PERFORMANCE
—*and*—
ACCOUNTABILITY REPORT
—*for*—
FISCAL YEAR 2024

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MESSAGE FROM SPECIAL COUNSEL HAMPTON DELLINGER

It is my pleasure to present the Office of Special Counsel's (OSC) Performance and Accountability Report for fiscal year (FY) 2024. OSC's mission is to protect federal workers by safeguarding the merit system. This report marks my first year with OSC. In FY 2024, as in past years, my colleagues continued their unparalleled success on behalf of federal employees and whistleblowers.

OSC provides a safe channel for federal employees to report fraud, waste, mismanagement, abuse, dangers to public health and safety, and censorship related to scientific research. The agency also safeguards and protects the rights of federal employees and returning members of the uniformed services, while working to maintain a federal workforce free of partisan political influence through its enforcement of the Hatch Act.

Since coming to OSC, my focus for the Hatch Act has been on balancing robust enforcement with careful consideration of government employee speech rights. That is what Congress and the courts expect, and it's the reason we recently implemented several updates to OSC's Hatch Act enforcement. I also strongly believe that Americans should have visibility when it appears there is something going wrong inside the government their taxpayer dollars fund. That's why I have proposed ways to enhance OSC's approach to transparency and accountability. These goals are at the heart of OSC's mission, and we will continue to work with the federal community, Congress, and stakeholders to be as open and transparent as possible.

OSC continues to receive a significant number of new cases each year. We also continue to provide substantial returns for the federal government and achieve exceptional results for complainants. In FY 2024, OSC achieved 450 favorable outcomes for federal employees subjected to retaliation and other prohibited personnel practices (PPPs). This figure is the highest in agency history and is roughly 15 percent higher than the average number of favorable outcomes for PPPs in the previous five years. At the same time, OSC has prioritized the timely review of whistleblower disclosures to ensure that waste, fraud, abuse, and illegality are identified and remedied quickly. For FY 2024, OSC's whistleblower disclosure work resulted in 34 substantiated instances of wrongdoing. For example, one case found that officials at a VA healthcare clinic jeopardized patient health by incentivizing the overprescription of opioids. OSC's referral led the healthcare clinic to take steps to ensure that opioids were not overprescribed, thereby increasing the quality of care that veterans received at the clinic.

OSC also continues to attain impressive results in its enforcement of the Hatch Act and the Uniformed Services Employment and Reemployment Rights Act (USERRA) cases. OSC's Hatch Act Unit resolved 40 percent more cases in FY 2024 than the 2020 Presidential election cycle. The Hatch Act Unit also issued 967 advisory opinions and obtained seven disciplinary actions for

Hatch Act violations. In addition, the USERRA Unit worked to defend veterans' employment rights in 17 cases during FY 2024.

Over the past decade, OSC has raised its profile among federal workers. As employees see the positive results achieved by OSC for their colleagues, they are encouraged to utilize OSC's services as a route to remedy wrongdoing. For instance, in FY 2024, OSC received 6,251 new cases, the highest number of cases received in agency history and an increase of 45 percent over the prior five-year average. This caseload increase, while a positive for federal employees' awareness of OSC, threatens to increase the number of active cases that OSC carries over to the following fiscal year. Between FY 2018 and FY 2022, OSC was able to decrease its active caseload year-over-year. However, active cases at the end of FY 2024 increased by nearly 400, or 27 percent, alone. Despite this, OSC has still achieved record numbers of favorable actions for federal workers and positive results for American taxpayers. Should caseloads continue to increase, which we anticipate, OSC will require additional resources in future years.

In addition, FY 2024 marked the twentieth year OSC has conducted a financial audit. I am confident that the financial and performance data presented in this report are complete, reliable, and accurate. Achieving solid financial footing is foundational to the agency's success.

This report presents our program outcomes and achievements in pursuit of our mission. I am proud of the successes we have achieved so far and look forward to building upon those successes in FY 2025.

Sincerely,

Hampton Dellinger

Hampton Dellinger
Special Counsel

PART 1: MANAGEMENT DISCUSSION AND ANALYSIS

I. About the Office of Special Counsel

OSC's primary mission is to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices, especially reprisal for whistleblowing. Through this mission, OSC helps to create and promote a more efficient, accountable, and responsible federal government.

When whistleblowers allege that a VA healthcare facility Chief jeopardized patient health by incentivizing the overprescription of opioids, when radios provided to law enforcement officers do not contain the proper frequencies to communicate with the local Sherrif's office, or when agency officials allegedly handle Native American funerary items improperly, OSC acts to ensure that each whistleblower disclosure is heard and, when warranted, acted upon. OSC also protects federal employees from prohibited personnel practices (PPPs), such as retaliation for revealing wrongdoing.

Through its enforcement of the Hatch Act, OSC preserves the integrity of the civil service system, seeking to balance the speech rights of federal employees with the intent of Congress that federal employees do not engage in partisan politics while on duty and are not coerced by their superiors into partisan political activity. OSC also enforces the Uniformed Services Employment and Reemployment Rights Act (USERRA) to protect returning service members and reservists against employment discrimination and retaliation in their federal jobs.

OSC's status as an avenue for federal employees to report waste, fraud, and abuse ensures that when federal agencies are not handling tax dollars properly, wrongdoing is quickly identified and corrected. By doing so, OSC creates a real return for taxpayers from every dollar invested in the agency. Indeed, by providing a safe channel for whistleblowers and their disclosures, OSC can prevent wasteful and/or fraudulent practices from reoccurring.

II. Statutory Background

The Civil Service Reform Act of 1978 (CSRA) established OSC on January 1, 1979. Under the CSRA, OSC operated as an autonomous investigative and prosecutorial arm of the Merit Systems Protection Board (MSPB or Board). Pursuant to the CSRA, OSC: (1) received and investigated complaints alleging PPPs; (2) received and investigated complaints regarding the political activity of federal employees and covered state and local employees and provided advice on restrictions imposed by the Hatch Act on the political activity of covered federal, state, and local government employees; and (3) received disclosures from federal whistleblowers about government wrongdoing. Additionally, OSC, when appropriate, filed petitions for corrective or disciplinary action with the Board in PPP and Hatch Act cases.

A decade later, Congress enacted the Whistleblower Protection Act of 1989 (WPA). Under the WPA, OSC became an independent agency within the executive branch, with continued responsibility for the functions described above. The WPA also enhanced protections for employees who allege reprisal for whistleblowing and strengthened OSC's ability to enforce those protections.

Congress passed legislation in 1993 that significantly amended the Hatch Act provisions applicable to federal and District of Columbia government employees to enable them to have expanded roles in political campaigns. The 1993 amendments to the Hatch Act did not affect covered state and local government employees.

The following year, Congress enacted the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). USERRA protects the civilian employment and reemployment rights of those who serve or have served in the Armed Forces, including the National Guard and Reserve, and other uniformed services. It prohibits employment discrimination based on past, present, or future military service; requires prompt reinstatement in civilian employment upon return from military service; and prohibits retaliation for exercising USERRA rights. Under USERRA, OSC may seek corrective action for service members whose rights have been violated by federal agencies (*i.e.*, where a federal agency is the civilian employer).

OSC's 1994 Reauthorization Act expanded protections for federal employees and defined new responsibilities for OSC and other federal agencies. For example, the Reauthorization Act provided that in most cases, within 240 days after receiving a PPP complaint, OSC should determine whether there are reasonable grounds to believe that a PPP has occurred, exists, or that action is to be taken. Also, the Reauthorization Act extended protections to approximately 60,000 employees at the VA, and whistleblower retaliation protections were extended to employees of listed government corporations. Further, the Reauthorization Act broadened the scope of personnel actions covered under these provisions. Finally, the Reauthorization Act required that federal agencies inform employees of their rights and remedies under the WPA, in consultation with OSC.

The Whistleblower Protection Enhancement Act of 2012 (WPEA) was signed into law in November 2012 and strengthened the WPA. This law overturned legal precedents that narrowed protections for government whistleblowers; provided whistleblower protections to employees who were not previously covered, including Transportation Security Administration (TSA) officers; restored OSC's ability to seek disciplinary actions against supervisors who retaliate; and held agencies accountable for retaliatory investigations.

That same year, Congress passed the Hatch Act Modernization Act of 2012 (HAMA). HAMA modified the penalty provision of the Hatch Act to provide a range of possible disciplinary actions for federal employees. It also permitted state or local government employees to run for partisan political office unless the employee's salary was entirely funded by the federal government. Lastly, it changed the status of District of Columbia government employees by including them in the prohibitions on state and local employees rather than treating them as federal employees.

