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AN ASSESSMENT OF THE GENERAL MANAGEMENT REVIEW PROGRAM OF THE U.S. GENERAL ACCOUNTING OFFICE

A Report by a Research

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IN MEMORIAM

In December of 1988, shortly after the preliminary results of this study were presented to Dick Fogel and Gene Dadaro of the General Accounting Office (GAO) my partner in the study, and long time friend and mentor Jack Young died of heart failure.

Jack had been under a doctor's care for several months before his final attack, and he knew he was at risk. But with the understanding of his wife, he very much wanted to undertake this study of the General Management Review (GMR) program for GAO. Over a number of years, while teaching at American University, and during his most recent "retirement", Jack had been a charter member of the National Academy of Public Administration's Advisory Committee to the Comptroller General on GMRs. He was also sought out for advice and counsel by many GAO people, who came to respect his wisdom, his savvy, and his genuine desire to help.

This respect was mutual. Jack came to have a high regard for GAO as an institution, and for its people. He felt that GMRs are a valuable new program that can broaden GAO's perspectives and help it become more strategic in its work. He thought that to be very important, and wanted this study to express that importance.

I worked for and with Jack in many roles for almost 30 years, and he was always a teacher in the best sense of the term. It will always be a great source of satisfaction and pride for me that I was able to work with Jack one more time on what proved to be the last professional assignment in his long, valuable and exceptionally distinguished career as a public servant.

He will be missed.

SUMMARY STATEMENT

Over the past eight years, General Accounting Office, (GAO) leadership and staff have made a substantial investment in developing and implementing its new program of General Management Reviews (GMR). The positive results of this effort are represented by a series of GMR evaluations that have had important value in themselves. This work has also served to advance and refine the techniques and train the staff to use GMRs as a new tool in GAO's capabilities to serve Congress and assess government agencies' performance.

GAO is aware that it is at a watershed in this program, and therefore it chartered a study team of the National Academy of Public Administration to independently assess the program, give a sense of the lessons learned from it, and recommend ways to improve it.

GMRs have been given serious attention and hard work. GAO has issued good reports on GMRs, and has established a persistent pattern of follow-up with agencies. More GMRs are now underway or being planned. The program has been stabilized and it has evolved in a way which has shown a clear pattern of increasing sophistication and payoff. GAO teams have experienced a valuable "learning curve" in dealing with broader approaches to evaluating agency direction and management without sacrificing GAO's high standards of evaluation.

But GMRs have proven to be harder to conduct than we believe GAO anticipated. As diagnosed in Chapter II of the report, comprehensive assessment of whole agencies or major components has not proven fully feasible, and most GMRs ended up being selective. The previous audit work proved to be far less valuable and comprehensive than had been expected. GAO's staff often lacked the general management background and experience that would have made them comfortable understanding the broad general management decision-making and leadership environment that they were required to assess.

Within GAO, there is a perceived negative reward structure regarding GMRs. Staff are still not clear whether service on GMRs penalizes their career advancement compared to shorter, program-specific work products. GAO is concerned that Congress does not value the kinds of "good management" perceptions and recommendations that are the essence of what GMRs can deliver.

Similarly, reaching agency heads and gaining their active interest and support is seen as critical to GMR success. However, GMRs deal much with long term programs for reform, and interest in these issues is hard to achieve and sustain with political leadership that changes frequently and often undervalues long-term concerns.

Within this framework, the first major recommendation of this report is to advocate that GAO change the basic structure of the GMR program from one of selected GMR studies to one of the long term conduct of a General Management Assessment Program which has the following characteristics:

-- It continues to comprehensively assess an agency, but it builds comprehensiveness over time, rather than in any single agency evaluation.

- It adds a "research and intelligence" function by serving as the basis for assembling the most complete agency data base from all sources.

- It is deliberately used as a base to develop a strategy for all forms of future audit and assessment, including future GMR-type studies.

- It adds a more disciplined "legislative tracking system" to develop a fuller sense of tides running in the critical interests of Congress.

A second major recommendation is that GMRs deliberately concentrate more on program management rather than functional administrative systems. Program management is the heart of agency operations, the key to agency leadership interest and support, and the central concern of Congress.

A third major recommendation is that the experience with GMRs confirms that they can and should be viewed as a fundamentally new "product line" for GAO. Their special characteristics should be more fully exploited, and analytical systems developed for that purpose.

Perhaps the most important element of GMRs is their ability to serve as a base for GAO to become more strategic in planning and directing its own sense of the most critical problems of government. This sense of strategy can be a means to optimize the use of its talent. The concern within GAO is that Congress mandates the great majority of its work, and little latitude is left for GAO to shape its own agenda. We believe that GMRs could be used to help develop a strategic approach without denying congressional imperatives.

Time and time again, in analyzing GMR reports, a powerful and frustrating pattern repeatedly emerged, characterized by the questions: Why is it so hard to get government institutions to respond and take action? Why is it that years can go by, and no really effective solutions are implemented, even when solutions are known?

We believe that this failure to respond is one of the most important problems of government, and we feel that GMRs represent the best vehicle now available in the federal government to highlight this problem, analyze its characteristics and propose solutions to it. If GMRs can more clearly show how and why action gets clogged in federal bureaucratic systems, this could be one of GAO's major contributions to making governments at all levels more effective.

We therefore recommend that GAO use the GMR program to create a very special initiative to build on its capability to analyze how and why federal organizations fail to generate adequate corrective management actions.

We believe that GAO reports are often not sufficiently assertive in stating findings and recommendations. Chapter five explains why blandness in reports dissipates some of the value of the audit work, and lets agencies off the hook in their responses. We are concerned that GAO people learn more about the problems in agencies than their reports convey, and that GAO needs to take many steps to make its reports more fully reflect what it learns.

Similarly, the format of audit reports can be made more valuable to outsiders. The essence of each report could be captured in a 20-30 page report to inform the public and obtain more public impact. The more detailed assessment could be confined to a subsidiary report available from GAO. Here also, loosening report editing and review could "unleash" the substance of many reports and give them more value and impact.

Finally, Chapter Six contains many of the most significant lessons that the GMRs reveal about the problems of managing the federal government. These lessons can have two values: they can be reported to other department and agencies, and to the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM), as subjects for correction; and they can be used by GAO itself as a head start on future GMR assessments or other audit initiatives.

