FEDERAL MARITIME COMMISSION
Washington, DC 20573

October 15, 2015

Office of Inspector General

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

FROM: Inspector General

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

      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 on Commission challenges to be included in the Federal Maritime Commission's (FMC) Performance and Accountability Report (PAR) [or Agency Financial Report (AFR)] for fiscal year (FY) 2015.

      This year, the Office of Inspector General (OIG) has identified two management and performance challenges for inclusion in the FMC's FY 2015 PAR: information technology security and workplace satisfaction. These assessments are based on information derived from a combination of sources, including OIG audit and inspection work, Commission 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 16, 2015.

                        /s/
                        Jon Hatfield

Attachment

Cc: Vern Hill, Managing Director

Office of Inspector General

Fiscal Year 2015 Management Challenges

1. *The Management Challenge*: Information Technology Security

Information technology (IT) security is a challenge the Federal Maritime Commission (FMC) shares with other Federal government departments and agencies 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.

Since 1997, the Government Accountability Office (GAO) has designated Federal information security as a government-wide high-risk area, and in 2003, expanded this area to include computerized systems supporting the nation's critical infrastructure. In GAO's 2015 high-risk update, GAO further expanded this area to include protecting the privacy of personal information that is collected, maintained, and shared by both Federal and non-Federal entities. In a GAO report on Federal information security dated September 29, 2015[5], GAO recognizes how the widespread use of the Internet has changed the way that our government, our nation, and the rest of the world communicates and conducts business. GAO further acknowledges that the benefits of the Internet have been enormous, but the connectivity of the Internet, without effective cybersecurity, can also pose significant risks to computer systems and networks as well as to the critical operations and key infrastructures they support.

Significant examples of the challenges faced by Federal agencies protecting information and communication systems are the cybersecurity incidents that were reported in 2015 by the Office of Personnel Management (OPM). OPM is the independent agency that manages the civil service of the Federal government, to include providing Federal investigative services for background checks. Early in 2015, OPM first reported the discovery that the 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.   In June 2015, OPM also discovered that the background investigation records of current, former, and prospective Federal employees and contractors had been stolen through a cybersecurity incident. Specifically, OPM and an interagency incident response team concluded with high confidence that sensitive information, including social security numbers, of 21.5 million individuals was stolen from the OPM background investigation databases.   The frequency and

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[5] U.S. Government Accountability Office, Federal Information Security, *Agencies Need to Correct Weaknesses and Fully Implement Security Programs*, GAO-15-714 (Washington, DC, 2015),,
http://www.gao.gov/assets/680/672801.pdf.

increased sophistication of cyber threats underscores the need to manage and bolster the security of Federal information systems.

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.

Overall, the FMC is demonstrating a commitment to maintain an effective information security program. In the OIG's *Evaluation of the FMC's Compliance with the Federal Information Security Management Act (FISMA) FY 2014*, the OIG found the FMC had effectively implemented eight of the 12 outstanding prior year FISMA recommendations. Further, the FY 2014 FISMA evaluation contained five recommendations to address three findings, and the agency agreed to implement all of the OIG's recommendations. The OIG is nearing completion of the FY 2015 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 2015.

The OIG believes the positive results of recent OIG FISMA evaluations can be attributed, at least in part, to FMC leadership accountability, and an effective working relationship between the agency's information security team and the OIG. First, as evidenced during the OIG's interactions with agency staff involved in information security, the FMC Chairman demonstrates a high-level of accountability for his management team. The OIG believes the Chairman's leadership and holding management officials accountable are critical elements contributing to positive results with information security. In addition, the effective working relationship between the agency's information security team and the OIG help ensure that everyone involved is working towards a common goal, to ensure an effective information security program for the agency. Although the OIG's work does identify problems, agency officials responsible for information security are responsive, cooperative and dedicated in their work to address these problems.

