecessary collections are eliminated. By the end of FY 2019, OPM will conduct an assessment of the need for data reports and frequency of collection, and, based on the findings, will determine whether overly burdensome reporting requirements can be eliminated or streamlined. In cases where changes in data collection and reporting require statutory changes, OPM will work with Congress to accomplish those changes.

General Services

After re-evaluating the benchmarking initiative, OMB and GSA paused data collection for most agency metrics. This break will allow GSA to conduct additional analysis of data already collected, will align metrics with the PMA, and will reduce agencies' administrative burden as much as possible. In 2018, GSA will collect only a subset of the data collected in previous years through the benchmarking initiative to measure performance across the

Government of delivery of administrative services related to human capital, procurement, financial management, and information technology.

GSA has taken further steps to reduce the burden on Federal agencies associated with collecting aggregated data. After conducting a Government-wide audit evaluating the scope of data collected across all policy areas, the reason for aggregate-data collections, and specific agency practices and outcomes, GSA's Office of Government-wide Policy (OGP) eliminated burdensome data collection requirements.

In addition to reducing burden associated with data collection, OGP has migrated an inefficient and outdated legacy information architecture onto a new cloud-based agile enterprise platform. With the migration, GSA realized significant cost savings through consolidation, reuse of shared services, and elimination of antiquated and redundant operations. Through the migration, OGP reduced the burden on agencies of data collection in four major areas.

- Vehicle acquisition: the Federal Automotive Statistical Tool (FAST) system reduced the reporting burden for agencies, incorporating their motor vehicle data into a central repository and allowing them to meet multiple reporting requirements at once. GSA extracts data from this system to satisfy three major reporting requirements: GSA's inventory of the Federal fleet, the Department of Energy's oversight of petroleum and alternative fuel consumption, and the Office of Management and Budget's fleet budget submission.

- Travel: GSA consolidated its Travel Reporting Tool components into a cloud-computing platform that now maintains what were formerly three separate reports—Premium Class Travel, Senior Federal Travel, and Travel and Relocation Information Profiles.

- Government aircraft: The Federal Aviation Interactive Reporting System (FAIRS) has simplified the investment-review process for Federal agencies, supplying data from prior years and commercial data from a Life Cycle Cost Analyzer for business cases for fleet modernization.

- Real estate: The Federal Real Property Profile Management System provides cutting edge, Government-wide, Federal real property database tools to promote transparency and accountability, assist Federal agencies to shrink the Federal footprint, improve the Government's management of its real estate portfolio, and streamline the disposal of excess or underutilized Federal buildings to save taxpayers billions of dollars.

Procurement

The Administration is transforming how agencies buy and manage goods and services throughout the entire Government—from common, routine procurements to complex, major acquisitions. Almost two-thirds of Federal contracting dollars (over $300 billion each year) support common goods and services that every agency needs to meet its mission goals. Instead of buying these on separate, uncoordinated contracts, agencies are using category management to leverage the Government's massive buying power and reduce the number of costly and duplicative contracts, which are expensive and time-consuming for both Government and industry. This shift allows the Federal acquisition workforce to focus its time and attention on

higher-value work. For more complex acquisitions, the Administration is promoting innovative acquisition strategies that allow agencies to get what they need faster, using new and less bureaucratic methods of working with industry partners to procure the best solutions for citizen taxpayers.

To improve how we buy goods and services, OMB is identifying areas where valuable resources are expended performing highly repetitive administrative tasks that require little to no decision-making. These administrative tasks and processes lend themselves to automation, where transactions are numerous and frequent, and processes have significant peaks in workload. Using data and process standards that will be completed in 2018, OMB intends to modernize operations through automation technologies like Robotic Process Automation (RPA) software, artificial intelligence, and other tools that will execute repetitive administrative tasks and significantly reduce the burden on Federal employees. Not only will automation shift resources to the pursuit of mission outcomes, but it will also reduce human error and improve compliance with contracting protocols and financial analysis and reporting. OMB is committed to working with agencies to explore the use of these technologies to reduce the cost of routine processes, eliminate duplication, and consolidate and centralize procurement-related interactions.

OMB is also reducing the burden of data collection and reporting. OMB and GSA have collaborated to create a central capability for contractors to report post-award data required under the Federal Acquisition Regulation (FAR). This centralized service allows contractors to report data to one central location rather than thousands. The tool is currently available for a few focused areas and will be expanded as it is further incorporated into the broader centralized capabilities that support Federal procurement.