GMRs have proven to be a valuable addition to the range of GAO's capabilities. The future for GMRs can and should be made more valuable by capitalizing on their strategic insight and their ability to broadly analyze and interpret the management of the federal establishment.

CHAPTER ONE

THE INTRODUCTION OF GENERAL MANAGEMENT REVIEW WHAT WAS INTENDED

In 1982, the General Accounting Office (GAO) under its then relatively new Comptroller General, Charles A. Bowsher, introduced a new form of assessment activity -- a "General Management Review" (GMR). This was to look at whole agencies in terms of good and bad performance in a way that would permit GAO to form a more broadly-based evaluation of an agency's total management capability and effectiveness. GMRs were clearly seen as in contrast to the traditional GAO work which is more specific and program-based.

Three general objectives were established for these GMRs, and they have remained essentially unchanged:

- Demonstrate the importance of good management to the political leadership of the departments and major program agencies.

- Provide the results of assessments to Congress to facilitate its oversight of agency management.

- Use the comprehensive knowledge of agency operations gained from the broad-based reviews to set the stage for GAO to undertake more effective audits and evaluations.

The major thrust of analysis in the first two GMRs -- the Departments of Housing and Urban Development and Labor -- rested on their evaluations of agency performance in seven functional management systems such as financial management, personnel management, planning, and information management. It was assumed that careful study of the effectiveness of these functional systems would yield insights into overall agency effectiveness.

As GAO gained experience, it became apparent that this was not the case. In 1985, GAO began to shift its approach to concentrate more on general management approaches centering around policy formulation and program management and implementation, as well as the uses of agency functional management systems. GAO felt that these changes would more effectively get at the kinds of issues that were of greatest importance to agency heads rather than to second and third level officials. GAO believed that concentrating on policy and program management level problems would be more revealing about the key issues which affected agency performance. In addition, this top-down approach proved to be much swifter and more insightful -- thus less demanding in terms of staff time -- than the more "bottom-up" functional systems approach.

CHAPTER TWO

GENERAL MANAGEMENT REVIEWS; A DIAGNOSIS

We drew a number of conclusions about the problems encountered in introducing GMRs into GAO's agenda of audit work by assessing all GMR reports, interviewing GAO professional staff, and analyzing key program documents.

LACK OF EXPERIENCE WITH GENERAL MANAGEMENT

GAO people tend to agree that understanding what is meant by "general management" or broad executive direction of an agency's affairs is more difficult and more complex than they had expected, and lack of such understanding has been one of the most significant barriers in doing GMRs. The general management element of agency performance and direction have often proved to be more sophisticated and difficult to grasp and document than the kind of assessment required for other GAO assignments, especially those which are narrow and program-specific. But this kind of broad management understanding can be mastered. It should be emphasized that there is a very substantial experience among reputable, management consultant organizations that regularly assess such executive management in public and private enterprises, and they stand as a valid precedent for the conduct of GMRs by GAO. Understanding agency performance and effectiveness at the broad level is key to the future of GMRs, and recommendations for action on this point appear later in this paper.

GAO's STRINGENT VIEWS ABOUT ACCEPTABILITY OF INFORMATION

Everybody in GAO made it clear that they are strongly committed to the importance of GAO's work being as soundly based and reliably supported as possible. That issue was never in question. What is in question however, is whether the nature of GMRs require more latitude about what kinds of information are acceptable for use than with other forms of evaluation? GMRs demand a broader range of assessment. They deal with top level issues and problems which are often highly uncertain and ill documented, or about which people are reluctant to be frank. We believe that this means that to get to the heart of the real general management issues, GMR project officers may need to utilize a greater degree than usual of information and opinion which is less fact-specific or "evidential." This information may be in the form of interviews with agency people, with outsiders who have knowledge about the agency or problems, or with clientele or interest groups who are involved with the agency's programs. It may involve informal records or recollections not easily susceptible to factual corroboration.

We believe that GMRs do require a greater degree of latitude in the use of such techniques, but we also believe that their use does not constitute any significant threat to the professional integrity of GAO work. In fact, GAO itself may continue to speak conservatively about its rules of evidence, but it already shows an increasing willingness to use less evidential material if it is reliably gathered, reasonably interpreted, and multiple sources are sought and compared.

VALUE OF EXISTING PROGRAM/AGENCY KNOWLEDGE

One of the disappointments which GMR project teams experienced at the initial stages of some projects was that the existing base of previous audit work was far less valuable and comprehensive for GMR evaluation purposes than had been expected. That is, it had been largely assumed that existing audit work could be used as a comprehensive starting point for understanding agency programs, policies and operations. Most recent GAO audit work has been very specific, and while it may yield detailed analyses of some issues, other major issues may not be covered at all, or previous audit work may no longer be current. This meant that GMR teams had to spend more total time and hours of staff effort than expected gathering and interpreting basic facts and data about agency statutes, program activities, policies, and plans. And it also meant that there were fewer people than expected inside GAO who could be counted upon as sources of overall understanding about agency general management.

LACK OF COMPREHENSIVENESS

Most of GAO's work is done in response to individual requests from various committees, subcommittees, and members of Congress. These "piece meal" requests, as critical as they are to GAO and to Congress, do not, in most cases, add up to overviews of program management or of major components of a department (i.e. Social Security Administration), and certainly not to the management of whole departments and agencies. In addition, the various GAO work products are not synthesized inside GAO through the Issue Area Assessment work planning process. Neither the results of GMRs or issue area assessments have had any significant influence on the other. GMRs have thus not achieved their third objective, which was to use comprehensive knowledge of agency operations to undertake more effective audits and evaluations.

WORKFORCE BARRIERS

The GAO workforce is skilled in so many ways, but it is used to work that can generally be characterized as "compliance auditing" -- comparing what is to what should be. They have encountered several significant barriers in accommodating to GMRs:

> Lack of needed skills: Effective conduct of GMRs requires project managers and key staff capable of seeing the critical elements of general management and how these deal with the outside political environment and the complex of internal management problems. The GAO technical orientation, its normal program-based work product demand, and the narrow work experience of the staff has meant that there is a smaller pool of talent suitable for GMRs than had been expected. GMRs have therefore often been seen as "on the job training" where it is hoped that these skills will develop swiftly.
>
> Functional management mind set: There is a strong tendency to approach problems by examining functional management systems and responsibilities. Often, functional staffs in GAO or functional specialists on project teams have attempted to produce their "piece of the action" rather than contribute to a more comprehensive assessment.