In October 2017, the Dr. Chris Kirkpatrick Whistleblower Protection Act was signed into law. The Act created a new PPP for accessing medical records in furtherance of another PPP. It also required agencies to notify OSC if an agency employee committed suicide after making a protected disclosure and experiencing a personnel action by their agency in response. In addition, the Act required agencies to train supervisors on how to handle complaints of whistleblower retaliation and mandated disciplinary action for supervisors who have violated specific sections of the WPEA. Finally, the Act required agencies to give priority to the transfer requests of employees who have been granted stays of personnel actions by the MSPB.

The National Defense Authorization Act (NDAA) for FY 2018 was signed into law on December 12, 2017. Included in the NDAA was legislation reauthorizing OSC through 2023. Section 1097 of the NDAA clarifies that when complying with OSC's information requests, federal agencies may not withhold information and documents from OSC by asserting common law privileges such as attorney-client privilege. The reauthorization measure reasserts OSC's ability to obtain needed information and documents. The reauthorization also promotes greater efficiency and accountability within OSC, improves protections against retaliatory investigations and other forms of reprisal for whistleblowing, and requires managers across the federal government to respond appropriately to disclosures of fraud, waste, and abuse.

III. Organizational Structure

OSC's principal place of business is Washington, D.C. The agency also has a significant staffing presence in Dallas, Detroit, and Oakland.

The agency includes several program and support units described below:

Immediate Office of the Special Counsel (IOSC). The Special Counsel and his immediate staff are responsible for policymaking and the overall management of OSC, including supervision of each of OSC's program areas. This office encompasses management of the agency's congressional liaison and public affairs activities.

Office of General Counsel. This office provides legal advice and support on a variety of issues, including management and administrative matters, ethics, appropriations, fiscal law, privacy, disclosure of information, employment, equal opportunity, proposed legislation, and other matters. OGC provides legal review of agency policy statements and directives, Interagency

Memoranda of Understanding, and revisions to regulations. OGC also handles defense of OSC interests in litigation filed against the agency.

Case Review Division (CRD). This unit serves as the initial intake point for all PPP and disclosure cases. CRD screens all new allegations to ensure that PPPs and disclosures are directed to the appropriate OSC component. CRD also closes allegations that are duplicative, filed with MSPB, outside of OSC's jurisdiction, or untimely. Additionally, the prior Clerk's Office functional areas are now within CRD, including Freedom of Information Act (FOIA), Privacy Act, Controlled Unclassified Information, and records management.

Investigation and Prosecution Division (IPD). IPD is comprised of a nation-wide team of attorneys and investigators. IPD receives PPP cases from CRD and investigates the allegations to determine whether the evidence is sufficient to establish that a violation has occurred. If it is not, the matter is closed. If the evidence indicates a reasonable basis to believe a violation occurred, IPD may seek corrective action and/or disciplinary action. IPD works closely with OSC's Alternative Dispute Resolution (ADR) Unit in appropriate cases. If a meritorious case cannot be resolved through negotiation with the agency involved, IPD may bring an enforcement action before the MSPB.

Disclosure Unit (DU). This unit receives and reviews disclosures from federal whistleblowers. DU recommends the appropriate disposition of disclosures, which may include referral to the head of the relevant agency for investigation or review and a report on its findings to the Special Counsel, informal referral to the Office of Inspector General (OIG) or general counsel of the agency involved, or closure without further action. Unit attorneys review each agency report of investigation to determine its sufficiency and reasonableness. The Special Counsel then sends the report, along with any comments by the whistleblower, to the President and appropriate congressional oversight committees. OSC also posts the report and whistleblower comments in its public file on the OSC website.

Retaliation and Disclosure Unit (RDU). This unit reviews related PPP complaints and disclosures submitted by the same complainant. The assigned RDU attorney serves as the single OSC point of contact for both filings, performing a similar function to the IPD and DU attorneys. Where appropriate, RDU attorneys investigate PPP complaints, obtain corrective or disciplinary actions, and refer disclosures for investigation. RDU attorneys also refer cases to ADR.

Hatch Act Unit (HAU). This unit enforces and investigates complaints of unlawful political activity by government employees under the Hatch Act of 1939 and represents OSC in seeking disciplinary actions before the MSPB. In addition, the HAU is responsible for providing legal advice on the Hatch Act to federal, state, and local employees, as well as to the public at large.

USERRA Unit. OSC enforces USERRA for civilian federal employees. OSC may seek corrective action for violations of USERRA and provides outreach and education to veterans and agencies on their rights and responsibilities under USERRA.

Alternative Dispute Resolution (ADR) Unit. This unit supports OSC's operational program units, mediating appropriate matters where both the affected employee and agency consent to ADR. The ADR unit is equipped to negotiate global settlements of OSC and other claims, for example resolving PPP and Title VII discrimination claims stemming from the same personnel action.

Diversity, Outreach, and Training (DOT) Unit. This unit facilitates coordination with and assistance to agencies in meeting the statutory mandate of 5 U.S.C. § 2302(c). This provision requires that federal agencies inform their workforces, in consultation with OSC, about the rights and remedies available to them under the whistleblower protection and PPP provisions of the WPA. OSC designed and implements a five-step educational program, the Section 2302(c) Certification Program. Unit staff also provide related training government-wide. OSC provides formal and informal outreach, including making materials available on the agency website. This unit also helps develop and implement training programs for OSC's internal staff in order to meet compliance requirements.

Operations Division. The Operations Division manages OSC's budget and financial operations and oversees the agency's technical, analytical, and administrative needs. Component units are the Budget and Finance Office, Human Capital Office, Administrative and Security Office, and Information Technology Office. Procurement operations as well as travel are included under the Budget and Finance Office.

IV. Performance Highlights

OSC received 6,251 new cases in FY 2024. This is the highest in agency history and represents a 45 percent increase over the average of the previous five fiscal years. All the while, OSC continued to provide outsize results for the American taxpayers yet again with a significant number of favorable actions in FY 2024.

Specifically, OSC achieved 450 favorable actions on PPP cases in FY 2024, the highest number in agency history, and 15 percent higher than the previous five-year average. On the Hatch Act front, OSC resolved 391 Hatch Act cases, which is a 40 percent increase from the last Presidential election cycle and has successfully reduced the unit's active cases by 39 percent from the end of FY 2020. In addition, OSC issued 81 warning letters and successfully obtained disciplinary action in seven cases against federal employees who committed Hatch Act violations. OSC also experienced success in its USERRA cases. OSC assisted 17 service members in asserting their employment and reemployment rights. For OSC to continue to build upon this established pattern of success, future increases in resources will be necessary, as caseloads have now reached record levels.

Whistleblower disclosures of wrongdoing have led to immense success in ensuring identified problems are addressed and corrected. Specifically, in FY 2024, OSC worked with whistleblowers to identify and remedy the overprescription of opioids at a VA healthcare clinic, thereby increasing the quality of care provided to veterans.

A core tenet of OSC's leadership is ensuring that agencies receive robust training to prevent PPP and Hatch Act violations and increase awareness of whistleblower protections. OSC expanded its rigorous training program in FY 2024, and conducted 487 trainings during the fiscal year, which was an increase of over 45 percent from trainings conducted in FY 2023. The increase was driven in part by the commitment of federal agencies to educate personnel on prohibited employment activities including retaliation for whistleblowing and prohibited political activity under the Hatch Act. Several agencies, including the Department of Veterans Affairs and Indian Health Service, requested multiple training sessions to ensure their staff understand the vital legal protections available to them. OSC also increased the number of tailored trainings focused on topics like helping managers avoid pitfalls during the hiring process and navigating the federal workplace in today's complex political environment.

Additionally, OSC enhanced its Section 2302c Certification Program by introducing updated handouts and informative posters to increase understanding and knowledge of the 14 PPPs and disclosures of wrongdoing as well as incorporating a new requirement for federal agencies to inform their employees about National Whistleblower Appreciation Day.

Lastly, OSC certified an additional 28 agencies under its Section 2302(c) Certification Program and registered 22 agencies for certification. The certification program requires agencies to take specific steps to train supervisors in order to prevent PPP violations, and to inform employees about PPPs, including whistleblower protections.

Overall, OSC is performing at unprecedented levels in carrying out its role as an independent investigative and enforcement agency, bringing greater integrity and efficiency to the federal government.

