

June 1998

INSPECTORS GENERAL

Efforts to Develop Strategic Plans





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**Accounting and Information
Management Division**

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June 12, 1998

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
House of Representatives

The Honorable Stephen Horn
Chairman, Subcommittee on Government Management,
Information and Technology
Committee on Government Reform and Oversight
House of Representatives

The Honorable Charles E. Grassley
Chairman
Special Committee on Aging
United States Senate

This letter responds to your request that we survey inspectors general (IG) to obtain information on IG strategic planning efforts. The Government Performance and Results Act of 1993, commonly known as GPRA or the Results Act, established strategic plans as the starting point and basic underpinning within a larger framework of performance-based management and accountability. Although the Results Act requires each agency head to develop a strategic plan covering the major functions and operations of the agency, it does not specifically require that IGs have separate strategic plans.

We developed and sent a questionnaire on strategic planning to the 48 IGs whose respective agencies are required to prepare a strategic plan in accordance with the Results Act. We asked (1) which IGs presently prepare strategic plans, (2) the extent to which IG strategic plans were consistent with Results Act requirements, (3) what additional information IGs included in their strategic plans, (4) the extent to which IGs used their respective agencies' strategic plans to develop their own plans, (5) the extent to which IGs have been involved in developing their agencies' strategic plans, (6) the extent to which a strategic plan prepared consistent with the requirements of the Results Act would be useful to the Congress, the Office of Management and Budget (OMB), and the IG, and (7) the IGs' views on statutorily requiring them to prepare strategic plans. All 48 IGs responded to the questionnaire. Appendixes I and II provide detailed

information on the IGS' responses to these seven questions. The IGS' responses are summarized below.

Results in Brief

The 48 IGS we surveyed indicated that they are all engaged in strategic planning efforts. Thirty-nine IGS reported that they had completed strategic plans, with the remaining 9 stating that they planned to complete their plans during 1998. Most IGS (69 percent) were of the opinion that the requirements contained in the Results Act provided an appropriate framework for preparing IG strategic plans. Further, the IGS' responded that their plans address many of the elements that the Results Act requires for agency plans. For example, almost all indicated that their plan contained a mission statement, general goals and objectives, and approaches or strategies for achieving goals. However, fewer IG plans addressed such elements as the relationship between general goals and annual performance goals (74 percent) and identification of external factors that could affect achievement of goals (64 percent). In addition, the plans addressed key management issues to varying degrees including financial management issues (about 64 percent), information technology (about 49 percent), the Year 2000 problem¹ (about 10 percent), and computer security (about 33 percent). The IGS we surveyed generally indicated that these management issues, if not included in their strategic plans, were covered in other planning documents such as annual audit plans.

Most IGS also indicated that they considered the agency's Results Act strategic plan at least to some extent in preparing their own plan. In addition, more than half of all the IGS reported that they had at least some involvement in preparing the agency's strategic plan. A majority believed that a strategic plan that satisfies the requirements of the Results Act would be useful to the Congress, OMB, and the IG in assessing IG performance and operations. The IGS were about evenly divided on the need for a statutory requirement on strategic planning. Overall, about 29 percent agreed, 33 percent disagreed, 27 percent agreed as much as disagreed, and the remaining 10 percent² had no opinion. Of the IGS that cited a reason for their disagreement, the most frequent comment made was that such a mandate was unnecessary because IGS recognize the importance of strategic planning as a basic part of good management and are already engaged in planning efforts.

¹The Year 2000 problem involves the inability of computer programs at the Year 2000 to interpret the correct century from a recorded or calculated date having only two digits to indicate the year.

²Numbers may not add to 100 percent due to rounding.

Background

The Inspector General Act of 1978 (IG Act), Public Law 95-452, as amended, established Inspector General offices in federal departments and agencies to create independent and objective units responsible for (1) conducting and supervising audits and investigations, (2) providing leadership and coordination and recommending policies to promote economy, efficiency, and effectiveness, and (3) detecting and preventing fraud and abuse in their agencies' programs and operations. The IG Act identifies 26 federal establishments that are to have an IG appointed by the President with Senate confirmation and 30 designated federal entities (DFE) that are to have an IG appointed by their agency's head.