The Challenge Ahead:

The 2015 OPM cybersecurity incidents highlight that continued advancements in computer and communication technologies will likely result in ongoing challenges protecting Federal systems. In GAO's September 2015 report on Federal Information Security (GAO-15-714), GAO reported the number of information security incidents affecting systems supporting the Federal government has continued to increase: since fiscal year 2006, the number rose from

5,503 to 67,168 in FY 2014, an increase of 1,121 percent. These incidents included unauthorized access to systems; improper use of computing resources; and the installation of malicious software, among others. Particularly because of the FMC's small size and limited resources, it is critical for the FMC to prioritize security controls and enhancements based on risk, and continue to properly plan and partner with Federal agencies to protect vital agency resources.

2. *The Management Challenge*: **Workplace Satisfaction**

The OIG identified workplace satisfaction at the FMC as a management challenge for the first time in 2013, and again in 2014, due to low survey results as reported by the Office of Personnel Management (OPM) in their annual Federal Employee Viewpoint Survey (FEVS). OPM's 2015 FEVS results indicate some meaningful improvements in the FMC's workplace satisfaction and employee engagement, but continued improvements are needed.

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.

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. The PPS uses data from the OPM's FEVS to rank agencies according to a *Best Places to Work* index score. OPM surveys agency employees and then the agencies are measured on overall employee satisfaction, as well as 10 workplace categories, such as effective leadership, employee skills/mission match, pay, teamwork and work/life balance.

Due to the low FEVS results, the OIG completed an independent evaluation of the FMC's workplace environment in March 2015. The goal of the evaluation was to validate the FEVS results, receive additional or updated feedback from employees, identify areas of agreement and disagreement and provide specific ideas for improving the workplace.

Overall, the OIG evaluation found the major cause of disengagement was in the area of effective leadership. Within this area, three main themes were uncovered: (1) leadership legacy - challenges with previous leaders remain top-of-mind at the agency and continue to impact morale; (2) low levels of trust - management and staff exhibit signs of distrust and a fear of retribution for speaking up or being perceived as out of favor; and (3) poor communication - information is not widely or effectively shared across the agency, which results in rumors and misinformation. During the OIG evaluation process, it was found that the FMC has been taking

positives steps to improve low employee satisfaction and commitment scores. In particular, employees pointed to several areas as organizational strengths: (1) positive actions taken to address low leadership scores; (2) transparency in the hiring and promotion process; (3) expertise and talent among staff; and (4) a small agency culture and environment. To address the weaknesses, and build upon the workplace strengths, the OIG provided several recommendations to the agency, centered on the implementation of a robust action planning process, to focus on high impact and achievable action items. The agency agreed to implement all of the recommendations.

Agency Progress in Addressing the Challenge:

The FMC made progress in 2015 to address the challenge of employee satisfaction and employee engagement. This progress is reflected through improved results in OPM's 2015 FEVS and the agency's progress implementing the recommendations from the OIG's March 2015 evaluation of the FMC's workplace environment.

The 2015 FEVS was administered by OPM from May 4, 2015, through June 12, 2015. The survey was anonymous, web based, and offered to all permanent FMC employees on board as of October 31, 2014. Of the 98 employees surveyed, 77, or 78%, chose to participate. Answers to the survey questions enable the FMC to develop effective strategies and tools for driving continuous improvement in the workplace.

Among the notable OPM 2015 FEVS results for the FMC are a 14% increase in the global satisfaction index, the fourth largest increase among small agencies. On average, government-wide, the global satisfaction index increased by one percentage point from 2014. The global satisfaction index measures employee satisfaction about four aspects related to their work: their job, their pay, their organization, and whether they would recommend their organization as a good place to work.

The FMC also increased the FEVS engagement index by eight percent as compared to 2014; this is the fifth largest percent increase among small agencies. On average, government-wide, the engagement index increased by one percentage point from 2014. 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.