V. <u>OSC's Notable Successes</u>

OSC has four primary statutory enforcement programs: (1) investigating, prosecuting, and resolving PPPs, including whistleblower retaliation; (2) serving as a safe and secure channel for whistleblower disclosures; (3) advising, investigating, litigating, and resolving improper political activity violations of the Hatch Act; and (4) litigating and resolving matters under USERRA.

A. PPPs

1. Program Overview

OSC received 4,017 new PPP cases in FY 2024. This is a 40 percent increase compared to the prior five-year average. This figure brings the number of new PPP cases back in line with the average number received in the five years prior to the pandemic.

Where appropriate, OSC seeks corrective action, disciplinary action, and systemic relief through informal resolutions or litigation before the MSPB and is currently achieving an unprecedented number of favorable actions. For some cases, mediation may offer the timeliest and most mutually beneficial outcome. In FY 2024, OSC achieved 450 favorable actions in PPP cases. This is an agency record and represents a 43 percent increase above the level from FY 2018, the last year that federal departments and agencies neither faced a government shutdown nor the COVID-19 pandemic. While favorable actions serve to ensure individual whistleblowers experiencing harm are restored after retaliatory actions by their agencies, OSC also seeks to increase its impact by bringing enforcement cases to the Merit Systems Protection Board.

2. Notable Successes

OSC protects federal employees and applicants for federal employment from PPPs. The following are examples of recent successes in resolving PPP complaints filed with OSC.

- Complainant, an Assistant Inspector General of the agency, alleged that, in retaliation for questioning problematic human resources practices, multiple members of OIG leadership removed the Complainant's oversight duties of a department. During OSC's investigation, the Complainant, who also had a pending EEOC complaint, entered into a global settlement agreement with the agency that included, among other terms, a $250,000 lump sum payment, credit of sick leave hours, a reassignment, funding for a leadership development course, and closure of all pending investigations.

- Complainant, a Criminal Investigator for the DoD Defense Criminal Investigative Service, alleged that the agency proposed a 21-day suspension in retaliation for disclosing to the FBI information regarding a public corruption investigation case. The agency agreed to stay the suspension, which had been mitigated to 7 days. Following OSC's investigation, the agency cancelled the disciplinary action.

- Complainant, a Clinical Laboratory Scientist, alleged she was reassigned after she made protected disclosures regarding lab safety issues, objected to the COVID vaccine, participated in an OIG investigation, and filed an EEO complaint. After OSC's review, the agency settled the matter and agreed to pay the complainant $47,000 and raise her Performance Evaluation in two categories.

- Complainant, a former medical director of an Army biosafety laboratory, alleged she was retaliated against after raising concerns about substandard inspections of biosafety laboratories. Through litigation, OSC obtained a default judgment against the Army, who eventually reached a settlement with the complainant. The Complainant received significant compensatory damages and other relief.

Notable FY 2024 Amicus Curiae Briefs

OSC has authority to appear, as of right, as an *amicus curiae* in federal court when legal questions related to whistleblower retaliation are at issue. Specifically, the Whistleblower Protection Act (WPA), as amended by the Whistleblower Protection Enhancement Act of 2012 (WPEA), authorizes OSC "to appear as *amicus curiae* in any action brought in a court of the United States related to section 2302(b)(8) or (9), or as otherwise authorized by law." 5 U.S.C. § 1212(h)(1). OSC also may appear as *amicus curiae* to present its views in Merit Systems Protection Board (MSPB) proceedings. See 5 C.F.R. § 1201.34(e).

In 2015, OSC established the Amicus Working Group (AWG) to make more effective use of its *amicus* authority. Members of the AWG serve a one-year collateral duty rotation under the leadership of an Associate Special Counsel and two senior attorneys. Since its inception, the AWG has identified several priority areas and issues where OSC's views and expertise help develop or clarify the law. The AWG also has established mechanisms to identify and track cases for potential participation as *amicus curiae*. In FY 2024, OSC launched a new AWG webpage putting all our amicus materials in one place on the website so that it is easier to find our work and ask for our help. To date, the AWG has filed over 20 *amicus curiae* briefs in federal court appeals and MSPB proceedings.

- OSC filed an amicus brief in *Milton v. Veterans Affairs*, a whistleblower retaliation appeal at the Merit Systems Protection Board. Milton alleged that he faced retaliation after he cooperated with an Administrative Investigation Board (AIB) that was tasked to review various workplace concerns. In an initial decision, the MSPB administrative judge found that Milton's AIB testimony was not protected activity under 5 U.S.C. § 2302(b)(9)(C) because it concerned discrimination. In its amicus brief in support of Milton's petition for review, OSC argued that it was legal error to focus on the content of Milton's testimony because section 2302(b)(9)(C) protects cooperation with investigative components regardless of content. The initial decision contradicts the plain text of the statute, conflicts with Board precedent, and raises serious policy concerns. This misinterpretation would require the MSPB to conduct unnecessarily complicated and fact-specific jurisdictional inquiries, inhibit OSC's and other investigators' ability to obtain witness testimony, and lead to inconsistent protection for witnesses.

- OSC filed an amicus brief in *McCarthy v. Social Security Administration*, a whistleblower retaliation appeal in the Federal Circuit Court of Appeals. McCarthy, a Disability Processing Specialist, alleged in part that the agency terminated her in retaliation for disclosing a potentially fraudulent benefits claim. The MSPB declined to consider her disclosure protected under the Whistleblower Protection Act (WPA) because there was no evidence that the government was complicit in the fraud. In its amicus brief, OSC argued the plain language and legislative history of the WPA, and its subsequent amendments, protect disclosures of wrongdoing by any entity—governmental or private—equally. OSC further stated that, even if the court excludes disclosures of purely private wrongdoing from the WPA, the MSPB unduly limited whistleblower protections by requiring evidence of government complicity in the disclosed misconduct. Instead, OSC advocated for a more protective standard that encompasses disclosures of third-party wrongdoing that implicate "the government's interests and good name," consistent with MSPB precedent.

- OSC filed an amicus brief *Remolona v. Veterans Affairs*, a retaliation appeal at the Merit Systems Protection Board. Among other claims, Remolona alleged that she faced retaliation for her cooperation with a VA Administrative Investigation Board (AIB). The MSPB administrative judge (AJ) concluded that this claim was not protected under 5 U.S.C. 2302(b)(9), relying on a 2016 decision (*Graves v. Veterans Affairs*) that analyzed such cooperation under section 2302(b)(9)(B). The AJ failed to consider whether the activity was protected under section 2302(b)(9)(C), even though Congress amended that provision to include cooperation with internal investigative components after the *Graves* decision. In its amicus brief, OSC argued that Remolona's cooperation with the AIB was protected under the amended section 2302(b)(9)(C) and that it was error for the AJ to overlook that provision.

B. Whistleblower Disclosures

1. Program Overview

OSC provides a safe and secure channel for whistleblowers, who are often in the best position to detect wrongdoing on the job and disclose waste, fraud, abuse, illegality, and dangers to public health and safety. Through this process, OSC contributes to improving the efficiency and accountability of government.

In the five-year span prior to the pandemic, OSC handled nearly 1,700 disclosures from federal whistleblowers each year. While OSC received fewer disclosures during the pandemic, FY 2024 marked a return to pre-pandemic caseloads. OSC received 1,757 disclosures from federal whistleblowers in FY 2024, a 57 percent increase over the prior five-year average. Even with the increase in filings, OSC continued to make the statutorily required determination to refer matters for investigation within 45 days in 99 percent of cases.

Substantiated disclosures can often result in direct financial returns to the government. However, a fuller measure of OSC's financial contribution is preventive; by providing a safe channel for whistleblower disclosures, and acting swiftly to ensure the agency takes action.

2. Notable Successes

OSC is authorized to refer to the head of an agency for investigation whistleblower disclosures of wrongdoing in six areas: (1) violations of a law, rule, or regulation; (2) gross mismanagement; (3) gross waste of funds; (4) abuse of authority; (5) substantial and specific danger to public health or safety; and (6) censorship related to research, analysis, or technical information. In FY 2024, examples of OSC successes involving whistleblower disclosures include the following:

- **Violation of law, rule, or regulation**

***Improper Storage of Veterans' Personally Identifiable Information*.** OSC referred to the Secretary of Veterans Affairs allegations of a violation of law, rule, or regulation. The whistleblowers alleged that VA officials violated federal law and VA directives by improperly storing whistleblowers', veterans', and employees' personally identifiable information (PII) in the agency's Veterans Affairs Integrated Enterprise Workflow Solution Case and Correspondence Management (VIEWS CCM) system. The investigation substantiated the allegation and recommended several corrective actions that have been implemented. During the investigation, the whistleblowers also alleged that records in VIEWS CCM were routinely excluded from VA responses to requests under the Freedom of Information Act and the Privacy Act of 1974 and that VA Police improperly used VIEWS CCM when investigating individuals suspected of criminal activity. The VA did not substantiate these additional allegations.