The Results Act is a key component of the statutory framework that the Congress put in place during the 1990s to help resolve long-standing management problems that have undermined the federal government's effectiveness and efficiency and to provide greater accountability for results.³ The Results Act seeks a shift in focus away from such traditional concerns as activity levels towards a single overriding issue: results. The act requires that goals be set, performance measured, and accomplishments reported. An important element in results-oriented management is an entity's strategic planning effort. This effort is the starting point and foundation for defining what an entity seeks to accomplish, identifying the strategies it will use to achieve desired results, and then determining how well it succeeds in reaching results-oriented goals and achieving objectives. Developing a strategic plan can help clarify organizational priorities.

The Results Act requires that an agency's strategic plan contain six key elements. These elements are (1) a comprehensive mission statement, (2) general goals and objectives for all major functions and operations, (3) approaches or strategies and the various resources needed to achieve the goals and objectives, (4) a description of the relationship between the general goals and objectives and the annual performance goals, (5) an identification of key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals, and (6) a description of how past program evaluations were used to establish or revise general goals and a schedule for future program evaluations. Under the act, agency strategic plans are to cover a time period of not less than 5 years forward from the fiscal year in which they are submitted and are to be updated at least every 3 years.

³Managing for Results: The Statutory Framework for Performance-Based Management and Accountability (GAO/GGD/AIMD-98-52, January 28, 1998).

Objective, Scope, and Methodology

Our objective was to respond to the seven questions noted above. To accomplish our objective, we used a questionnaire to obtain information on the IGS' strategic planning efforts. Prior to sending out the questionnaire, it was pretested with the IGS from the Federal Deposit Insurance Corporation and the Department of State and revised as needed.

The questionnaire was sent to the 48 IGS whose respective agencies are required to prepare a strategic plan in accordance with the Results Act. Of the 48 IGS, 26 are presidentially appointed and 22 are DFE IGS. All 48 of the IGS responded to the questionnaire. In addition, we obtained and reviewed the most recent strategic plan completed by each IG. We used these plans to confirm the responses provided by the IGS on the contents of their plans. We performed our review between December 1997 and March 1998 in accordance with generally accepted government auditing standards. We requested oral comments on a draft of this report from the office of OMB's Deputy Director for Management, the Vice Chair of the President's Council on Integrity and Efficiency, and the Vice Chair of the Executive Council on Integrity and Efficiency.

Agency Comments

On April 30, 1998, we received oral comments from the Office of Management and Budget, the Vice Chair of the President's Council on Integrity and Efficiency, and the Vice Chair of the Executive Council on Integrity and Efficiency. They generally agreed with the contents of the report and we have incorporated their comments as appropriate.

We are sending copies of this report to the Ranking Minority Members of the House Committee on Government Reform and Oversight and its Subcommittee on Government Management, Information and Technology and the Senate Special Committee on Aging; the Chairmen and Ranking Minority Members of the Senate Committee on Governmental Affairs, House and Senate Committees on Appropriations, House and Senate Committees on the Budget; and the Director, Office of Management and Budget. Copies will also be made available to others upon request.

The major contributors to this report are listed in appendix III. If you have any questions concerning this report, please contact me at (202) 512-6240.

A handwritten signature in black ink that reads "Linda D. Koontz". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Linda D. Koontz
Associate Director, Audit Oversight and Liaison