- Negative reward structure: The reward structure centers around GAO's role in meeting the multitude of individual congressional requests, or with the particular environment of one of the functional areas. One individual may turn out three or four products to meet specific congressional requests, while a person assigned to a GMR might, in the same time period, be only partially finished with the more comprehensive GMR assignment. There appears to be a perception that the person turning out the larger number of work products (regardless of value, which is hard to judge) will have greater promotion and future job opportunity potential than staff assigned to GMRs. This was an almost universal observation of the GAO staff - regardless of whether or not they were enthusiastic about GMRs. This is a particular problem because GAO wants its GMR work done by high quality staff.

- In addition, there is some attitude of the effect that GMRs "divert" staff from the competitive demands of other assignments, and some supervisors resent this diversion.

CONCERN ABOUT THE ATTITUDES OF CONGRESS

GAO people estimate that from 60 percent to more than 80 percent workload in some areas is committed to specific audits and studies mandated by the Congress. Since it works for Congress, there is a strong institutional motivation to satisfy these mandates, even where GAO itself might feel that there are higher payoff projects which cannot be undertaken within available staff resources. GMRs do not fit into the normal pattern of what congressional staff see as top priority, and this concerns GAO in two ways. First, they fear that congressional staffs will be indifferent to GMRs so that GAO loses the interest of its major client; and second, that the Hill staff will regard staff time spent on GMRs as "wasted," because it might have been spent on additional program audits.

PROBLEMS IN DEALING WITH DEPARTMENTS AND AGENCIES

GAO has a whole set of problems dealing with agencies in the normal course of events -- indifference, suspicion, lack of attention, lack of follow-up and so forth. All of these are present in conducting GMRs and are dealt with in GAO's usual ways. It would appear that agency people have had little trouble grasping and accepting the idea of GMRs and why they are different, and there appear to be only two problems in dealing with agencies which are peculiar to GMRs.

> The success of a GMR, and the constructive reaction it is likely to get in the agency, are especially sensitive to the ability of GAO to capture the attention and acceptance of the agency head and a fair number of the top political team. GAO has found that this is difficult; the limited time and attention span of these people is hard to obtain and they are not consistently willing to focus on longer term management problems addressed by GMRs. For the agencies, many GMR recommendations might require several years of planning, systems redesign, and negotiation with Congress and external interests, and thus, several years of top leadership time and attention. Even if successful, such long term changes will be harder to recognize and not appear nearly as likely to be seen as successful as single encounters.

— Similarly, GAO is rightly concerned that, even if it successfully obtains the support of the political leadership at the beginning of a GMR, turnover or the press of events may mean that this support will not hold until the results of the GMR are ready to present and -- even more importantly implement. GAO people are uncomfortable with the added vulnerability of GMRs in this manner.

INTERNAL GAO CONCERNS ABOUT ORGANIZATION, OBJECTIVES

Because GMRs were a new venture, GAO made special organizational arrangements, led by the Assistant Comptroller General for General Government Programs and calling for specific leadership positions for GMRs by most of the other assistant comptrollers general (ACGs). This was to make sure that GMRs received proper weight in the work programs of each GAO division. GAO is concerned about whether these organizational arrangements are adequate.

In addition, as successive GMRs have been completed, GAO has asked whether the original objectives are still valid, or whether experience suggests some sharpening of these objectives. Internal documents defining GMR objectives and guidelines are in a state of abeyance, and will need further redefinition soon.

CHAPTER THREE

REFINING GMR OBJECTIVES

While the three GMR objectives stated in Chapter One are correct, they are not very useful as guides to action, and GAO has now accumulated sufficient experience with GMRs to sharpen their objectives. Based on our assessment, we recommend at least the following restatements:

- GMRs should be assessments of sufficient breadth and penetration that they provide agency heads and GAO with a current and continuing overall evaluation of the effectiveness of agency management. The primary focus of GMRs should be to illustrate how an agency can improve its management to more fully support achievement of policy and program goals.

- GMR should serve the needs of Congress by providing this same assessment framework of overall agency management effectiveness, so that Congress has a frame of reference within which to judge the results of other more specific audits, investigations, and policy analyses. To achieve this objective, may require GAO to make broad recommendations to Congress not just on corrective management measures, but also on needed changes in legislation dealing with program design, objectives, and effectiveness of organization and management.

- GMRs should provide a means within GAO to consolidate more effectively all information which can contribute to overall assessment of agency performance, and the GMR program should be used to maintain this evaluation base on continuous basis.

- GMRs should have the special purposes of identifying the causes of ineffectiveness in agency operations and the major barriers to effective managerial change stemming from internal and external causes. GMRs should concentrate on the kinds of findings and recommendations that will help agency heads, the president and the Executive Office of the President, and Congress understand and eliminate these causes and barriers.

- GMRs should become a major force for focusing attention on major management policies, systems, or regulations which require sustained corrective action over several years. This capability is particularly important because the frequent political leadership changes in the executive branch make it difficult for a leadership group to deal with problems which extend beyond their term of office.

- If GMRs can become the basis for an overall assessment of an agency's management performance - good and bad - they can also become the basis for a strategic frame of reference for GAO's full range of audits and evaluations. GMRs can be used to identify future audit needs and formulate a more considered sense of long-range audit planning.

These restatements, which are advanced for GAO consideration, grow out of the work of the NAPA study team. The reasons for these specific reformulations are contained in the analysis found in the following chapters of the report.

CHAPTER FOUR

LESSONS LEARNED ABOUT THE CONDUCT OF GENERAL MANAGEMENT REVIEWS

GMR reports clearly show progress in the capacity of project teams to produce effective results. However, almost everybody interviewed believe this evolution had to continue. People thought that some of the most important improvements must take place within GAO itself, rather than in relationships with the agencies. Some of these changes are based in technique or approach; others deal with motivation and attitudes within the "culture" of GAO.

GAO people expressed many concerns about GMRs. They worry that their very breadth may make them shallow. They recognize that they take too long and represent very substantial investments of work-hours which could be invested elsewhere. They see GMRs as providing revelations about general management which will have value in the long term, but are done in a world which seems to value the immediate and specific. They also see the results as very vulnerable to agency indifference or resistance. Finally, among those we interviewed, there is not yet a clear perception of what course GMRs will take beyond these initial assessments -- whether GMRs are a "one-shot proposition" or a valuable new "product line."