Information Technology

Over the last two years, OMB has led a Capital Planning Investment Control (CPIC) reform effort, focusing on reducing burdens associated with Agency IT Investment Portfolio Summary (formerly Exhibit 53) and the Major IT Business Case (formerly Exhibit 300) requirements. In Fiscal Year 2016, OMB eliminated 83 data fields to streamline reporting. In Fiscal Year 2017, OMB eliminated the requirement for Federal agencies to submit investments-capturing IT pass-through budgets to non-Federal entities. OMB also eliminated the requirement for agencies to submit business cases for IT Infrastructure, IT Security, and IT Management costs (approximately 40% of the total IT Portfolio), in favor of transitioning to more strategic data collection suited to commodity IT.

OMB remains committed to further reducing the burden of complying with the IT CPIC process, and intends to align it with the Federal budget process while promoting Technology Business Management (TBM) across the Federal Government. Successful implementation requires leveraging authoritative data with automation and moving away from the manual, time-consuming self-reporting that currently burdens Federal agencies. Fiscal Year 2022 is the target date for full TBM implementation and leveraging TBM data for the Federal CPIC process.

Financial Management

Continuing the work that began with OMB Memorandum M-17-26, OMB has updated key guidance related to Financial Management. On June 6, 2018, OMB completed a revision of Appendix A of OMB Circular A-123, *Management of Reporting and Data Integrity Risk*. The revision provides agencies with flexibility in the rigorous methodology historically associated with previous guidance on internal controls over financial reporting while also maintaining reasonable assurances of data quality related to achieving agency reporting objectives. This update aligns Appendix A to the requirements of OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (2016), enabling agencies to leverage Enterprise Risk Management and take a risk-based approach to managing risk and reporting objectives.

Appendix A eliminates over 100 pages of burdensome and obsolete, overly prescriptive guidance to agencies, and supersedes previous OMB guidance that may have provided a confusing foundation for audit criteria externally. In order to reduce administrative burden and confusion resulting from duplicative guidance, Appendix A superseded the following guidance.

- *OMB Circular No. A-123, Appendix A, Internal Control over Financial Reporting (December 21, 2004)*
- *OMB Memorandum: OMB Circular No. A-123, Appendix A Implementation Plans (August 1, 2005)*
- *OMB Memorandum: Revised Frequently Asked Questions Regarding OMB Circular A123, Management's Responsibility for Internal Control, Appendix A (April 13, 2006)*
- *OMB Memorandum: Open Government Directive- Federal Spending Transparency (April 6, 2010)*
- *OMB Memorandum: Open Government Directive – Federal Spending Transparency and Subaward and Compensation Data Reporting (August 27, 2010)*
- *OMB Memorandum, Improving Data Quality for USASpending.gov (June 12, 2013)*
- *OMB Memorandum M-15-12, Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable (May 8, 2015)*

All associated memoranda and guidance related to the previous Appendix A are retained as best practices to be adopted at the discretion of management.

On June 26, 2018, the Office of Management and Budget released a revised Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, M-18-20. The revised Appendix C is a critical piece of the guidance needed to improve the prevention of improper payments under the Getting Payments Right Cross Agency Priority Goal. Users will experience more meaningful, unified, and comprehensive payment integrity guidance that significantly reduces unnecessary and burdensome improper payment requirements. This guidance consolidates 78 pages of previous payment integrity guidance into one streamlined document. This guidance replaces:

- *OMB Memorandum M-12-11, Reducing Improper Payments through the "Do Not Pay List,"*
- *OMB Memorandum M-13-20, Protecting Privacy while Reducing Improper Payments with the Do Not Pay Initiative, and*
- *OMB Memorandum M-15-02, Appendix C to Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments.*

Additionally, in its annual update to Circular A-136 for FY 2018, OMB further streamlined agency financial reporting requirements.

Section 3: Rescinding Obsolete and Superseded Guidance

The Administration has continued working with agencies through the Government-wide councils to identify additional areas of low-value, duplicative, obsolete, and unnecessary requirements that should be eliminated or modified to shift resources toward pursuing high-value objectives.[2]

Acquisition Guidance

In recent years, Federal acquisition management practices have focused on helping agencies shift from buying common goods and services in an isolated, uncoordinated manner to a more collaborative approach organized around specific spending categories that are supported by communities of experts. Initiatives have covered a broad range of smart buying practices, from improved information sharing on prices paid, statements of work, and customary commercial terms and conditions, to strengthened vendor and demand management strategies and leveraging best-in-class contracts.