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Abbreviations

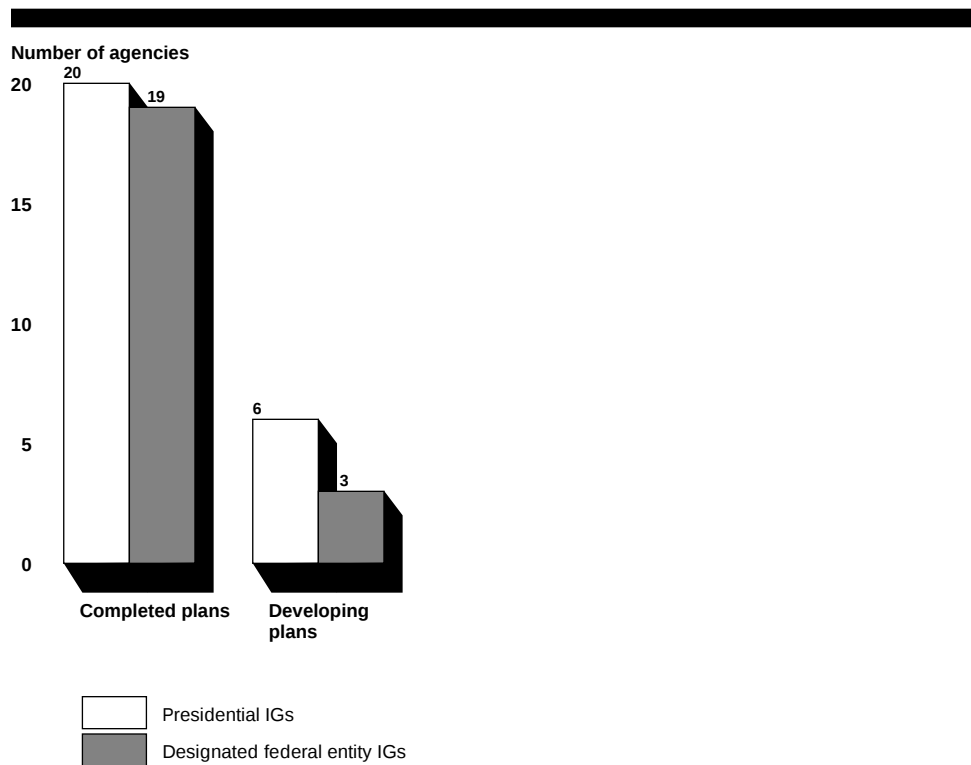
DFE	designated federal entity
GPRA	Government Performance and Results Act of 1993
IG	inspector general
OMB	Office of Management and Budget

Questions and Answers on IGs' Strategic Plans

1. Which IGs presently prepare strategic plans?

As of January 14, 1998, the 48 IGs we surveyed responded that they either had completed or were developing strategic plans. As shown below, 39 of the 48 IGs had completed a strategic plan. The nine remaining IGs stated that they plan to complete their plans during 1998. Appendix II identifies the IGs that have completed a strategic plan and those that are developing a plan.