The VA replaced its case and correspondence management system, the VA Intranet Quorum (VAIQ), and began using VIEWS CCM to conduct administrative and correspondence work. VIEWS CCM is a National Archives and Records Administration-certified system of records managed by the Office of the Executive Secretariat (Executive Secretariat). Roughly 260 cases are created in VIEWS CCM each business day through which VIEWS CCM collects, processes, and retains information on veterans, their dependents, and VA employees, including whistleblowers, and contractors. Data entered in VIEWS CCM includes information about correspondence sent to the VA and its sender. As VIEWS CCM tracks and manages the cases in the system, more information may be added. VA Directive 6502, *VA Enterprise Privacy Program,* requires PII to be kept confidential and properly controlled, and VA employees using VA information systems must comply with all privacy policies, procedures, and practices and conduct themselves in accordance with annually signed rules of behavior on the disclosure or use of PII. VA Handbook 6500.2, *Management of Breaches Involving Sensitive Personal Information,* establishes the procedures for managing breaches. The VA uses the terms PII and sensitive personal information, which includes personal health information, interchangeably.

The investigation substantiated that searching in VIEWS CCM using certain terms returned numerous cases containing PII that any VIEWS CCM user could view. The investigation also discovered that VIEWS CCM has a Veterans Contacts Database that contains veterans' PII such as DOBs, SSNs, personal addresses, and phone numbers. The investigation further discovered that when cases in VIEWS CCM related to veterans with records in the Veterans Contacts Database, any VIEWS CCM user could access the database via a hyperlink. Given these findings, the VA implemented 13 following corrective actions, including mass converting certain designated case types in VIEWS CCM to "Sensitive" which applied to all open and closed cases with the designated case types; changing all archived cases from VAIQ to a "Sensitive" status; and restricting access to the Veteran Contacts Database to only those VIEWS CCM users with a validated business need for the information and reconfiguring this system's business rules. The VA also chartered the VIEWS CCM Change Control Board (CCB), which is responsible for reviewing, approving, and implementing functional changes to VIEWS CCM, its business processes, and governance strategies. The CCB meets to review changes requested for each standard product release. The Special Counsel determined the findings appeared reasonable.

- **Violation of law, rule or regulation, gross mismanagement, abuse of authority and substantial and specific danger to public health and safety**

Improper Management of Pain Management Clinic. OSC referred to the U.S. Secretary of Veterans Affairs allegations of wrongdoing at the Central Texas VA Healthcare System (CTVAHCS), Temple, Texas. The whistleblowers, a pain management physician and former chief of the Pain Management Clinic, alleged that CTVAHCS officials abused their authority and grossly mismanaged the facility's Pain Management clinic following a realignment of the program in 2020, creating a substantial and specific danger to public health.

The whistleblowers disclosed that at the outset of the reorganization, the Chief, Whole Health, and the Chief of Staff rescinded the facility's Standard operating procedures (SOP) for prescribing Buprenorphine, an opioid used to treat opioid use disorder (OUD), acute pain, and chronic pain. The whistleblowers further alleged that the Chief, Whole Health, pressured providers to prescribe Buprenorphine regardless of patient diagnosis and promoted incorrect guidance regarding the drug's use and efficacy. The whistleblowers also alleged that both officials violated the MISSION Act of 2018 (MISSION Act) and jeopardized patient health and safety by initiating changes to the pain management referral process that placed unnecessary barriers to veterans' access to care, and that the Chief improperly documented "self-consults" with pain management patients prior to their initial appointments, leading to potential billing irregularities and inequitable care.

The agency partially substantiated the allegation, concluding that the Chief, Whole Health, pressured providers to prescribe Buprenorphine, and took measures to financially incentivize treating patients with Buprenorphine. The agency further concluded that the policy changes indicated an effort to incentivize Buprenorphine prescription and appeared to incentivize making specific diagnoses, thus, potentially jeopardizing patient health and safety. Finally, the agency substantiated that the Chief of Staff abused his authority by manipulating clinical scheduling. The agency did not substantiate that he placed undue barriers on providers related to referrals for pain management consults.

In a supplemental report, the agency confirmed that following the referral of this matter, CTVHCS rescinded its SOP related to Buprenorphine therapy for OUD and removed the requirement that physicians complete DEA Mental Health Services training and hold DEA waivers, each of which aligned with national standards for OUD and pain management. The agency also confirmed that all pain management physicians must complete training on "Pain Management and Opioid Safety." Finally, the agency investigated the practices of the Chief of Staff and took appropriate action. The Special Counsel determined that the findings appear reasonable.

- **Violation of law, rule, or regulation; gross mismanagement; an abuse of authority and a substantial and specific danger to public health and safety**

Inadequate Communication Technology for Forest Service Law Enforcement Officers. OSC referred to the Secretary of Agriculture allegations of wrongdoing at the U.S. Forest Service, Chattahoochee-Oconee National Forest, Blairsville, Georgia, and Francis Marion National Forest, Huger, South Carolina. The whistleblowers, Law Enforcement Officers (LEOs), alleged that radios provided to LEOs working in the Chattahoochee-Oconee National Forest and Francis Marion National Forest did not include the frequencies necessary to contact local Sheriff's Departments while performing their duties, which violated FS Manual Chapter 5385.4 and placed LEOs at risk of being unable to communicate during emergencies.

The agency substantiated the allegations. LEOs in both the Chattahoochee-Oconee National Forest and the Francis Marion National Forest experienced significant deficiencies in the agency-issued radio communications systems. The investigation found that not only did LEOs not have radio equipment capable of using frequencies on state and local conventional radio systems, the Forest Service had not obtained the authorization for use of relevant frequencies to make them useable by this equipment.

The agency addressed the deficiencies. In the short term, the Forest Service provided satellite telephones for emergency communications, began installing the requisite radio equipment capable of using frequencies on state and local conventional radio systems in all law enforcement vehicles, and began executing the necessary forms for LEOs to have access to all relevant state or county radio frequencies on its system. As of June 2024, LEOs in Georgia have communications capabilities in all the state's high-priority counties in the Chattahoochee-Oconee National Forest and in over 90% of Georgia overall. LEOs assigned to the Francis Marion National Forest have radio communications and dispatch services in the high-priority counties in their areas of responsibility. The Special Counsel determined that the findings appear reasonable.

- **Violation of law, rule or regulation, abuse of authority, gross mismanagement, gross waste of funds**

***Allegations of Improper Handling of Native American Funerary Items*.** OSC referred to the U.S. Secretary of the Interior allegations of wrongdoing at the National Park Service (NPS), Southeast Archaeological Center (SEAC), Tallahassee, Florida. The whistleblower alleged that SEAC officials repeatedly violated the Archaeological Resources Protection Act (APRA) and the Native American Graves Protection and Repatriation Act (NAGPRA) by facilitating the transfer of looted Native American funerary items and human remains from a third party to NPS. The agency investigation partially substantiated the allegations. The agency did not find that agency employees violated either APRA or NAGPRA. However, the agency substantiated that the employees violated multiple federal ethics laws, regulations, and policies related to the establishment of a "partner organization," which occurred prior to consultation with NPS ethics officials. The agency also substantiated that the employees illegally comingled the partner organization's funds with those of NPS for travel, in violation of 18 U.S.C. § 209 and that they engaged in other unethical activities including, using a debit card obtained through the partner organization to pay for travel expenses to attend a conference in an official capacity as an NPS employees; using their public positions with NPS in a manner that the public might construe as governmental endorsement of public activities; and paying for services on behalf of the partner organization using an NPS-issued government purchase card. The agency referred these findings to the U.S. Attorney's Office, which ultimately declined to prosecute. The report represented that the agency would take corrective and disciplinary action as appropriate. The Special Counsel determined that the findings appear reasonable.

