



September 27, 2019

The Honorable Charles E. Grassley
Chairman
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairman Grassley:

Thank you for your letter of August 20, 2019, expressing interest in the productivity and morale at the Department of Commerce Office of Inspector General (OIG). I appreciate your interest and share your concerns—and I have been working diligently to both identify and address problem areas across OIG. In order to fully address your concerns, I am requesting a personal meeting with you, at your earliest convenience, to discuss further these important issues.

The OIG has faced many challenges, many of which pre-date my arrival. Prior to my appointment as inspector general in January 2017, the OIG had been under the direction of an interim leader, resulting in an unstable environment during which strategic guidance and long-term planning were poorly executed. The uncertainty attendant to interim leadership was likely compounded by the abrupt departure of my predecessor after several years of turmoil, which had a predictable effect on morale. Shortly after my arrival at the OIG, I underwent a significant medical procedure that impaired my mobility and required weeks of rehabilitation. Although there was no loss in productivity or continuity during my rehabilitation, the time away from the office delayed my efforts to evaluate the state of the OIG and formulate a plan to overcome its challenges.

Soon thereafter, I implemented an office-wide realignment, the result of which was a temporary period of attrition and diminished productivity that was both expected and planned-for. Unfortunately, this coincided with the departure of our human resources (HR) director and key HR staff, leaving the OIG unable to complete HR tasks required to service an organization of our size. We turned to the Department of Commerce's in-house shared services provider, Enterprise Services, as a temporary solution. That experience has been frustrating, further contributing to employee dissatisfaction.

We are confronting these challenges and are beginning to see results. We have directly engaged the problem of employee morale, including meeting with small groups of employees and conducting an offsite meeting for all the OIG, and are planning in-house follow up to the Federal Employee Viewpoint Survey (FEVS). We have taken focused, creative steps to increase recruitment in both the short and long term—and have set ambitious hiring goals. In addition to field staff, hiring has included senior staff who form the backbone of the OIG's day-to-day management and will fill critical gaps in leadership and support for audit and investigations staff.

Further, as of October 1, 2019, the full suite of human resources functions of the OIG will be performed by the Administrative Resource Center (ARC), a governmental center of excellence in the Department of the Treasury. Taken together, these measures should lift employee morale, increase productivity, and provide administrative stability.

Upon my arrival at the OIG, I immediately began a comprehensive evaluation of the organization to determine its structure, functionality, and productivity. After reviewing the OIG's operations and consulting with my senior leadership team, I implemented a plan to realign the structure of the office. The realignment, announced in spring 2018, involved a two-phase rollout that culminated in the fall of 2018. Designed to streamline workflow, promote collaboration, clarify roles and simplify supervisory relationships, the realignment yielded immediate benefits.

In addition to placing the Office of Audit and Evaluation (OAE) under the supervision of a single principal assistant IG for audit and evaluation, the realignment established an Office of the Chief of Staff to streamline processes and promote cross-jurisdictional utilization of offices that had previously been organizationally sequestered within a specific working group. Those groups—Data Analytics and Editorial Services—were placed within a new reporting structure to enable full utilization by all the OIG offices. The realignment also re-focused the Office of Investigations by placing all employees under the direct supervision of Assistant Special Agents in Charge within the investigative series 1810 and 1811. As with any organizational realignment, there was a period of adjustment to the new roles and responsibilities.

The realignment, which elevated some employees to new positions of leadership, inevitably led to diminished roles for others. Thus, notwithstanding the benefit of the realignment to the organization overall, there were undoubtedly certain employees for whom the realignment was not a welcome development. This perception likely contributed to employee departures, which increased the burden on remaining employees—many of whom were already adjusting to new roles. The expected drop in productivity that accompanies an adjustment period after organizational change was likely exacerbated by the departures of employees across the organization, ultimately leading to reduced employee morale, at least temporarily.

Several key departures were particularly impactful. As noted above, in late 2018, the HR director and a key HR staffer left the organization. This left the OIG without sufficient staff to accomplish even routine HR tasks, much less conduct the regular recruitment and hiring required to maintain an entire workforce. To fulfill our HR needs until the scheduled transition to ARC, the OIG enlisted the HR service line of Enterprise Services. Although never intended to be a long-term solution, the temporary use of Enterprise Services proved extremely challenging. Across the OIG, employees expressed their frustration with the excessive delays and regular, repeated mistakes of Enterprise Services. For example, some new employees did not receive complete paychecks for months after they joined the office, and multiple employees are still waiting for the restoration of leave as a result of the furlough that occurred more than 8 months ago. Our customer experience with Enterprise Services was so poor, in fact, that it reinforced our intention to include on our future audit plan an examination of the contracting entity providing service under the enterprise services model.