Figure I.1: Number of IGs That Have Completed or Are Developing Strategic Plans

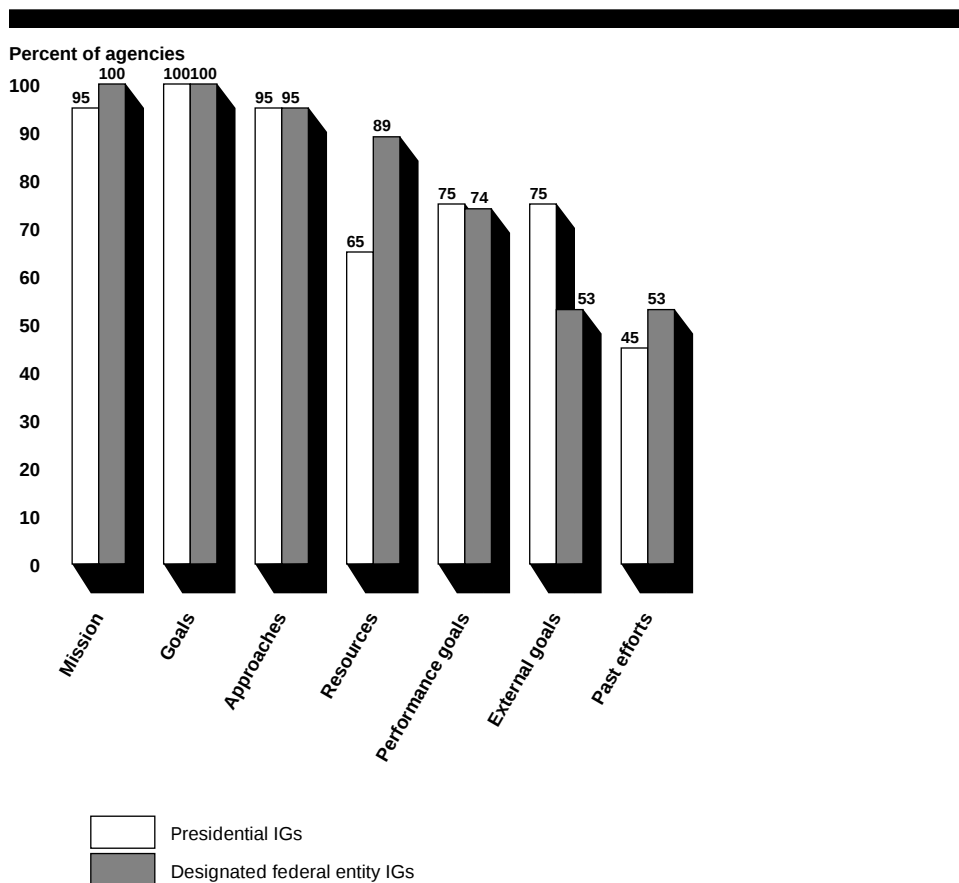


2. Are IG strategic plans consistent with the Results Act's requirements for strategic plans prepared by agencies?

As shown below, virtually all of the IGs stated that their strategic plans contained a mission statement, goals, and approaches or strategies for achieving the goals. However, the plans less frequently identified IG resource and skill needs, described the key external factors that could affect achievement of the goals, or discussed how past efforts were used in formulating the current plan.

As detailed in appendix II, a majority of the IG plans covered a period of 5 to 6 years with plans to update them every 1 to 3 years. These time frames are consistent with Results Act requirements for agency strategic plans.

Figure I.2: Results Act Elements Included in the IGs' Strategic Plans



Note: This figure is based on the 39 IGs that have strategic plans.

3. What additional information do the IGs include in their strategic plans?

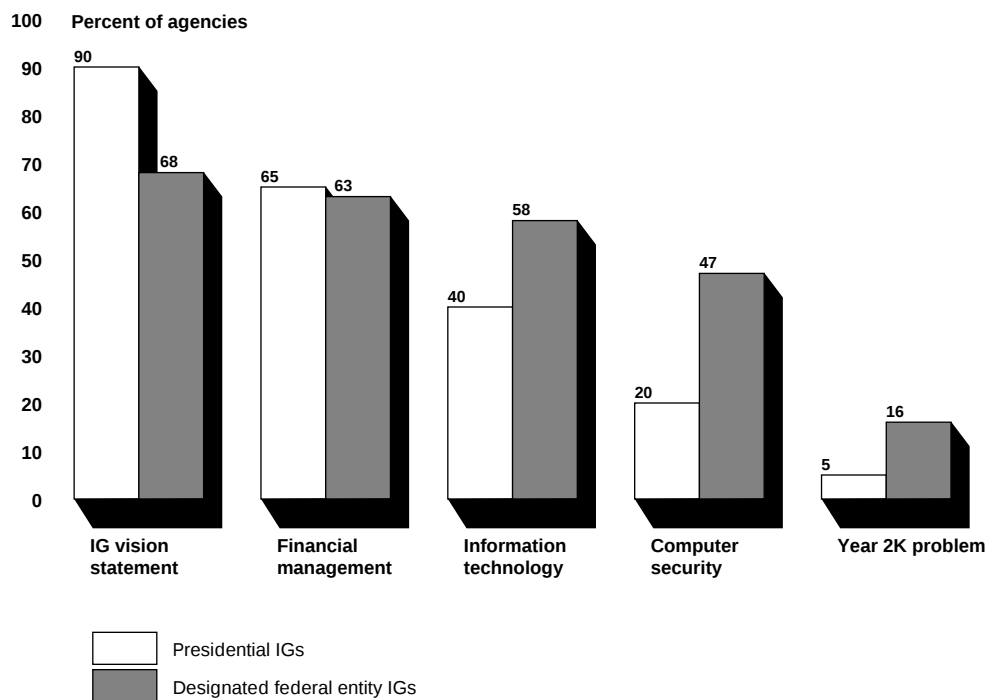
We also asked the IGs the extent to which their plans addressed certain issues relevant to their operations. First, we asked about the IG vision statement which was unanimously adopted by the IGs in 1994 and emphasized their role as change agents for continuous improvement in their agencies. Further, we asked if the IG's strategic plans addressed areas in their agency that have been identified by GAO as being at high risk¹ because of vulnerabilities to waste, fraud, abuse, and mismanagement—risks that are of central concern to IGs. These high-risk areas include two governmentwide issues—computer security and the Year 2000 problem—as well as numerous specific agency programs. Finally, we asked about two critical areas in which governmentwide improvement is needed to resolve high-risk problems and improve accountability: financial management and information management and technology.