COMPREHENSIVENESS VERSUS SELECTIVITY

GAO has viewed GMRs as a comprehensive assessment of whole agencies, or major parts of agencies, but experience has taught that it is not practical to learn in a short time everything about how an agency performs, and practical limitations have intervened. Internal staff hour limitations have had to be accepted. A "whole agency" assessment has proved too broad to be practical. Some elements of agency management are clearly crucial while others can effectively be left out. Judgments were made that concentration on issues relevant to to agency leadership was better and more important than "comprehensiveness." In some cases, key elements of overall assessment were being dealt with in other ways -- other GAO audits or agency-based analysis. Thus, GMRs have taken the more pragmatic course of "selectivity" -- deliberately concentrating on a more limited set of elements for serious evaluation.

There are two problems with this process of selectivity. First, it has not always been fully successful. In some cases, the selection has failed to yield the basis for a genuinely comprehensive judgment of managerial effectiveness. Critical elements have been missed, or marginal elements have gotten a lot of attention. Vital elements have been described but not really analyzed, or assessments have not been deep enough to reveal the real problems. One reason for this is that there are only limited efforts to assemble complete data on an agency and its programs. While GAO does in fact use many sources in its work, it seldom invests the time and effort to consolidate and collate these "intelligence" sources in a fully disciplined manner. This lack has meant that, as GAO staff initiate a new audit or study, they must spend too much time and effort learning what should already be available to them.

The other problem is that one of the great values of the GMR idea is the very capacity to be comprehensive, and if that is not achieved, something important is lost.

GAO people have also been concerned with this issue and have tended to think in terms of "follow-up" approaches, either in routine ways to track implementing actions in the agencies, or in the form of specially designed "second wave" GMR analysis. We believe that GAO needs to make a very fundamental change of approach.

GAO should change the basic structure of the GMR from specific GMR studies to one of long term conduct of a "General Management Assessment Program" (GMAP) which has the following characteristics:

- It is a continuous process which builds comprehensiveness over time, rather than in any single agency evaluation.

- The program would assemble and maintain, in a research and "library" sense, the most complete data base about all (or selected) agencies from all relevant sources. Such sources would include regular GAO audits, agency audits, agency internal policy, program or management systems studies, outside clientele research and studies, congressional hearings and reports, and the view of knowledgeable individuals.

Assessments such as the current GMRs would continue to be done, and selectivity would be acceptable. In essence, one of the prime reasons for selecting a new GMR target would be how well it filled a gap in the comprehensive knowledge about an agency. The appropriate ACG would make these target selection decisions; the regular agenda of program-based audits could also be treated in the same way. That is, as more confidence is gained in the overall information base in the GMAP as an identifier of critical arenas for analysis, the strategy for audit planning and scheduling could become sharper.

BROAD GUIDELINES FOR GMRS

The strong impression gained from the GAO staff is that they have very little latitude to use the Issue Area planning process as a real planning system, and the ensuing issue area plans are really used only for operational scheduling. This means that GMRs need only be fitted into them in terms of scheduling and not in strategic or priority setting terms.

We believe this lack of capacity to be "strategic" is an important problem in GAO, and may contribute to the absence of a comprehensive "intelligence" base about agencies. That is, the sum of GAO's audit work at a given time shows far less about agencies than GAO thinks it does, and this lack of documented information constrains the formulation of GAO's strategies for future work, whether GMRs or not. When beginning a GMR, GAO does an "advance reconnaissance" -- a survey to identify the major problems and issues facing the agency. This technique should be continued and made mandatory.

While some individuals or units within GAO maintain information on legislative issues related to their programs or agencies, there is no requirement that this be done. We advocate creating (or formalizing) a disciplined "legislative

tracking system." It should reveal the state of interests about agency programs, policies, and management, and show where congressional interests can be made relevant to GAO's work. This comprehensive data base would provide a better basis to decide which GMRs to conduct.

GAO also has a number of more explicit guidelines to judge the potential for an effective GMR. These should be continued. They are:

- The perceived general state of agency internal management development.
- The likely receptivity of agency leadership.
- The political risks/opportunities.
- Whether a GMR assessment is technically feasible.
- Timing: generally, and with respect to the top leadership of the agency.
- Availability of the right GAO talent and leadership.
- The level and currency of GAO program knowledge.

GAO should add the following guidelines to their GMR policy base:

- GMRs should should not be justified as a vehicle for doing one or more detailed technical evaluations, or minor program evaluations.
- GMRs should not duplicate a sound program of regular current audits.
- GMRs should concentrate on agencies which provide the opportunity to reach the general management level of issues and problems.
- Criteria for selection should concentrate on targets of value to the agency and the relevant congressional committees.

Once an agency or major part of an agency has been selected for a GMR, a second and more specific advance reconnaissance should be undertaken in general management, program management and functional management. The work selected through this process should concentrate on issues that are:

- Broad, such that it yields an effective assessment of the agency's management performance.
- Not yet adequately addressed by the agency.
- Program-based and external, rather than administrative/procedural.
- Key elements of management, rather than those of marginal influence.
- Feasible of being effectively assessed. For example, a rapidly changing policy issue or new procedure may not be feasible to study now, but can be identified as needing later examination.

- **Appropriately timed.** What is the tenure of top management, and when will there be transition to new leadership?

- **Current, practical problems.**

Over the long haul, it would be valuable if the GMR could become perceptive enough to identify problems in the making and help agencies avoid them.

Finally, we advocate that this second level of advance reconnaissance also be related to the appropriate congressional interests. GAO should more deliberately brief and consult with the relevant congressional subcommittees and seek their input on the subjects they want to see being given further assessment.

PROGRAM MANAGEMENT: MAIN FRAME OF REFERENCE FOR EVALUATION

GAO has already shifted from a "functional management" frame of reference to one that fully considers general management and program management as well. This recommendation is therefore more a matter of degree. Our observation is that each new GMR project team appears to have spent a good deal of time looking for a starting point or a "maypole" around which to build its work, using its advance reconnaissance for this purpose. The GMR framework is so broad that this has been a problem. Our judgment is that the best and most effective starting point and arena of concentration will almost always be the management of the major line program activities of the given agency, and that therefore should be the central arena around which GMRs should be structured. Figure 1 shows how this concentration on program management is really central to all of the other elements of agency management.