In addition to the improvements reported in the 2015 FEVS results, the agency made considerable progress implementing 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 fiscal year 2015 were included in the new action plan, to include an updated telework program, diversity training, the appraisal process, and a refresh to the agency's employee suggestion program. As one example, the employee suggestion program is made up of a cross section of employees from the agency who volunteered to serve a six month term. The plan is for this team to meet monthly, review employee suggestions and make recommendations to the agency's senior leaders. 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.

The Challenge Ahead:

The agency's actions and results in fiscal year 2015 demonstrate a strong commitment to improve the FMC workplace. While there is much work still to do, the agency has put in place an effective action planning process, and beneficial communication and feedback mechanisms. Most importantly, the agency must ensure the efforts being made are resulting in real change for the employees, and continuous feedback at all levels is critical to ascertain the pulse of the workforce.

Comments on IG-Identified Management and Performance Challenges

The FMC appreciates the work of its Inspector General in reviewing the agency's actions and compliance with Federal laws and mandates. The role of the Inspector General is important government-wide to ensure accountability to the U.S. public. The Commission agrees with the FMC's Inspector General on its identified Management and Performance Challenges and commits itself to continuing efforts to meet these challenges with planning, attention, and diligence. A response to each challenge is outlined below:

1. Information Technology Security

    Management agrees that it is critical for this agency to continue to prioritize information technology security controls and risk-based enhancements, especially in view of the many highly-publicized recent incidents and data breaches at other Federal agencies. In recent fiscal years, the Commission has responded quickly to identify critical vulnerabilities, mitigate risk and strengthen our cybersecurity readiness with upgrades to our information technology infrastructure. However, the Commission's limited resources hinder its ability to stay ahead of the latest cybersecurity threats. Strategic planning and partnering with other Federal agencies to protect our information technology infrastructure is essential. The FMC is a participant in the General Services Administration and Department of Homeland Security's Continuous Diagnostics and Mitigation and Continuous Monitoring as a Service programs, which will enable the agency to implement tools and services to strengthen the security posture of our information technology network.

2. Workplace Satisfaction

    Management agrees that, although much has been accomplished, efforts must and will continue to be made to improve the FMC workplace. The results of the FEVS discussed by the IG are encouraging, but the Commission remains focused on continued improvement. Workplace satisfaction and employee engagement remain mission-critical priorities at the FMC.

    In FY 2015, the Commission made strides and implemented actions and initiatives that demonstrate the leadership's commitment to workplace satisfaction and employee engagement. The FMC's Statement of Principles was updated and published on August 31, 2015, and is on display in FMC offices. The FMC's Workplace Improvement Plan was updated, and provided to all employees by the Chairman.

    Employees were encouraged to collaborate in several improvement initiatives by participating in working groups, and information is available to staff in their respective charter plans on the FMC intranet, and include:

    (1) Diversity Training: will be provided annually to SES and Managers (completed for FY2015). A diversity training working group was formed and is in progress;

(2) Appraisal Process: A working group was formed with employee participation, and training for supervisors and staff was provided in June and July, 2015. An After Actions Report was made to supervisors and managers in July 2015, and to employees in September 2015;

(3) Telework: A Cross-Bureau/Office employee working group was established to examine and modernize the Commission's telework policy and update Commission Order 71. Training for all employees was provided in July 2015. The new policy is effective in October 2016;

(4) Employee Suggestion Program: A working group was formed to refresh and modernize the employee suggestion program. Early in FY 2016, the working group will present suggestions to the SES. It is anticipated that employee recognition for adopted employee suggestions will be completed by the end of calendar year 2015; and

(5) Social Interaction: A social events program working group was formed. Various social events were held throughout FY 2015, and several are planned for FY 2016.

The Chairman, in his capacity as executive champion, together with the SES, continue to hold regular (monthly/bimonthly) meetings to review progress and implement next steps. The Chairman and SES completed identified FY2015 actions by the end of the fiscal year, and with staff input and discussion, are now identifying FY2016 actions. All actions are being communicated via all-hands meetings, and inter- and intra-Bureau/Office meetings are ongoing.