The IGs' responses indicated that these items were addressed to varying degrees. For example, most plans (90 percent of the presidentially appointed and 68 percent of the DFE IGs) included the IG vision statement. On the other hand, only 5 percent of the presidentially appointed and 16 percent of the DFE IGs addressed the Year 2000 conversion issue. Most of the IGs (about 78 percent) did not discuss agency-specific high-risk areas in their plans, when applicable. The IGs indicated, however, that high-risk and other management issues, if not addressed in their strategic plans, were generally discussed in other IG documents, such as annual audit plans.

¹High-Risk Series: An Overview ([GAO/HR-97-1](#), February 1997).

Appendix I
Questions and Answers on IGs' Strategic
Plans

**Figure I.3: Information Included in the
IGs' Strategic Plans**

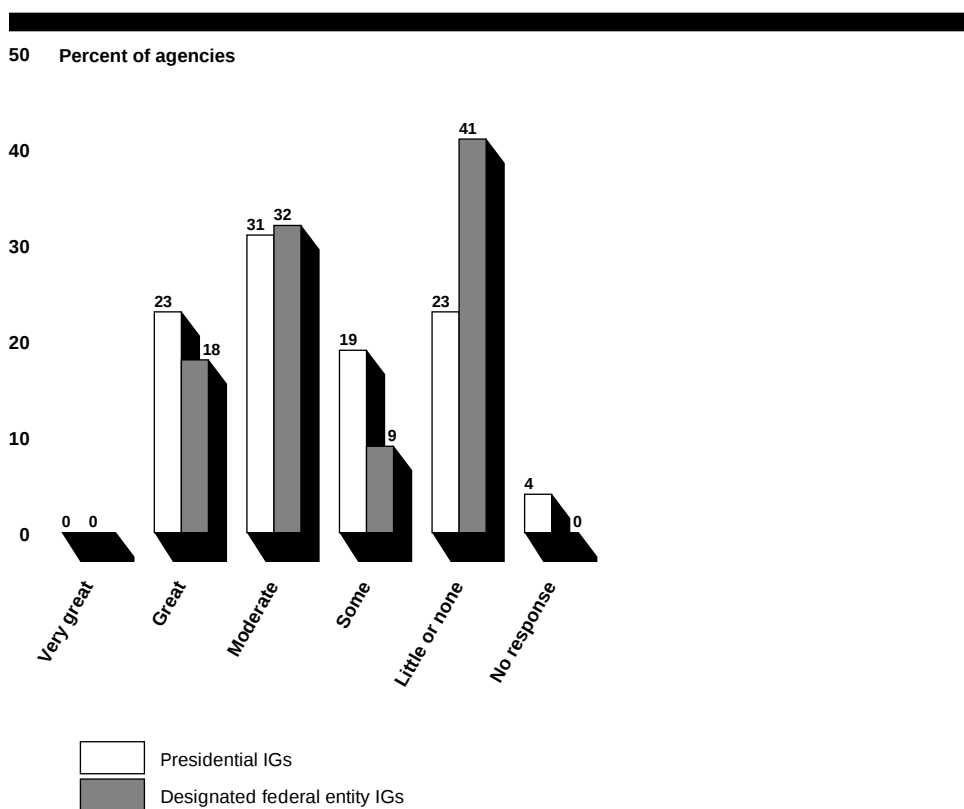


Note: This figure is based on the 39 IGs that have strategic plans.

4. To what extent did the IGs' consider their respective agencies' strategic plans to develop their strategic plans?

An agency's strategic plan, which identifies its goals and strategies, could be useful to IGs in formulating their own goals and priorities. The majority of IGs indicated that they considered their respective agency's plan at least to some extent in developing their own plan. A greater percentage of presidentially appointed IGs considered the agency plan than did the DFE IGs (73 percent versus 59 percent).