GAO guidance should direct that program management activities be taken as the main frame of reference for the design of specific GMRs. This will have several important advantages.

-- It represents mainstream "reality" for the agencies themselves.

-- This is where most of the money is really controlled.

-- It is the heart of budget preparation, where accuracy of estimates and reality of budget justification is achieved or missed.

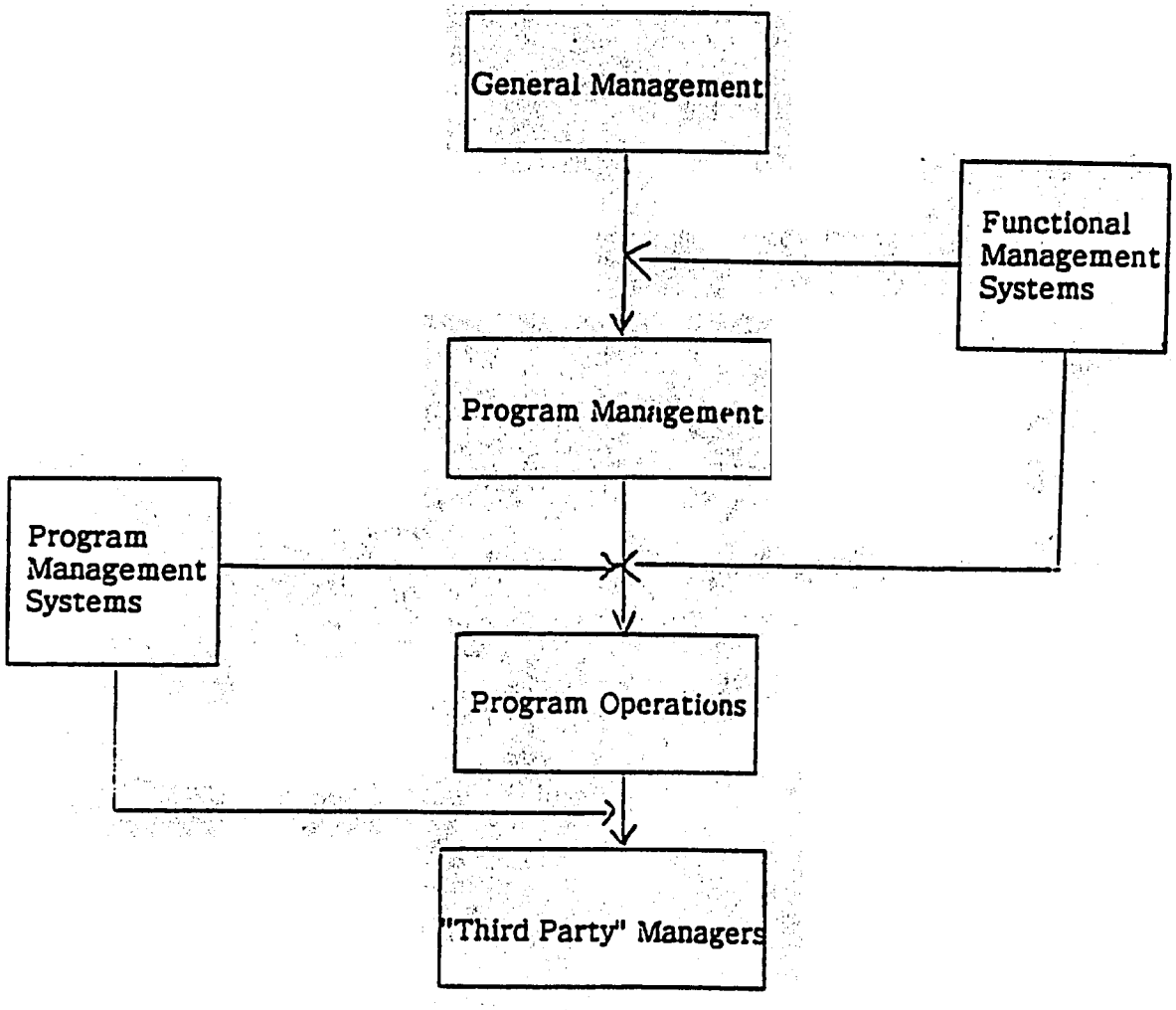
-- It is the key to most policy formulation. If GAO can understand program policy, it can better understand most agency policy issues.

-- It is central to most clientele concerns which affect agency management.

-- The bulk of congressional interest is in program matters.

There are special program management concepts, policies and systems (which are not the same as agency-wide functional management systems) that are critical to program performance effectiveness. GAO needs to have more of its mid-level staff knowledgeable about this program management "culture."

Figure 1
Program Management as Base of Reference



Understanding how cabinet secretaries or agency heads and their leadership teams decide and direct is very difficult, and often not clear even to people in the agency itself. Such decision-making is not easily "auditable" in the conventional sense. Concentration on program management would provide a centralizing base around which general management actions could be analyzed and understood. Concentration on program management would permit GMR teams to understand better whether decisions are timely; whether these decisions are effectively conveyed to the organization; whether the program management organization is responding; and how effective the response appears to be.

GAO still needs to work hard to move beyond a preoccupation with "systems" and more into the realm of leadership and decision-making. GMRs have shown weakness in coming to grips with these issues. It is often unclear whether evidence of failures of decision-making are really flaws in the agency's actions or lack of GAO analytical perception and penetration.

GAO (and many others) tends to try to understand general management by examining certain systems -- primarily the budget process and the planning activity. This is necessary, but not complete. Many of the most important actions in any organization are informal, personalized, and situational, and are not easily understood from the outside. Therefore, GAO needs to develop more sophistication in understanding these informal techniques, and this means more concentration on inducing general managers and program managers to say how they really manage.

This approach is very common in many consulting firms where the skills of getting at the heart of management problems through guided interviews, face-to-face discussion and non-evidential judgment is heavily relied upon. These approaches cannot and do not substitute for collecting and examining hard facts. Rather, they supplement this base of reference with professional judgment -- in effect, subjective judgment made as objectively as possible.