C. Hatch Act

1. Program Overview

OSC aims to reduce prohibited political activities by: (1) training and educating employees about unlawful partisan political activity, and (2) bringing disciplinary actions against federal employees who violate the Hatch Act. To achieve these goals, in FY 2024, OSC issued 967 advisory opinions, issued 81 warning letters, and obtained 49 corrective actions (negotiated agreements to cease activity that violates the Hatch Act and/or for training) and seven disciplinary actions, either by negotiation or through MSPB orders. OSC also announced several updates to its Hatch Act enforcement in FY 2024. These updates are intended to balance robust Hatch Act enforcement with careful consideration of government employee speech rights while leveling the playing field for pursuing disciplinary action.

2. Notable Successes

OSC protects federal employees from political coercion in the workplace, safeguards against improper political activity by agency officials, and ensures that federal programs are administered in a nonpartisan fashion. Examples of recent OSC successes under the Hatch Act include the following:

MSPB Litigation

- OSC obtained a favorable decision in a case that had been pending before the Merit Systems Protection Board (MSPB) since 2020. The case involved a U.S. Department of Veterans Affairs doctor who was found to have violated the Hatch Act by being a candidate for the U.S. Senate, promoting his candidacy while on duty and in his official capacity, and soliciting campaign contributions. In April 2020, because the doctor was no longer a federal employee, an administrative law judge (ALJ) imposed a $1,000 fine and ordered a five-year debarment from federal service as a penalty for his Hatch Act violations. The doctor appealed, and in May 2024, the MSPB affirmed the ALJ's decision.

- OSC prevailed in a case against a U.S. Department of Veterans Affairs employee who ran for governor, violating the Hatch Act's prohibitions against being a candidate for partisan political office and soliciting political contributions. In December 2023, the administrative law judge ordered the employee removed from her employment and debarred from returning to federal employment for two years, as disciplinary action for her violations. The employee appealed, and her petition for review is pending with the Merit Systems Protection Board.

- In August 2023, a hearing was held in a case where OSC charged an Environmental Protection Agency employee with violating the Hatch Act prohibitions against being a candidate for partisan political office and soliciting political contributions. OSC's investigation found evidence that the employee knew about the Hatch Act prior to his candidacy and willfully ran in violation of the law. A decision is pending.

Disciplinary Action Obtained through Settlement Negotiations

- OSC settled a case against a U.S. Department of Veterans Affairs (VA) employee who ran in the partisan election for New Hampshire State Representative and on two occasions knowingly accepted political contributions. In response to OSC's enforcement efforts, the VA employee, who had won the race, stepped down from the elected office and agreed to a 15-day suspension without pay as a penalty for his violations.

- As a result of a settlement agreement with OSC, an attorney with the Federal Deposit Insurance Corporation served a 130-day suspension without pay for violating the Hatch Act's prohibitions against soliciting political contributions and engaging in political activity while on duty. OSC's investigation found that the employee hosted a fundraising event at his home for a candidate for partisan political office, personally solicited donations from other individuals for a different candidate, and, while on duty, sent emails for the purpose of organizing a campaign event he hosted for a third candidate.

Disciplinary Action Report to the President

- OSC transmitted to the President a finding that Secretary of the Navy Carlos Del Toro violated the Hatch Act's prohibition against using his official authority or influence to affect the results of an election. Secretary Del Toro made statements in his official capacity advocating for and against the election of presidential candidates. For example, Sec. Del Toro said while speaking abroad on behalf of the Department of Defense, "And so I'm confident that the American people will step up to the plate come November and support President Biden for a second term as our Commander-in-Chief, so that we can continue to work together as free democratic countries respect each other around the globe."

Corrective Action Obtained through Negotiation

In FY 2024, the Hatch Act Unit successfully resolved 49 cases by negotiating a corrective action, which included employees ceasing the activity that violated the Hatch Act and/or receiving Hatch Act training to prevent future violations of the law.

Outreach and Training

- In October 2023, OSC launched a new webinar series for federal executive branch ethics officials. OSC offers two different types of webinars. One is a semiannual webinar intended to teach new ethics officials what they need to know in order to advise employees at their agencies about the Hatch Act. The other is a quarterly series that offers experienced ethics officials a "deep dive" on discrete Hatch Act topics.

- In addition to its webinars, OSC Hatch Act Unit attorneys have conducted numerous Hatch Act trainings to employees at federal agencies, federal employee unions, and other groups, to help them understand their rights and responsibilities under the Hatch Act in a presidential election year.

D. USERRA Enforcement Program

1. Program Overview

OSC continues to assist reservists and National Guard members who face obstacles in their federal civilian jobs due to their military service. OSC receives referrals of USERRA cases for prosecution from the Department of Labor, which investigates these cases. OSC received 19 new cases in FY 2024 and closed 17 cases. One of the 17 closed cases had sufficient evidence for OSC to pursue corrective actions for the complainants.

Notable Successes

OSC protects the civilian employment rights of federal workers who are veterans or serve in the National Guard and Reserves by enforcing USERRA, as illustrated in the case examples below.

- A Letter Carrier for the U.S. Postal Service (USPS) in Auburn, Maine, was called to active duty with the Maine Air National Guard following the September 11, 2001, terrorist attacks. Until his honorable discharge in December 2015, he served almost continuously in direct support of the Global War on Terrorism. During that time, he regularly provided copies of his orders to USPS, maintained his employment benefits (including making retirement contributions and paying his union dues), and repeatedly expressed his desire to return to his postal job once his service ended. USPS gave him no indication that it would not reemploy him and even sent him letters thanking him for his service and a debit card to purchase his postal uniform. However, when he notified USPS that he wished to return to his Letter Carrier position, USPS told him it would not reinstate him because he had "abandoned" his civilian employment, despite his USERRA reemployment rights. OSC represented him before the MSPB, and after a five-year legal battle, won him reinstatement at USPS, with full back pay and benefits, retroactive to January 2016.

- After returning from long-term active duty with the U.S. Navy, a USPS worker alleged that the USPS failed to properly credit his seniority upon his return, preventing him from successfully bidding on regular full-time routes and being promoted to a higher pay rate. At OSC's request, USPS agreed to a retroactive conversion to a regular full-time carrier position two years earlier along with back pay (plus interest) and additional paid leave.

- A Registered Nurse at the Department of Veterans Affairs (VA) failed to receive a performance bonus due to her absence for service in the U.S. Army Reserve. OSC intervened on her behalf and the VA agreed to retroactively award her the bonus.

- A Foreign Affairs Officer with the State Department alleged that his performance rating was downgraded following his absence for active duty in the U.S. Navy Reserve. OSC contacted the agency and it agreed to upgrade his rating for the period in question.

OSC also promotes USERRA awareness and compliance by conducting training sessions for other federal agencies. Most recently, OSC has provided USERRA training to the Army Intelligence & Security Command, Office of Personnel Management, and Occupational Safety & Health Administration. Additionally, OSC provides technical assistance about USERRA to veterans, service members, and employers nationwide via its telephonic and email hotlines.

Lastly, the Special Counsel published an opinion column in the Military Times supporting full differential pay for federal civilian employees who serve part-time in the National Guard or Reserves to ensure that those reservists do not suffer a pay cut due to their service. That matter is pending before the U.S. Supreme Court in Feliciano v. Department of Transportation.

VI. Systems, Controls, and Legal Compliance

Management control activities carried out by OSC include periodic reviews of agency administrative and program elements to ensure that: obligations and costs comply with applicable laws and funds; property and other assets are safeguarded; revenues and expenditures are properly recorded and accounted for; and programs are efficiently and effectively carried out, in accordance with management policy. During FY 2024, reviews were completed on the following agency administrative operations:

Financial Audit. OSC underwent its twentieth annual financial audit in FY 2024. The FY 2024 audit addresses the financial statements and accounting processes, almost all of which were conducted by the Department of Interior/Interior Business Center (IBC) under an interagency outsourcing agreement.

Risk Management Program. OSC established an agency risk management council in FY 2017 and developed a risk register to catalogue and track risks to the agency. In FY 2024, OSC conducted quarterly council meetings to review the agency's risks and took steps to mitigate those risks.

OSC outsources many of its financial management and administrative activities to the IBC, including financial accounting and reporting, invoice payment, contracting operations, financial and procurement systems software and hosting, and travel services. The General Services

Administration (GSA) and IBC conducted the majority of OSC's contracting operations in FY 2024.

OSC personnel and payroll data entry transactions are processed by the Department of Agriculture's National Finance Center (NFC). These operations are administered under cross-servicing agreements with certified shared service providers. For information on any significant management control issues related to services provided under these agreements, OSC relies on information received from IBC and NFC, and any audits or reviews issued by the Inspectors General and Chief Financial Officers of the Departments of Treasury and Agriculture, and the Government Accountability Office (GAO). IBC conducts multiple internal and external reviews on its operations, which are captured in the Annual Assurance statement on Internal Controls provided yearly to OSC.