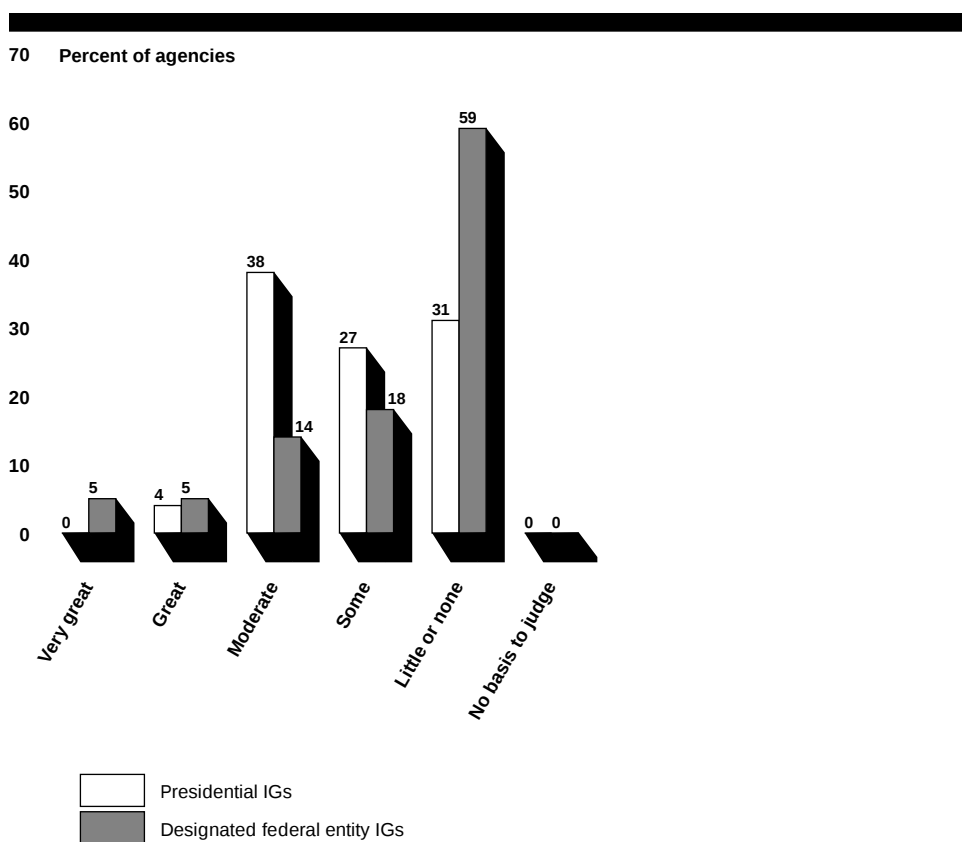
Figure I.4: Extent to Which the Agencies' Plans Were Considered in Developing the IGs' Strategic Plans



5. To what extent have the IGs been involved in preparing their respective agencies' strategic plans?

The IGs' knowledge of program performance and vulnerabilities could be useful to agencies in preparing their strategic plans. The IGs' responses indicated that the majority were involved, at least to some extent, in developing their agencies' strategic plans. These IGs indicated that their roles included participating in meetings, providing comments on draft plans, or giving advice. The DFE IGs were proportionately less involved, with 59 percent having little or no involvement in developing their agencies' plans.

Figure I.5: Extent to Which the IGs Were Involved in Developing Their Agencies' Strategic Plans