This report advocates that there are certain elements of agency management that should (almost) always be part of any GMR assessment:

- The context of the external environment, and the mechanisms for dealing with it.
- Agency leadership decision-making and how decisions are transmitted for implementation.
- Agency policy formulation systems (formal and informal).
- The agency's program evaluation system (formal and informal).
- Effectiveness of budget formulation, cost estimation, and program financial controls.
- Program management performance.
- Functional management systems' value and usefulness to the organization.

LEADERSHIP, TEAM FORMULATION AND TEAM DIRECTION

There was substantial consensus among GAO people that GMRs are different from the traditional audits, and do require somewhat different skills. Principal differences appear to be the following:

- The need to carefully target GMR feasibility and timing.
- Project leaders must have strong, broad conceptual skills. While this may seem self-evident, almost every GAO person interviewed raised this point, and linked it with what is widely perceived as a serious organizational weakness -- lack of breadth in general management knowledge and experience. While such experience can be valuable in any audit, the sense is that its lack can be far more critical in the leadership of a GMR.

GMRs benefit from project leaders who have had broader management experience themselves, and in any event, previous GMR experience is seen as an absolute "must" in selecting leadership for a new GMR.

- Relationships with agency leaders: As one GAO official put it, "GMR project leaders need a lot of "extrovert" skills; they must be able to go beyond the skills of analysis and build effective contacts and relationships with agency people. Such relationships are critical to getting the needed cooperation and penetration to make GMRs successful.

- GAO needs people who can pursue a new and more assertive approach to giving the relevant congressional subcommittee an early briefing about the substance of the proposed GMR, to pique their interest and get their support.

There are a number of "best practices" which we recommend be seriously considered in formulating GMR teams:

- The skills that are most needed are those of policy analysis, general management understanding and program management knowledge, in preference to administrative skills or technical knowledge.

- The key skills appear to be less in fact gathering, but more in interpreting complex relationships in managerial or political environments.

- Each team must be unique and hand picked.

- The worth of GMR work must be effectively communicated to all staff.

In this context, younger GAO staffers particularly still appear uncertain whether service in a GMR team is good or bad for their careers, even when they are excited about the actual work they are doing. Staff seem to agree that GMRs are "broadening" but this so-called valuable experience is often denigrated as having less payoff, and being less rewarding in terms of career development. If GAO leadership really feels that GMRs are valuable for the individual and the organization, it appears that they must state this view more openly and frequently. In fact, we heard a decent degree of support for GMRs all over the agency, but it needs to be reaffirmed, and locked into the attitudes of GAO's senior people, and GAO needs to deal more frankly with the issues of impact on personal careers and opportunities for advancement more frankly dealt with.

GAO should draw team members from throughout GAO's headquarters and field offices. The breadth and general management nature of GMRs is an opportunity to do new and valuable kinds of auditing. This is a strength which can be used to widen the talent base within GAO to get into GMR. While all good work assignments in GAO will have an educational value, GMRs should be more explicitly designed as an educational experience for the project staff, and all team members should be exposed to all facets of the study.

GMRS AS A NEW PRODUCT LINE

Several GAO people said GMRs should be more explicitly characterized as a new "product line" for GAO. They are sufficiently different in their purpose that they produce a different product, which has value, and they require new approaches inside GAO.

The differing characteristics perceived for GMRs are important: they are recognized as broad rather than specific; they require examining an organization at several levels; and they require a higher order of understanding of the relationships among these levels. They are generic and program specific, and most of all they require efforts to understand an agency's management at the highest levels, including their external environment. GAO people have encountered situations that are less specific, or more uncertain, and less "auditable" in the traditional sense, and they feel that something more than the usual analytical approaches are needed.

GAO needs to develop better tools to educate their project teams prior to their service on a GMR. What is needed is an initial upgrade of their understanding of the general management and program management world they will encounter. It is not adequate to expect team members to "pick it up on the job." It appears that, currently, the real learning occurs late in the conduct of GMRs, too late to influence the critical front-end elements of targeting, project design and issue identification.

In addition, GMR team leaders and members believe they need better definition of how far they can go beyond the use of strictly "evidence based" assessment techniques. Policies permit using such sources, but the staff are not clear what would really be acceptable in top management reviews. GMR team members (and others as well) can benefit from training in how to conduct interviews, often under adversarial circumstances, and make judgments about the validity of such information. Staff do not want to weaken GAO's reputation for thoroughness and factual grounding, but GMRs demand more flexibility in using outside opinion, reasoned speculation and informed team judgment.

We recommend that GAO develop better tools to educate the project teams before they work on a GMR. One idea is to conduct a three to four day briefing using GAO and outside resource people. For the longer term, more extensive education would be warranted in the concepts of systems management, program management and understanding the cultures of large, complex organizations.

GMRs AND THE CONGRESS

GAO is less confident in its relationships with Congress with respect to GMRs than it is with its other activities. GMRs deal with issues that are not often a first priority for Congress and lack a natural public constituency. Despite a few negative reactions however, the GAO staff appear to feel that the predominant congressional attitude is one of indifference or lack of real knowledge, rather than opposition.

This lack of interest is curable. Our concern is that GAO does not seem to have made concerted efforts to think out the ways in which GMRs can be made fully relevant and appreciated at the subcommittee level, and to develop a regular

process of congressional liaison and feedback with respect to GMR matters

In its regular audit work, GAO has developed effective working relationships with the subcommittee level and this base should be extended into the GMR agenda.

There is a further concern which proved sensitive to characterize, but which is clearly very important to GAO. As stated earlier, a very high proportion of GAO's annual audit program is set by Congress in the form of specific requests for work. The concern here is not that Congress places heavy demands on GAO; that is expected and desirable. The concern is in the diffuse and specific nature of these requirements, since they do not "add up" to any strategic sense of attack on the government's problems. GAO is an exceptional reservoir of knowledge about the problems of government. Its people rightly believe that their knowledge gives them insights about audit priorities. The high levels of commitment to congressional requirements leave GAO with very little latitude to set their own agenda in getting at problems that they believe need to be addressed.

GMRs represent a valuable means for GAO to build its knowledge base, but at a more "strategic" level. GMRs represent a way for GAO to invest some of its talent in broader, more general assessments which more closely fit its own sense of priority, and gets at more fundamental and systemic problems.