The Oracle Federal Financials Major Application is monitored on a continuous basis in conformance with National Institute of Standards and Technology (NIST) guidelines, and IBC certified the system in September of 2013, in accordance with Office of Management and Budget (OMB) Circular A-130, Appendix III, and approved the system for continued operation. NFC's Payroll System was also certified in September 2013, and has operated with a continuous monitoring program since then. Also, an annual Statement on Standards for Attestation Engagements (SSAE) 18 evaluation was conducted this year on the Oracle Federal Financials Major Application, as well as a Service Organization Controls (SOC) 1 Type 2 report on NFC's Payroll System. OSC has updated Interconnection Security Agreements previously in place with IBC and NFC to cover the travel, financial, and payroll systems.

VII. Management Assurances

Annual Assurance Statement on Risk Management, Internal Controls, and Internal Control over Financial Reporting

OSC's management is responsible for managing risks, as well as establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). OSC conducted its assessment of internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control." Based on the results of this evaluation, OSC can provide reasonable assurance that, as of September 30, 2024, its internal controls over the effectiveness and efficiency of operations were compliant with applicable laws and regulations. Further, OSC certifies that the appropriate policies and controls are in place to mitigate the risk of fraud and inappropriate charge card practices.

For its financial reporting needs, OSC works with the Interior Business Center (IBC). OSC obtains the SSAE 18 report from IBC, as well as the year-end roll forward assertion letter, and reviews them to assist in assessing internal controls over financial reporting. OSC has not identified any significant issues or deviations in its financial reporting during FY 2024 and thus concludes that the agency's internal controls over financial reporting are sufficiently strong.

OSC has no in-house financial system. OSC has chosen to use Oracle Federal Financials in an environment hosted by IBC, a shared service provider. Because of the rigorous testing that IBC undergoes, OSC considers its financial system to be reliable and effective.

Sincerely,

Hampton Dellinger

Hampton Dellinger
Special Counsel

VIII. Management Challenges

Despite OSC's strong record of performance, the agency continues to experience certain challenges.

A. Staffing

Despite lower levels of new case filings during the COVID-19 pandemic (FY 2020 – FY 2022), OSC's caseloads are now at all-time highs. Specifically, OSC not only received over 6,200 new cases in FY24, but it also achieved 450 favorable actions in PPP cases.

Given the case successes that OSC has seen in recent years, coupled with the record-high caseload levels, OSC's staffing levels are a growing concern for the agency. Caseload levels were more manageable during the pandemic (FY 2020-2022), which caused active cases at OSC to decrease by more than 400. However, increasing caseloads since then have resulted in over 500 additional active cases. Thus, the record number of new cases received has exceeded the number of new cases that OSC can resolve in a given year, given current staffing levels. Further, if cases continue rising above the FY 2024 levels, then OSC's staffing resources will be stretched even further, which will lead to further case processing delays, and compromise OSC's ability to address governmental inefficiencies.

Therefore, it is imperative that OSC's funding levels keep pace with the continued increase in caseload levels. OSC is already operating with the utmost efficiency; however, salaries and benefits costs can represent approximately 85 percent of the agency's budget in any given year. Additional funding is needed to hire more staff to address increasing whistleblower disclosure, PPP, Hatch Act, and other new cases to ensure those turning to OSC to report waste, fraud or abuse in federal government are met with timely responses, expedient investigation and remedies appropriate to the findings.

B. Technology

Technology presents both tools for success and challenges for OSC. OSC utilizes our supporting Information Technology tools and infrastructure, including Microsoft Teams and other collaborative technology, and our electronic case management system (eCMS) for case processing. As a result, processes and information-exchange between OSC employees and managers can operate efficiently.

Nevertheless, due to budgetary and staffing constraints, OSC finds it challenging to keep pace with the current state of technological modernization. OSC does everything possible to meet its mission to review and resolve an increasing number of matters, and obtain relief for individual filers, address systemic challenges in the federal workplace, and achieve accountability for retaliation and other illegal workplace activity. Recent investments in essential IT infrastructure include the continued development of eCMS, which was deployed in late FY 2019, as well as substantial cybersecurity-related expenditures. However, OSC does not have the resources necessary to pursue projects that will increase the efficiency and availability of information and services offered to the public, such as the modernization of OSC.gov (OSC's only public facing website).

Ultimately, OSC's end goal is to make its work processes and operations as efficient as possible, to obtain timely relief for filers and quick agency action on federal workplace wrongdoing and dangers. As OSC can fund and implement many of these IT modernization efforts, which will make the agency more efficient and our data more secure, OSC will have the ability to shift available resources to other areas, which will likewise yield productivity gains.

To summarize, since OSC's funding is primarily consumed by personnel salaries and benefits, OSC has not had sufficient resources to invest in necessary technological enhancements. Therefore, OSC remains challenged to meet the agency's technological and modernization needs.

C. Notable Results

Recognizing these challenges, OSC continuously seeks new strategies and creative methods to improve our work processes and efficiencies. Despite the resource challenges OSC faces, the agency is committed to maximizing the effectiveness of every dollar provided to OSC and exploring every opportunity to increase OSC's efficiency in handling cases.

OSC continues to conduct periodic reviews of our case processing data to identify weaknesses, improve performance, and get results. OSC understands that data-driven, periodic reviews of our internal business processes and program performance are a necessary step toward improving our efficiency and saving taxpayer dollars, as are analyzing the results, asking tough questions, and proposing improvements.

Additionally, OSC continues to leverage the assisted acquisition services from other Federal agencies to procure contracts. For FY 2024, OSC utilized the assisted acquisition services of the Department of Interior/Interior Business Center (DOI/IBC) and the General Services Administration (GSA), which has allowed OSC to implement many mission-critical contracts in an efficient and effective manner.

Regardless of the challenges that lie ahead, OSC remains committed to identifying opportunities to improve our work processes and operate more efficiently and effectively. We believe this will allow us to successfully fulfill our mission by better streamlining government;

reducing waste, fraud, and abuse; promoting public health and safety; and saving valuable taxpayer dollars.

IX. Comments on Final FY 2024 Financial Statements

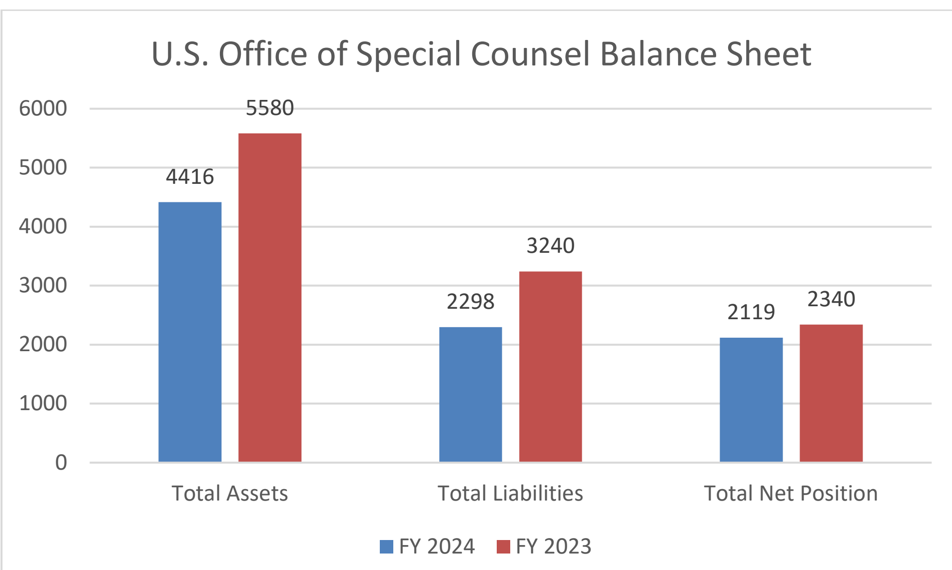
Financial Highlights
Consolidated Balance Sheet

The Consolidated Balance Sheet presents amounts that are owned or managed by OSC (assets); amounts owed (liabilities); and the net position (assets minus liabilities) of the agency divided between the cumulative results of operations and unexpended appropriations.

OSC's balance sheet shows total assets of $4,416,496 at the end of FY 2024. This is a decrease of $1,163,343 compared to OSC's total assets of $5,579,839 as of fiscal year end (FYE) 2023. Fund Balance with Treasury comprises approximately 83 percent of OSC's assets.