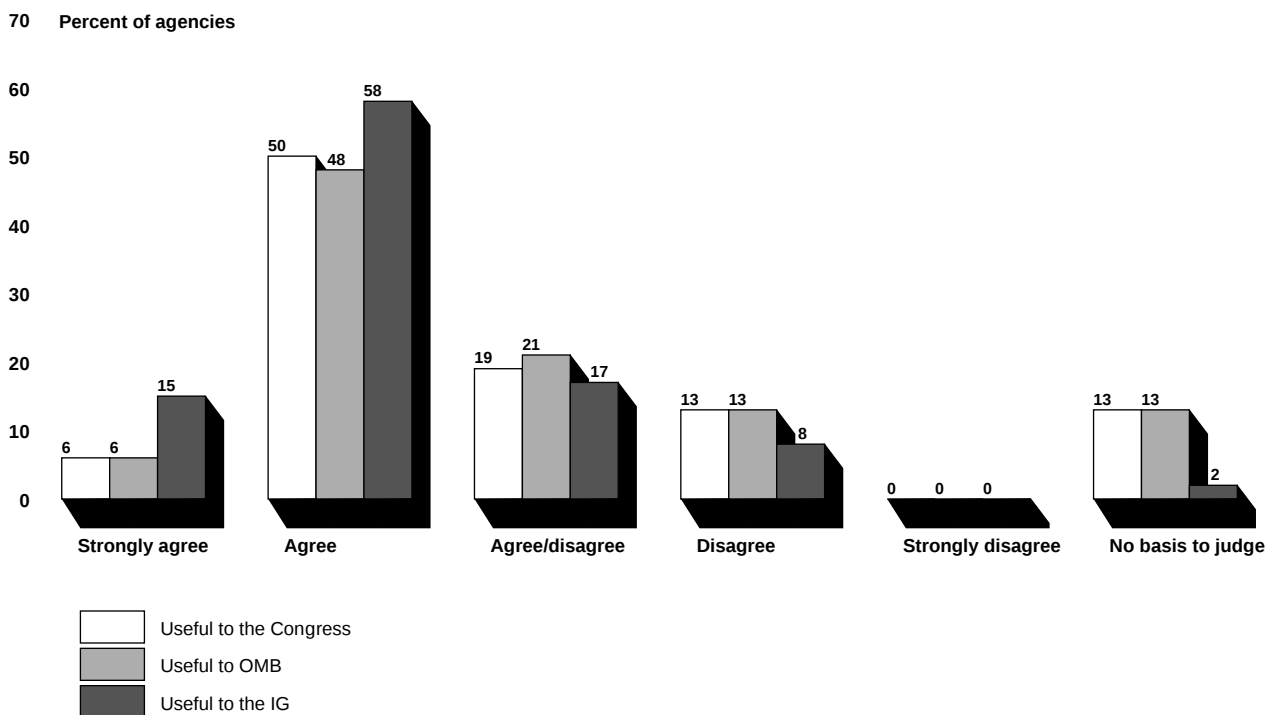


Note: Numbers may not add to 100 percent due to rounding.

6. To what extent is a strategic plan prepared consistent with the requirements of the Results Act useful to the Congress, OMB, and the IG?

As shown below, the majority of respondents were of the opinion that a strategic plan prepared consistent with the requirements of the Results Act would be useful to the Congress, OMB, and the IG itself in assessing IG operations and performance. In their narrative comments to the questionnaire, several IGs noted that other documents, such as the semiannual reports to agency heads and the Congress, which are already required under the IG Act, are also good sources of information.

Figure I.6: Extent to Which the IGs Believe That a Strategic Plan Prepared Consistent With the Requirements of the Results Act Would Be Useful to the Congress, OMB, and the IG