Accordingly, OMB rescinds the following memoranda issued between 2005 and 2012, which more narrowly focused on only strategic sourcing and therefore are outdated. OMB will continue to work with agencies and contractors, small and large, on a broader vision and suite of strategies for buying common goods and services.

- *Establishment of the Interagency Acquisition Working Group 11/21/05*
- *Implementing Strategic Sourcing 05/20/05*
- *Agency 2006 Strategic Sourcing Reports 12/06/06*
- *Strategic Sourcing Progress 03/22/07*
- *Agency 2007 Strategic Sourcing Reports 03/11/08*
- *M-13-02, Improving Acquisition through Strategic Sourcing 12/05/12*

Additionally, so that agencies can more easily identify and navigate relevant guidance, OMB rescinds the following four previously issued memoranda, which are obsolete because the awards are no longer applicable:

- *2005 Alternative Dispute Resolution Awards in Acquisition 11/07/05*
- *2006 Alternative Dispute Resolution Awards in Acquisition 02/05/07*
- *Alternative Dispute Resolution Awards in Acquisition 02/11/2008*
- *Federal Acquisition Regulation Award 02/13/08*

OMB rescinds the following previously issued memorandum because Recovery Act funds are no longer available:

- *Interim Guidance on Reviewing Contractor Reports on the Use of Recovery Act Funds in Accordance with FAR Clause 52.204-11 09/30/2009*

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[2] A summary listing of each OMB guidance document this Memorandum rescinds or modifies is available here.

As part of OMB's efforts to keep guidance to agencies current and relevant, OMB rescinds the following four previously issued memoranda, which are obsolete and superseded. The first two memoranda are obsolete because the agency requirements have been met; the third and fourth have been superseded by the FAR.

- *FY 2008 Reporting on Green Purchasing Requirements 10/20/08*
- *Improving Sustainable Acquisition and Reporting 10/05/11*
- *Policy Letter 92-1 Procurement of Environmentally Sound and Energy Efficient Products and Services 11/02/92*
- *Survey on FY 2009 Green Purchasing Requirements 11/23/09*

OMB rescinds the following seven previously issued memoranda, because the guidance has been incorporated into statute and regulation or other Executive branch direction.

- *M-01-03 Executive Order on Increasing Opportunities for Women-Owned Small Businesses 11/15/00*
- *M-01-04 Executive Order on Increasing Opportunities and Access for Disadvantaged Businesses 11/16/00*
- *M-03-11 Participation of Veterans in Federal Contracting 04/29/03*
- *M-05-06, Contracting with Service Disabled Veterans' Businesses (EO 13360) 12/12/2004*
- *M-06-28 Reporting Small Business Contracting Information 09/26/06*
- *M-07-08, Contracting with Service Disabled Veterans 01/24/2007*
- *Increasing Small Business Participation in Federal Contracting 02/11/11*

Federal agencies continue to be subject to a number of requirements to ensure maximum practicable opportunity for small businesses, including small disadvantaged businesses, women-owned small businesses, service-disabled veteran-owned small businesses and HUBZone small businesses, to participate in the Federal marketplace. OMB will continue to work closely with the Small Business Administration (SBA) and other agencies to help the Government meet and exceed the various goals established to promote the strong participation of these entities in Federal contracting.

Financial Management Guidance

As part of the ongoing effort to streamline and consolidate OMB financial management policy, OMB rescinds the following 12 previously-issued memoranda on the American Recovery and Reinvestment Act, which are outdated. OMB is rescinding these memoranda to ensure that agencies will continue to implement the requirements of updated guidance related to Federal financial management and the Chief Financial Officers Act of 1990.