Total Liabilities for OSC decreased by $942,251, or approximately 29 percent, from $3,240,019 at FYE 2023 to $2,297,768 at FYE 2024. The three largest components of Total Liabilities are Unfunded Leave ($1,603,759), Accrued Funded Payroll ($434,647), and Employer Contributions and Payroll Taxes Payable ($99,071).

The Net Position is the sum of Unexpended Appropriations and the Cumulative Results of Operations. OSC's Net Position was $2,118,728 at FYE 2024, a decrease of $221,092 from Net Position at FYE 2023 of $2,339,820. This decrease is largely driven by the decrease in OSC's Unexpended Appropriations.



Statement of Budgetary Resources

The Statement of Budgetary Resources shows how budgetary resources were made available and the status of those resources at the end of the fiscal year. In FY 2024, OSC received a $31,585,000 appropriation, which was a decrease of approximately one percent from the appropriation OSC received in FY 2023. OSC ended FY 2024 with a decrease in total budgetary resources of approximately one percent, or $306,981, compared to FY 2023.

Statement of Changes in Net Position

The 2024 Consolidated Statement of Changes in Net Position shows the change in the net position for both FY 2024 and FY 2023 from the cost of operations, appropriations received and used, net of rescissions, and the financing of some costs by other government agencies. This statement shows a decrease in Total Net Position from $2,339,820 at FYE 2023 to $2,118,728 at FYE 2024. As mentioned above, this decrease in Net Position is largely driven by the decrease in OSC's Unexpended Appropriations in FY 2024.

Other Financial Information

OSC's capitalization policy has a threshold of capitalizing individual assets greater than $50,000. OSC's total Property, Plant and Equipment acquisition value stood at $578,446, with accumulated depreciation of $569,974 and a 2024 net book value of $8,472. (Note 4 to Principal Financial Statements).

OSC's Total New Obligations and Upward Adjustments were $31,714,300 in FY 2024. Total New Obligations and Upward Adjustments decreased by $238,795, or approximately 0.75 percent, in FY 2023, from $31,953,095 in FY 2023 (Note 10 to Principal Financial Statements).

OSC recognizes Imputed Financing sources and corresponding expense to represent its share of the cost to the federal government of providing accrued pension and post-retirement health and life insurance benefits. These benefit expenses for current employees increased by $449,582, from $1,442,292 in FY 2023 to $1,891,874 in FY 2024. Assets and Liabilities relating to these benefits are the responsibility of the Office of Personnel Management (Note 9 to Principal Financial Statements).

Percentages are rounded to the nearest whole percentage.

Limitations of the Financial Statements: The principal financial statements have been prepared to report the financial position and results of operations of OSC, pursuant to the requirements of 31 U.S.C. 3515(b).

PART 2: PERFORMANCE SECTION

Goal Tables, Strategic Plan, FY 2022 - 2026

Strategic Goal 1, Tables 1-5 – Protect and promote the integrity and fairness of the federal workplace.

Strategic Goal 1 has six objectives:

Objective 1: Fairly and promptly investigate and prosecute cases.
Objective 2: Obtain timely and effective relief in cases.
Objective 3: Enhance strategic use of enforcement authority.
Objective 4: Provide timely and high-quality Hatch Act advisory opinions and guidance.
Objective 5: Expand training and outreach efforts nationwide.
Objective 6: Effectively and innovatively communicate with stakeholders and the public.

Goal Tables 1A, 1B, and 1C relate to the first two objectives regarding OSC's investigations of alleged PPPs, Hatch Act violations, and USERRA complaints, respectively.

- **Goal Table 1A** details the data points and performance metrics for OSC's work investigating, litigating, and resolving PPP complaints.

Goal Table 1A: Goals 1-10									
Goal 1 - Protect and promote the integrity and fairness of the federal workplace									
Objective 1: Fairly and promptly investigate and prosecute cases									
Objective 2: Obtain timely and effective relief in cases									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
1	Percent of complaints closed within 240 days.	Baseline/ datapoint	85%	Baseline/ datapoint	87%	Baseline/ datapoint		Baseline/ datapoint	
2	Number of complaints mediated.	30	26	30	33	30		30	
3	Number of complaints mediated	20	21	20	25	20		20	

	resulting in settlement.								
4	Number of formal stays obtained.	0	10	5	1	5		5	
5	Number of informal stays obtained.	25	45	30	45	30		30	
6	Number of individual corrective actions obtained.	220	237	225	247	225		225	
7	Number of systemic corrective actions obtained.	50	91	55	124	60		60	
8	Number of disciplinary actions obtained.	15	35	20	32	20		20	
9	Number of cases filed with MSPB	1	0	1	0	1		1	
10	Number of total favorable actions obtained (i.e., formal stay, informal stay, individual corrective action, systemic corrective action, and	Baseline	418	300	450	305		305	

	disciplinary action).								

- **Goal Table 1B** details the data points and performance metrics for OSC's work investigating, litigating, and resolving Hatch Act complaints.

Goal Table 1B: Goals 11-17									
Goal 1: Protect and promote the integrity and fairness of the federal workplace									
Objective 1: Fairly and promptly investigate and prosecute cases									
Objective 2: Obtain timely and effective relief in cases									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
11	Percent of cases closed within 240 days.	65%	77%	65%	86%	70%		70%	
12	Number of cases filed with MSPB.	2	1[12]	3	1[12]	3		3	
13	Percent of successful prosecutions before MSPB	100%	100%	100%	100%	100%		100%	
14	Number of warning letters issued.	30	41	50	81	50		60	
15	Number of corrective actions obtained.	10	19	15	49	20		25	

16	Number of disciplinary actions obtained.	5	3	5	7	5		5	
17	Number of total favorable actions obtained (i.e., corrective action and disciplinary action).	15	22	20	56	25		30	

GOAL Table 1B explanatory notes:

12: The Hatch Act Unit sent two reports to the President concerning Hatch Act violations by presidential appointees with Senate (PAS) confirmation in FY 2023, and one such report in FY 2024. For PAS, pursuant to 5 U.S.C. 1215(b), the Hatch Act Unit's only mechanism for pursuing disciplinary action against PAS is to send such a report. The MSPB does not have jurisdiction over them, thus explaining why this result fell slightly short of the target.

- **Goal Table 1C** details the data points and performance metrics for OSC's work investigating, litigating, and resolving USERRA complaints.

Goal Table 1C: Goals 18-19									
Goal 1: Protect and promote the integrity and fairness of the federal workplace									
Objective 1: Fairly and promptly investigate and prosecute cases									
Objective 2: Obtain timely and effective relief in cases									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
18	Percent of referrals closed within 60 days.	80%	78.57%	80%	82%	80%		80%	
19	Number of corrective actions obtained (formally and informally).	3	1	3	2	3		2	

- **Goal Table 2** details OSC's efforts to enhance its strategic enforcement authority, as it relates to the third objective under Strategic Goal 1.

Goal Table 2: Goals 20-21									
Goal 1: Protect and promote the integrity and fairness of the federal workplace									
Objective 3: Enhance strategic use of enforcement authority									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
20	Number of PPP reports published on website.	2	0	2	1	2		2	
21	Number of amicus curiae briefs and interventions filed.	2	1	2	4	2		2	

- **Goal Table 3** details the Hatch Act advisory opinions provided by OSC, pursuant to OSC's fourth objective under Strategic Goal 1.

Goal Table 3: Goals 22-24									
Goal 1: Protect and promote the integrity and fairness of the federal workplace									
Objective 4: Provide timely and quality Hatch Act advisory opinions and guidance									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
22	Percent of informal telephonic advisory opinions issued within 3 days of inquiry.	98%	97%	98%	99%	98%		98%	
23	Percent of informal email advisory opinions issued within 5 days of inquiry.	95%	99%	95%	99%	95%		98%	

24	Percent of formal written advisory opinions issued within 60 days of inquiry.	75%	82%	75%	70%	75%		75%	

- **Goal Table 4** details OSC's training and outreach efforts pursuant to OSC's fifth objective under Strategic Goal 1.