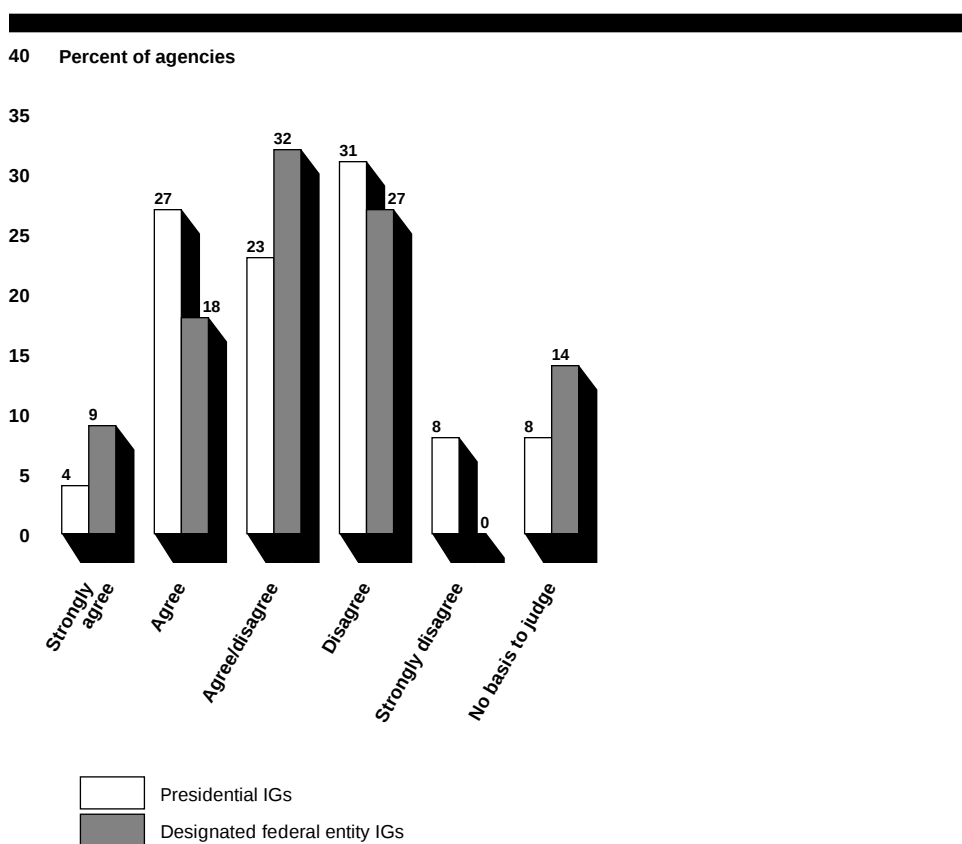


Note: Numbers may not add to 100 percent due to rounding.

7. What are the views of the IGs on being statutorily required to prepare strategic plans?

Although most IGs supported the concept of strategic planning, they were divided on whether they should be statutorily required to prepare strategic plans. In the aggregate, about 29 percent strongly agreed or agreed, 27 percent agreed as much as disagreed, and 33 percent disagreed or strongly disagreed. Of the IGs that cited a reason for their disagreement, the most frequent comment made was that such a mandate was unnecessary because IGs recognize the importance of strategic planning as a basic part of good management and are already engaged in planning efforts.

Figure I.7: Extent to Which the IGs Believe Strategic Plans Should Be Statutorily Required



Note: Numbers may not add to 100 percent due to rounding.

Selected Characteristics of Presidential and Designated Federal Entity Inspectors General Strategic Plans

Agency	Strategic plan		Years covered by plan		Years plan updated	
	Yes	No	5 to 6 years	Other	1 to 3 years	Other
Presidential Inspectors General						
Agency for International Development	X		5		1	
Corporation for National Service	X		5		3	
Department of Agriculture	X		6		3	
Department of Commerce		X ^a				
Department of Defense	X		5		2	
Department of Education	X			Other ^b	3	
Department of Energy	X		5		3	
Department of Health and Human Services	X		5		3	
Department of Housing and Urban Development		X ^a				
Department of Interior	X		5		1	
Department of Justice		X ^a				
Department of Labor	X		5		1	
Department of State	X		5		1	
Department of Transportation		X ^a				
Department of the Treasury	X		5		3	
Department of Veterans Affairs	X		6		3	
Environmental Protection Agency	X		5		3	
Federal Deposit Insurance Corporation	X			Other ^b	1	
Federal Emergency Management Agency	X		5		1	
General Services Administration	X		6		1	
National Aeronautics and Space Administration	X			Other ^b	1	
Nuclear Regulatory Commission		X ^a				
Office of Personnel Management	X		5		3	
Railroad Retirement Board		X ^a				
Small Business Administration	X		6		3	
Social Security Administration	X			2	1	
Total Presidential Inspectors General	20	6	16	4	20	

(continued)

Appendix II
Selected Characteristics of Presidential and
Designated Federal Entity Inspectors
General Strategic Plans

Agency	Strategic plan		Years covered by plan		Years plan updated	
	Yes	No	5 to 6 years	Other	1 to 3 years	Other
Designated Federal Entity Inspectors General						
Commodity Futures Trading Commission	X		5			Semiannual
Consumer Product Safety Commission	X		5		2	
Equal Employment Opportunity Commission	X		5		2	
Farm Credit Administration	X			3	1	
Federal Communications Commission	X		5		1	
Federal Election Commission		X ^a				
Federal Labor Relations Authority	X		5			As needed
Federal Housing Finance Board	X		5		1	
Federal Maritime Commission	X		5			5
Federal Trade Commission	X		5			5
National Archives and Records Administration	X		5		2	
National Credit Union Administration	X		5		3	
National Endowment for the Arts	X		5		3	
National Endowment for the Humanities		X ^a				
National Labor Relations Board	X		5			4
National Science Foundation		X ^a				
Peace Corps	X		5		3	
Pension Benefit Guaranty Corporation	X		5		2	
Securities and Exchange Commission	X		5		3	
Tennessee Valley Authority	X			Other ^b	1	
United States International Trade Commission	X		5		3	
Postal Service	X		5		1	
Total Designated Federal Entities Inspectors General	19	3	17	2	14	5
Total	39	9	33	6	34	5

^aPlan is being developed.

^bYears covered by plan are unspecified or updated as needed.

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