

**OFFICE OF INSPECTOR GENERAL
FISCAL YEAR 2016 MANAGEMENT CHALLENGE**



FEDERAL MARITIME COMMISSION
Washington, DC 20573

October 14, 2016

Office of Inspector General

TO: Chairman Cordero
Commissioner Dye
Commissioner Khouri
Commissioner Doyle
Commissioner Maffei

FROM: Inspector General

SUBJECT: Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenge

The Reports Consolidation Act of 2000 (Public Law 106-531) requires inspectors general to provide a summary and assessment of the most serious management and performance challenges facing Federal agencies, and their progress in addressing these challenges. The attached document responds to the requirements and provides the annual statement to be included in the Federal Maritime Commission's (FMC) Performance and Accountability Report (PAR) [or Agency Financial Report (AFR)] for fiscal year (FY) 2016.

This year, the Office of Inspector General (OIG) has identified one management and performance challenge, and removed a challenge previously reported for the last three years. Specifically, the OIG has identified *information technology security* as a management and performance challenge. The OIG has removed *workplace satisfaction* as a management and performance challenge due to agency improvements in this area. These assessments are based on information derived from a combination of sources, including OIG audit and inspection work; Commission reports; Federal government reports; and a general knowledge of the Commission's programs.

The Reports Consolidation Act of 2000 permits agency comment on the inspector general's statements. Agency comments, if applicable, are to be included in the final version of the PAR / AFR that is due by November 15, 2016.

/s/
Jon Hatfield

Attachment

Cc: Karen V. Gregory, Managing Director
Peter J. King, Deputy Managing Director

Office of Inspector General
Fiscal Year 2016 Management Challenge

1. The Management Challenge - Information Technology Security:

The Federal Maritime Commission (FMC) continues to make improvements on the agency's information technology (IT) security. However, some weaknesses remain, and government-wide, the Government Accountability Office (GAO) has maintained IT security on its list of high-risk government operations and programs since 1997. In 2015, GAO expanded their IT security risk area to include the protection of personally identifiable information (PII).

The FMC shares with other Federal government departments and agencies this challenge due to the evolving and growing threats to government information systems. Risks to information and communication systems include insider threats from disaffected or careless employees and business partners; escalating and emerging threats from around the globe; the ease of obtaining and using hacking tools; the steady advance in the sophistication of attack technology; and the emergence of new and more destructive attacks.

Significant examples of the challenges faced by Federal agencies protecting information and communication systems are the cybersecurity incidents at the Office of Personnel Management (OPM). OPM first reported in early 2015, the discovery that the PII (personnel data, such as full name, birth date, home address and social security numbers) of 4.2 million current and former Federal government employees had been stolen through a cybersecurity incident. Then in June 2015, OPM discovered that the background investigation records of current, former, and prospective Federal employees had been stolen. OPM and the interagency incident response team concluded with high confidence that sensitive information, including social security numbers of 21.5 million individuals, was stolen from the background investigation databases. The frequency and increased sophistication of cyber threats underscores the need to properly manage and bolster the security of Federal information systems, and to remain vigilant.

Agency Progress in Addressing the Challenge:

The *Federal Information Security Management Act of 2002* (FISMA) established information security program and evaluation requirements for Federal agencies in the executive branch, including the FMC. Each year, the FMC OIG performs an independent evaluation of the information security program and practices of the agency. The results of the evaluation are reported annually to the Office of Management and Budget, selected congressional committees, the Comptroller General and the FMC's Commission.

In the OIG's *Evaluation of the FMC's Compliance with the Federal Information Security Management Act (FISMA) FY 2015*, the OIG found the FMC had effectively implemented five of the eight outstanding prior year FISMA recommendations. Further, the FY 2015 FISMA evaluation contained six recommendations to address five findings, and the agency agreed to implement all of the OIG's recommendations. The OIG is nearing completion of the FY 2016 FISMA evaluation and the preliminary results indicate continued progress is being made by the agency to address security weaknesses; the final report is expected to be issued in November 2016.

The Challenge Ahead:

The 2015 OPM cybersecurity incidents, and GAO's decision in 2015 to add the protection of personally identifiable information to their high-risk list, demonstrate the ongoing challenges protecting Federal systems and information. In GAO's September 2016 testimony before the President's Commission on Enhancing National Cybersecurity (GAO-16-885T), GAO reported the number of cyber incidents affecting Federal agencies have continued to grow, increasing about 1,300 percent from fiscal year 2006 to fiscal year 2015. These incidents included unauthorized access to systems; improper use of computing resources; and the installation of malicious software, among others. The OIG looks for the agency to continue their focus on maintaining and enhancing security controls based on risk and evolving threats.

2. Update - Workplace Satisfaction:

The OIG identified *workplace satisfaction* as an FMC management challenge for the first time in 2013, and again in 2014 and 2015, due to low survey results as reported by the Office of Personnel Management (OPM) in their annual Federal Employee Viewpoint Survey (FEVS). In December 2012, the Partnership for Public Service (PPS), a nonprofit organization that works to revitalize the Federal government, released its rankings for the *Best Places to Work in the Federal Government*. The December 2012 report ranked the FMC the second lowest of small agencies; the FMC ranked the third lowest of small agencies in both the 2013 and 2014 rankings.