Despite the myriad problems with Enterprise Services—and the accompanying drag on employee morale—I have reason to be optimistic. For more than a year, the OIG has been diligently working with ARC, the external shared services provider, to effectuate a smooth transfer and amplify the speed and accuracy of the OIG’s HR processes. The OIG had previously contracted with ARC and we are therefore aware of its proven ability to be a force multiplier in the HR arena. Our relationship with ARC will bring stability and certainty to back-office HR functions, allowing OIG staff to focus on recruitment, performance management, and workforce and strategic planning.

During the period when the OIG was without a permanent HR director, I took several steps to mitigate the impact and develop the OIG’s recruitment efforts. In addition to elevating an HR staffer, via temporary promotion in early 2019, to act as the HR director, I tasked an Senior Executive Service employee to serve as the hiring czar. Charged with supervision of the recruiting, hiring, and onboarding processes during the temporary engagement with Enterprise Services, the hiring czar did an exceptional job in spearheading a hiring effort that resulted in the addition of 20 new employees already during calendar year 2019.

Additionally, the OIG was successful in our recruiting efforts through the Pathways Program, with 3 new employees from the Presidential Management Fellows joining our office over the last several weeks. In addition, my office led the OIG community in an engagement with the Partnership for Public Service that culminated in July 2019 with a moderated panel discussion of three IGs. Designed to promote interest in the OIG community within the undergraduate college population, the panel discussion included the participation of more than 70 career services professionals from more than 40 colleges and universities. Although the tangible benefits of this effort will accrue over time, the immediate feedback was overwhelmingly positive.

In addition to bringing on board a new HR director—who starts on Monday, September 30—numerous other staff who have already joined, or will soon join, contribute to my optimism regarding future productivity and morale. Over the summer, we hired a new chief financial officer and chief information officer—both of whom have already added significant value to the business process side of the OIG. The new assistant IG for investigations joins our office next week, bringing experienced leadership to the helm of an office without a permanent leader for more than a year. Our new deputy IG joined us in July from the U.S. Department of the Interior OIG, and his expertise has already been demonstrated across the organization. Among other accomplishments, he developed a specific hiring plan for the next fiscal year. Not only does the hiring plan provide assurance to employees that leadership is addressing the staffing issues; it also provides clear and detailed guidance to both budget and HR staff for the upcoming fiscal year. Moreover, the certainty provided by the staffing plan will allow supervisors to plan long-term projects and deploy human capital more efficiently and effectively.

As noted above, I share your concern with the OIG’s FEVS scores—in particular the overall engagement score, which has been in the lower quartile of the overall federal government since 2012. I was aware of the OIG’s score history when I accepted my appointment, and have been engaged ever since in the difficult work required to create the cultural shift necessary to make meaningful improvements.


In addition to the realignment, new leadership hires, and improvements in our HR processes, I have also instituted multiple new initiatives to promote collaboration and increase engagement. First, I began a series of what will become regular meetings with all OAE teams, to ensure connectivity to all employees in our largest operating unit. These meetings began earlier this summer and have already provided an excellent forum for exchanging ideas horizontally and vertically across the organization, as well as for developing relationships between leadership and line-level employees.

In the same spirit, we recently held our first off-site all-hands retreat earlier this month in Williamsburg, Virginia. To kick off the week, I highlighted for the OIG the goals for the week and my vision for the organization, as well as directly addressed the FEVS results and our plan to address the issues they reveal. The week also provided an opportunity for each of the various operating groups and subgroups to present to OIG colleagues to help familiarize our organization with itself, with the goal of future collaboration and increased connectivity. In addition, we participated in moderated soft-skills training, including the administration of a psychometric assessment and multiple sessions on interpreting the significance of the results. We also provided hard-skills training tailored to the specific mission of our varied offices. The informal feedback during the event was extremely positive, as were the results of a recent follow-on survey we provided to attendees to solicit feedback. (See appendix B.)

Further, after the release of the FEVS data by the U.S. Office of Personnel Management in early 2019, the OIG began discussions with the National Academy of Public Administration (NAPA) to conduct a follow-up survey to the FEVS. This will include interviews with senior leadership, anonymous feedback opportunities for the entire OIG, and focus groups. The FEVS survey has sent strong signals regarding low employee morale to OIG's leadership and senior managers. Working with NAPA will allow us to drill down on specific issues that the FEVS has unearthed and solicit feedback—which will enable us to test and modify solutions in a continuous feedback loop. The focus groups, which will be voluntary and conducted by outside consultants, will consist of mixed groups of employees from all OIG offices. The presence of outside facilitators, and the opportunity for anonymous participation, should encourage candor from employees—which, in turn, enhances the value of the feedback. We expect to execute the contract with NAPA shortly.

Enclosed with this letter are appendices A–J, which provide additional information responsive to your request. I look forward to continuing our dialogue regarding these important issues.

Sincerely,



Peggy Gustafson
Inspector General

Enclosures