- *M-09-10, Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009 (February 18, 2009)*
- *M-09-14, Recovery Act Implementation – Improving Grants.gov and Other Critical Systems (March 9, 2009)*
- *M-09-15, Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009 (April 3, 2009)*

- *M-09-16, Interim Guidance Regarding Communications With Registered Lobbyists About Recovery Act Funds (April 7, 2009)*
- *M-09-18, Payments to State Grantees for Administrative Costs of Recovery Act Activities (May 11, 2009)*
- *M-09-21, Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009 (June 22, 2009)*
- *M-09-24, Updated Guidance Regarding Communications with Registered Lobbyists About Recovery Act Funds (July 24, 2009)*
- *M-09-30, Improving Recovery Act Recipient Reporting (September 11, 2009)*
- *M-10-05, Improving Compliance in Recovery Act Recipient Reporting (November 30, 2009)*
- *M-10-08, Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates (December 18, 2009)*
- *M-10-34, Updated Guidance on the American Recovery and Reinvestment Act (September 24, 2010)*
- *M-11-34, Accelerating Spending of Remaining Funds from the American Recovery and Reinvestment Act for Discretionary Grant Programs (September 15, 2011)*

Additionally, in the interest of removing unnecessary confusion for agencies, and because funds have been disbursed or guidance has been superseded, OMB rescinds the following previously issued guidance and memoranda:

- *OMB Controller Alert: Hurricane Sandy Disaster Relief Internal Controls (February 19, 2013)*
- *OMB Controller Alert: Implementing the SAVE Award (April 8, 2013)*
- *M-04-05, Clarification of Passback Language to Grant-Making Agencies (January 7, 2004)*
- *M-10-26, Immediate Review of Financial Systems IT Projects (June 2010)*

Information Technology Guidance

To accommodate a rapidly changing landscape of information technology, and to reduce the burden on Federal IT workforce staff, the following memoranda are rescinded and/or modified to reflect modern practices. These rescissions will reduce the cost for agencies of compliance with IT practices and security standards across the Federal Government.

IT Cost Savings:

- *M-06-22, Cost Savings Achieved Through E-Government and Line of Business Initiatives (August 21, 2006)*

OMB is rescinding memorandum *M-06-22*, which was written in 2006, because it no longer reflects the most current OMB and OFCIO methods and policies for budgeting and cost accounting. OMB is committed to replacing this guidance with guidance that is broadly applicable and compatible with the most current OMB data-submission practices.

Computer Configuration Standards:

- *M-08-22, Guidance on the Federal Desktop Core Configuration (FDCC) (August 11, 2008)*

       OMB is rescinding memorandum *M-08-22*, which specifies standards for operating systems used by Federal agencies and was issued when the predominant operating systems were Windows XP and Windows Vista. OMB is committed to providing a set of standards that can be carried forward through multiple generations of operating system without conflict or confusion. OMB will issue a new policy designed to accommodate future generations of operating system.

E-Government Act Guidance:

- *Section IV, "Privacy Policies in Machine-Readable Formats" of M-03-22, OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002 (September 26, 2003)*

       OMB is partially rescinding memorandum *M-03-22*. While it provides valuable implementation guidance on specific privacy requirements within the E-Government Act of 2002 that are relevant and should continue to be actively enforced, certain other requirements are outdated and no longer in use. Specifically, Section IV, "Privacy Policies in Machine-Readable Formats" of Attachment A, "E-Government Act Section 208 Implementation Guidance" is out of date. As a result, OMB is making a partial rescission, eliminating only this section of the memorandum and maintaining its other requirements.

IT Security:

- *M-00-07, Incorporating and Funding Security in Information Systems Investments (February 28, 2000)*[3]
- *M-04-26, Personal Use Policies and "File Sharing" Technology (September 8, 2004)*

       OMB is rescinding memoranda *M-00-07* and *M-04-26* to ensure that agencies continue to implement the most current guidance. These two IT security memoranda were issued prior to the Federal Information Security Modernization Act of 2014, and many of their requirements have been superseded by policy and OMB-guidance updates.

- *Release of the Planning Guide/Roadmap toward IPv6 Adoption within the U.S. Government (May 20, 2009)*

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[3] Because two sections of M-00-07 (titled "Principles" and "Policy") provide potentially helpful guidance to agencies regarding implementation of portions of A-130, these sections will continue to be publicly available on whitehouse.gov as informal supplementary information accompanying A-130. Their availability is for informational purposes only, and they impose no requirements on agencies.

OMB is rescinding this memorandum to ensure that agencies continue to implement the most current guidance. This IT security memorandum had been superseded by subsequent OMB guidance documents, including Circular A-130.

- *M-08-23, Securing the Federal Government's Domain Name System Infrastructure (August 22, 2008)*

OMB is rescinding memorandum *M-08-23*, which provides additional guidance on the Domain Name System (DNS), specifically focusing on new security protections for the Federal DNS. The requirements in this memorandum are outdated; agencies already should have implemented these security protections.