Workforce satisfaction, or employee engagement, is defined as an employee's sense of purpose: this is evident in their display of dedication, persistence, and effort in their work or overall commitment to their organization and its mission. OPM conducts the annual FEVS to provide government employees, including the FMC, the opportunity to candidly, and anonymously, share their perceptions of their work experiences, their agency, and their leaders. An engaged and satisfied workforce is central to effectively achieving agency goals, retaining staff, and recruitment of new staff.

Agency Improvements:

The FMC has made progress to address the challenge of employee satisfaction and employee engagement. OPM's 2015 and 2016 FEVS results showed meaningful improvements in the FMC's workplace satisfaction and employee engagement scores; and in 2015, the FMC was recognized by the PPS for being the 2015 Most Improved Small Agency in the Federal government. The agency has also implemented the recommendations from the OIG's March 2015 evaluation of the FMC's workplace environment. Although there are still opportunities for continued improvement, the 2015 and 2016 FEVS results, and actions by the agency, have resulted in the OIG removing *workplace satisfaction* as an agency management and performance challenge this year.

Among the notable OPM FEVS results for the FMC are increases in the FEVS engagement index, eight and five percentage point increases for 2015 and 2016 respectively. The engagement index is a measure of the employee's sense of purpose, the display of dedication, persistence, and effort in their work or overall commitment to their organization and its mission. The index is comprised of numerous FEVS questions in the following sub-factors: leaders lead - reflects the employees' perceptions of the integrity of leadership, as well as leadership behaviors such as communication and workforce motivation; supervisors - reflects the interpersonal relationship

between worker and supervisor, including trust, respect, and support; and intrinsic work experience - reflects the employees' feelings of motivation and competency relating to their role in the workplace.

Engagement Index Trends

	2011	2012	2013	2014	2015	2016
FMC	65	48	54	56	64	69
Small Agencies Combined	67	66	66	65	67	69

In addition to the improvements reported in the 2015 and 2016 FEVS results, the agency has implemented the recommendations contained in the OIG's March 2015 evaluation of the FMC workplace. Specifically, the agency updated the FMC-wide action plan to focus on high impact and achievable action items in the workplace. The improved action plan added important elements, to include detailed action items, key deliverables, a timeline, responsible parties, resources needed and metrics for evaluating progress. The action plan was communicated in several ways to all employees, through email, meetings, and posted on the agency's intranet. Several initiatives for FYs 2015 and 2016 were included in the new action plan, to include an updated telework program, diversity training, fitness program, the appraisal process, and a refresh to the agency's employee suggestion program. In addition, the Chairman, in his capacity as executive champion of the workplace improvement efforts, instituted regular meetings with the senior leaders to review progress and plan for next steps in the workplace improvement efforts; and regular FMC-wide, all-hands meetings to increase communication.

Outlook:

OPM acknowledges there is no quick-fix nor one-size-fits-all solution to creating an engaged workforce; promoting employee engagement is a long-term and on-going process that requires continued interactions and efforts over time to improve and maintain. Further, OPM recognizes that cultivating engagement also involves continuous input and action from all levels of the organization (e.g., senior leaders, managers/supervisors, employees). The FMC has implemented several effective workplace processes that have yielded improved FEVS results, and the OIG believes there are still opportunities for continued improvement.

COMMENTS ON IG-IDENTIFIED MANAGEMENT AND PERFORMANCE CHALLENGES

The Commission agrees with the Inspector General on the identified Management and Performance Challenge and is committed to continuing efforts to meet the challenge with careful planning, attention, and diligence. The FMC appreciates its Inspector General's efforts in reviewing the agency's work as well as its compliance with Federal laws and mandates. The role of the Inspector General is important government-wide to ensure accountability to the American public. A response to each challenge is outlined below:

1. Information Technology Security

The Commission is mindful of the increasing frequency and sophistication of cyber threats, and appreciates working proactively with the Inspector General and his auditor to strengthen the Commission's security posture. The cybersecurity incidents mentioned underscore the need for the Federal government to be ever more vigilant and properly monitor, manage, and bolster security controls over Federal information systems. Protecting against unauthorized access to the Commission's information and communication systems, and guarding against improper use of computing resources, will remain a priority.

2. Workplace Satisfaction

The FMC has made measurable progress in addressing the challenge of employee satisfaction and engagement in the last several years, however, as mentioned, there remain opportunities for improvement. The agency was recognized as being the 2015 Most Improved Small Agency in the Federal government, and will continue to strive toward the goal of being the best. The Chairman and the Senior Executives take this goal seriously and continue to hold regular meetings to review progress and implement next steps. Identified FY 2016 actions were completed, and with staff input and discussion, FY 2017 actions are now being identified. All actions continue to be communicated via all-hands meetings, inter- and intra-Bureau/Office meetings, and at tri-annual meetings between the Chairman and staff.