The emphasis here is on the concept of "systemic". There is a close parallel to what Inspectors General are attempting to do. Their view increasingly seems to be that their work must get back "up stream" from individual detailed problems, and find out what is wrong with the systems that permits these individual problems persistently to repeat themselves. Said another way, if audits and inspections can be carried back up stream to identify and solve basic systemic flaws and gaps in managerial effectiveness, then this can greatly reduce the incidence of detailed and specific management problems.

We believe that this systems concept applies to GMRs and a longer term general management assessment program. If this program can become the instrument by which GAO is able to identify deeper systemic problems, then it will be a powerful analytical tool that should appeal to Congress when it is facing the complex issues of how to design public programs and assure effective public management.

CHAPTER FIVE

ENHANCING ANALYTICAL DEPTH AND PENETRATION

A CRITICAL PROBLEM: FAILURE TO RESPOND

Time and time again in the analysis of GMR reports (and other GAO audits as well) a persistent and frustrating pattern emerges, characterized by the questions "Why is it so hard to get government institutions to respond and take action? Why is it that years can go by and no really effective solutions are implemented, even when solutions are known?"

We believe that this failure to respond is one of the most important problems of government institutions. Further, we feel that GMRs represent the best vehicle now available to the federal government to highlight this problem, analyze its characteristics, and propose solutions to it. If GMRs can more clearly show how and why action gets clogged in federal bureaucratic systems, this could be one of GAO's major contributions to making governments at all levels more effective.

We recommend that GAO use the GMR and continuing general management assessment program to deliberately create a special initiation to build on its capacity to analyze how and why federal organizations fail to generate adequate corrective management actions.

There are many techniques and approaches which would be of value which cannot be detailed here, and many of them are already used by GAO. There are, however, several critical points to be made.

- The earlier discussions in the report dealing with the need to better understand government decision-making at the top are relevant here.
- We repeat the need to understand the impact of the external environment on the quality of federal management in agencies.
- We also believe that GAO needs to emphasize its willingness and ability to carry its audit work into "third party" management -- to develop a fuller set of tools to evaluate grants, contracts, and the management of programs implemented through state and local governments.

DEPTH OF GMR RECOMMENDATIONS

GMRs show a common failing (and one which is a problem of many evaluative efforts) in that many of their recommendations are very bland, and they often do not make sufficiently forceful conclusions and recommendations out of the high quality of their assessment work. Even when the assessment is well conceived and the quality of analysis is high, we believe GAO shows an institutional bias in the direction of "guardedness" in the strength of its conclusions.

The following characteristics observed in GAO or raised by GAO people contribute to this concern.

- Senior management reviews seem to contribute to such guardedness.

- Internal editing standards and reviews appear to insist on standard formats, similarity of constrained phrasing, and guardedness in forms of expression.

- The "culture" of GAO is now inculcated with the belief that blandness is necessary and boldness is not often desired. The recent GAO transition reports refute this point, but they are an exciting exception to our views.

- The "evidential" standard is not in itself constraining, but where too stringently enforced, it can produce shallow conclusions.

- Lack of experience in general management can cause people not to perceive some of the causes of problems.

- A strong defensive attitude by the agencies can make GAO staff more diffident about asserting some views.

- GAO may not realize the extent to which others sees their work as bland. Outside perceive this as evidence either of a failure to discern or a lack of solid recommendations about how to correct problems, and they tend to be ignored or heavily discounted.

Further, we believe we have seen a pattern in which GAO people know or understand more about an agency or a problem than they are permitted by their system to say. We recognize the need for a solid base of evidence as the bedrock for any legitimate audit; we feel that there is room for the greater use of reasonable and informed extrapolation from the base, and this capability would be of special value in GMRs.

Finally, we believe we have seen some confusion over the use of internal agency sources. In some cases, these sources are used by GAO and cited as "evidence," but it is not clear whether GAO has made an independent effort to confirm their validity. In other cases, we suspect that a wealth of internal data was not used, or was not felt to be valid.

The point is that GMRs, particularly, invite and could benefit from the widest possible use of valid information drawn from agency sources, and some fuller guidelines may be needed to sort out when and how this large body of knowledge can be best turned to GAO advantage.

There are a number of recommendations which we believe would contribute to the depth of GMR assessments.

- GAO top management is the most experienced and has the most to contribute to this issue. Greater use of joint reviews between the assistant comptroller general for general government programs and the ACGs and associate directors from the relevant program area could be very effective. Perhaps some of the external advisors or consultants

used in earlier stages of the assessment could be drawn back into the final review stage. Semi-final discussions with agency staff might yield some additional depth.

- GAO should guard against the tendency to predominantly criticize systems, and should identify failures of leadership or managers who do not do their jobs effectively.

- There should be a deliberate effort to avoid any conclusions which merely say "more information is needed," or "greater attention must be paid," or "better management is required."

We recognize the very real problem that GAO may not always be able to come up with answers, especially where the agencies have been unable to do so. GAO should always try to state recommendations for solutions where possible, but it should not be defensive where it really does not know what the solutions are. Not all management solutions grow out of finite systems corrections or well understood doctrine. Much relates to the environment, circumstances, "culture," leadership, and timeliness of action. GAO should, however, be able to state a diagnosis of the problem and some sense of needed "outcome" for solutions, even when it cannot fully state the means to achieve that outcome.

REPORT FORMAT

As stated previously, we believe that there is a tendency toward blandness in how results are presented. Reports produced are so stiff and constrained that they lose much of their impact. This blandness can result in conclusions or recommendations that are so vague and generalized that they permit inconclusive responses by agencies, which is a way for them to avoid genuine responsiveness.

The following are some recommendations about how the format of GMRs might be made more assertive and compelling.

- While some GAO people are concerned that display of early congressional interest in proposed GMRs might be dysfunctional, GAO should consider a section dealing with "what the Congress wants" — i.e. a chance to include a stipulation of subcommittee interest in what is to be assessed, or targets for what they hope to see come out of a GMR.

- One senior GAO official suggested what we believe could be a very valuable idea: the creation (either in the context of a GMR or for more general applicability) of a "Management Letter" from an appropriate GAO official to an agency head. Such a letter would not purport to be an evidential audit, but would be a means for GAO to use its informed judgment as a knowledgeable assessor of the affairs of the agency to convey advice, concern, and ideas.

- Where GAO does not know what solutions are feasible, they can and should try to define what they believe a course of action might be for the agency to determine solutions, as well as a time frame within which the course of action can feasibly be completed — along with a expressed commitment that GAO will audit compliance with this time frame.

- GAO should consider a model used by many other analytical organizations: a 20-30 page report, with a separate, more detailed document available at GAO for those who need it.

- GAO should experiment with the approach of letting (or perhaps simply encouraging) GMR project directors design their own format, based on the substance of their findings, and what they believe would produce the maximum effect and payoff. Then during reviews, senior officials can decide whether they agree with this format.

CHAPTER SIX

GOVERNMENT-WIDE MANAGERIAL LESSONS LEARNED

Now that a number of GMRs have been completed, it is possible to begin to determine whether there are some lessons to be learned about generic agency management problems. These lessons can have two values: they can be reported to other departments and agencies, and to OMB and OPM, as subjects for correction; and they can be used by GAO itself as a "head start" on future work. The summaries presented here are a "first cut," based on how we see the results of these GMRs, and we are sure that GAO people can make this listing more complete.

The managerial lessons learned from GMRs are summarized in the following groupings:

A. General management
B. Personnel-related issues
C. Organizational arrangements
D. Program management
E. Functional management

GENERAL MANAGEMENT

There is a lack of continuity in agency leadership, especially political leadership. This leads to serious inattention to management matters which means that long-standing management problems are continually neglected and then "rediscovered" but essentially go unsolved. The short term horizons of interest of of changing political leaders are not compatible with the longer term time frames needed for changes in major management systems or program problems. These require serious attention and support over several years.

In addition, too many appointed political leaders are indifferent to management concerns, fail to meet their responsibilities for them, or are so inexperienced that they fail to recognize these obligations or what to do about them.

External political, social, and economic factors place major constraints on agency efforts to improve agency general management. These external influences are not improper or undesirable, but part of the problem seems to be that almost all of these environmental factors tend to undervalue management problems and the need for effective management to deal with them -- the very heart of the GMR program.

There is great diffidence in the system for using the results of managerial assessments of problems and proposed solutions as arguments against statutes or congressional attitudes. It is feared that these technical and professional assessments will have little weight or value in Congress, and are less likely to have influence than the views of client organizations. There are also very weak motives for countering the views of client groups with a balance of management oriented analysis about such things as effectiveness, cost prudence, managerial feasibility or the validity of proposals.

Almost without exception, agencies show major weakness in planning future direction and in using planning to guide policy and operational development and coordination. The basic causes of this problem which were identified in GMRs include:

- Top leadership seems not to want planning, or at least not a stable, comprehensive planning system maintained by the bureaucracy. Often, such a system is seem as constraining the political agenda.

- Agencies feel they face political risks when they take the initiative to lay out future policy/program options or concerns. Many political leaders, including those in Congress, appear to feel that agency-originated alternatives are not desirable because such options ought to arise with the political leadership, and agency proposals may preempt or constrain their latitude to negotiate political proposals.

- There are inherent difficulties in integrating policies and objectives or establishing innovative management approaches when agencies are "locked in" to statutory requirements.

- There is inadequate information on which to base realistic plans.

- The president and key congressional committees lack interest.

- There is no comprehensive policy, program and operational planning. Priorities are not related to budget formulation, due to such major factors as rigid legislative definition and the incremental nature of the budget process.

Thus, for many reasons, GMR reports are full of instances where the solutions to problems -- even when well recognized, well documented and essentially agreed to -- take inordinate periods of time and do not result in financial savings or workforce reductions.

PERSONNEL RELATED PROBLEMS

Staffing in the departments and agencies at top management, technical and operational levels is becoming critical. This is especially true for:

- Most volume-processing operations, such as those in SSA, IRS and DLA's supply operations.

- Automated services, especially where critical services are provided to the public.

- Technical skills such as engineering, accounting auditing, and procurement management.

GMRs cite the following causes for this major staffing crisis:

- Pay and other compensation is inadequate.

- The work environment is no longer satisfactory. This is not primarily a concern about the physical environment, but of the increasingly demotivating and unproductive bureaucratic character of government work.

- Lack of adequate staffing in many critical occupations or areas. There appears to be widespread unwillingness by OMB, the White House, and congressional committees to believe or accept managers' estimated staffing needs or their protestations of serious shortage.

- The lowered prestige and status of federal employment.

- Discontinuity of leadership; turnover in experienced supervisory and managerial leadership.

- Frequent policy shifts and conflicts that cause confusion in organizational direction and objectives.

GMRs also give clear perceptions of patterns of failures of leadership generally -- a decline in the ability and experience of individual managers and the growing concern about the persistence of this pattern.

ORGANIZATIONAL ARRANGEMENTS

GMRs have identified serious management problems stemming from organizational arrangements in some agencies (e.g. SSA, DLA, Farm Credit System). However, GAO and the agencies do not find sufficient agreement on the causes of these problems and acceptable solutions to resolve them. (i.e. HUD, EPA, SSA). In many cases, organizational changes would require congressional approval, or at least complex debates in hearings. In EPA, to change organizational structure requires change in the enabling legislation.

PROGRAM MANAGEMENT

Agencies have serious management problems in delivering program services through contractors or through grants with state and local governments. Developing and implementing better management systems to control programs across these multi-layered management structures has been a long-standing, unresolved management problem.

Similarly, some external entities have failed to deliver what an agency needs to manage effectively (e.g., DLA and the military services; SSA and the states; Farm Credit System and its local lending associations).

There are serious problems enforcing necessary management processes (e.g., control of contractor accounting, or the use of procurement by grantees).

Most agencies have serious deficiencies in measuring program effectiveness and performance. They also have problems making trade-offs between efficiency and effectiveness measures and using them to frame program management decisions. There also appears to be a lack of motivation or ability to incorporate productivity enhancement measures and quality control into program design.

All agencies have serious problems developing and controlling management information systems. This includes planning such systems, integrating many information sources and data bases, acquiring computers and software, and using agency computer systems and related communications systems.

Finally, there have been, for many years, problems between the central agencies and the executive departments and agencies. These include: undeveloped management concepts and system designs; a perceived excessive degree of centralization and lack of delegated authority; and a failure of the central agencies to provide assistance, support, and backing for management initiatives in the agencies. Thus, the central agencies are seen as too controlling and not too helpful, and this has substantially impaired their credibility throughout government.