Goal Table 4: Goals 25-26									
Goal 1: Protect and promote the integrity and fairness of the federal workplace									
Objective 5: Expand training and outreach efforts nationwide									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
25	Number of agencies/components certified and recertified for the 2302(c) Certification Program.	10	23	12	28	15		18	
26	Number of trainings conducted.[26]	140	335	125	487	200		250	

Goal Table 4 explanatory notes:

[26]: Number of trainings will increase and decrease in each fiscal year based on a number of factors, including, for instance, (1) the increase in Hatch Act trainings we have observed during election years; and (2) the increase and/or decrease in Section 2302(c) trainings depending upon when agencies are due for recertification at the end of the three-year training cycle, creating a "lumpy forecast." In addition, certain presentations include more than one training, such as, PPP training and Annual Supervisory training.

- **Goal Table 5** details OSC's communications with stakeholders and the public, consistent with the sixth objective under Strategic Goal 1.

Goal Table 5: Goals 27-29									
Goal 1: Protect and promote the integrity and fairness of the federal workplace									
Objective 6: Effectively and innovatively communicate with stakeholders and the public									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
27	Number of press releases issued.	25	12	25	34	20		25	

28	Types and frequency of digital platforms used to share information.	275	448	275	1061	275		500	
29	Types and frequency of website views and activity on digital platforms.	Baseline	140,029 (1,571 twitter engagements and 138,458 unique website views)	Baseline	1,381,676 (X engagements: 1,596, and Unique website views: 1,380,080)[29]	Baseline		Baseline	

29: OSC launched an online version of its complaint filing form in April 2023, which significantly increased the number of unique website views.

Strategic Goal 2, Goal Tables 6-7 – Ensure government accountability.

Strategic Goal 2 has two objectives, which relate to OSC's investigations of whistleblower disclosures:

> Objective 1: Provide employees with an effective, efficient, and safe channel to report government wrongdoing.
> Objective 2: Ensure agencies provide timely and appropriate outcomes for referred whistleblower disclosures.

- **Goal Table 6** relates to the first objective under Strategic Goal 2 and details OSC's efforts to ensure government accountability by providing a safe, confidential and secure reporting channel for stakeholders and the public.

Goal Table 6: Goals 30-31									
Goal 2: Ensure government accountability									
Objective 1: Provide employees with an effective and efficient safe channel to report government wrongdoing									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
30	Number of referrals of whistleblower disclosures to agencies for investigation.	70	19	60	28	25		20	
31	Percent of referrals of whistleblower disclosures to agencies for investigation made within 45 days.	90%	99.8%	90%	99%	90%		90%	

- **Goal Table 7** relates to the second objective under Strategic Goal 2 and details OSC's efforts to ensure government accountability by providing timely and appropriate outcomes for referred whistleblower disclosures.

Goal Table 7: Goals 32-33									
Goal 2: Ensure government accountability									
Objective 2: Ensure agencies provide timely and appropriate outcomes for referred whistleblower disclosures									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
32	Number of favorable outcomes—both corrective	70 corrective actions and 10 disciplin	117 corrective actions and 3 disciplin	50 corrective actions and 5 disciplin	84 corrective actions and 8 disciplinary actions	50 corrective actions and 5 disciplin		50 corrective actions and 5 disciplin	

	and disciplinary actions—achieved through referrals of whistleblower disclosures.	ary actions	ary actions	ary actions		ary actions		ary actions	
33	Number of days between the date a case can be closed, and the date of transmission to the President and Congress.[3] 3	120 days	134 days	120 days	85 days	120 days		120 days	

[33:] The description of this goal has been updated. Data points used to determine when a case can be closed include receipt of whistleblower comments; whistleblower consent or declination to include comments on the agency report and or any supplemental report in OSC's public file; receipt of redacted agency reports; and receipt of agency updates.

<u>Strategic Goal 3, Goal Tables 8-10 – Achieve organizational excellence.</u>

Strategic Goal 3 has three objectives, which relate to the OSC's continual goal of achieving organizational excellence:

Objective 1: Recruit, develop, and retain a highly talented, engaged, and diverse workforce.
Objective 2: Improve the use of existing technology and deploy new Information Technology (IT) systems to enhance organizational operations.
Objective 3: Monitor, evaluate, and improve the efficiency and effectiveness of programs and processes.

- **Goal Table 8** covers the first objective under Strategic Goal 3 and details OSC's efforts to achieve organizational excellence by recruiting, developing, and retaining a highly talented, engaged, and diverse workforce.

Goal Table 8: Goals 34-36									
Goal 3: Achieve Organizational Excellence									
Objective 1: Recruit, develop, and retain a highly talented, engaged, and diverse workforce.									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
34	Develop and maintain up-to-date Human Capital Plan and reassess regularly.	Met	Met	Met	Met	Met		Met	
35	Develop Individual Development Plans (IDP) in support of professional development across the workforce consistent with annual training budget allocation.	Met	Met	Met	Met	Met		Met	

36	Investigate different approaches to measure employee feedback on the effectiveness of OSC’s internal programs such as IT, HR, facilities, training, and EEO.	Met	Met	Met	Met	Met		Met	

- **Goal Table 9** relates to the second objective under Strategic Goal 3 and details OSC’s efforts to improve the use of existing technology and deploy new IT systems to enhance organizational operations.

Goal Table 9: Goals 37-41

Goal 3: Achieve organizational excellence

Objective 2: Improve the use of existing technology and deploy new Information Technology (IT) systems to enhance organizational operations.

Target #	Description	FY 2023 Target	FY 2023 Result	FY 2024 Target	FY 2024 Result	FY 2025 Target	FY 2025 Result	FY 2026 Target	FY 2026 Result
37	Periodic assessment and reassessment of agency technology requirements.	Met	Met	Met	Met	Met		Met	
38	Deploy enhancements and reporting capabilities of the current electronic case	Met	Met	Met	Met	Met		Met	

	management system, annually.								
39	Develop and deploy phased approach for adopting zero-trust network security framework.	Met	Met	Met	Met	Met		Met	
40	Develop and implement plan to reduce uncategorized data and labeling.	Met	Unmet	Met	Unmet	Met		Met	
41	Ensure that IT staffing remains at 5% of the agency's workforce.	Met	Met	Met	Met	Met		Met	

- **Goal Table 10**, consistent with the third objective under Strategic Goal 3, details OSC's efforts to monitor, evaluate, and improve efficiency and effectiveness of programs and processes.

Goal Table 10: Goals 42-43									
Goal 3: Achieve organizational excellence									
Objective 3: Monitor, evaluate, and improve the efficiency and effectiveness of programs and processes.									
Target #	**Description**	**FY 2023 Target**	**FY 2023 Result**	**FY 2024 Target**	**FY 2024 Result**	**FY 2025 Target**	**FY 2025 Result**	**FY 2026 Target**	**FY 2026 Result**
42	Hold monthly or regular meetings to evaluate programs and processes and implement any learned best practices.	Met	Met	Met	Met	Met		Met	
43	Continue to issue and review results of annual survey regarding customer satisfaction with programs and processes and assess potential changes to programs and processes based on customer feedback.	Met	Met	Met	Met	Met		Met	

PART 3: FINANCIAL SECTION

U.S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W., Suite 218
Washington, D.C. 20036-4505
202-254-3600

CFO Letter

November 15, 2024

This letter usually addresses any recommendations for improvement made by the auditor concerning deficiencies in internal controls which may have an effect on the auditor's ability to express an opinion on the financial statements.

I am pleased to report that there were no such matters noted by the auditor in FY 2024 that were considered significant. The auditor did not note any noncompliance with laws or regulations which would have an effect on the financial statements.

We believe the one finding pointed out during the FY 2023 audit has been fully addressed.

Thank you for the opportunity to comment on the audit report. The U.S. Office of Special Counsel is committed to continuous improvement of our internal controls, processes, and the quality of our financial reporting.

Sincerely,

Anthony Eleftherion

Anthony Eleftherion
Chief Financial Officer
U.S. Office of Special Counsel

U.S. OFFICE OF SPECIAL COUNSEL
AUDIT REPORT
SEPTEMBER 30, 2024

ALLMOND & COMPANY, LLC
Certified Public Accountants
7501 Forbes Blvd., Suite 200
Lanham, Maryland 20706
(301) 918-8200

U.S. OFFICE OF SPECIAL COUNSEL
AUDIT REPORT
SEPTEMBER 30, 2024

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Independent Auditor's Report

Special Counsel
U.S. Office of Special Counsel:

Report on the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the Office of Special Counsel (OSC) financial statements. OSC's financial statements comprise the balance sheets as of September 30, 2024 and 2023; the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements.

In our opinion, OSC's financial statements present fairly, in all material respects, OSC's financial position as of September 30, 2024, and 2023, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the OSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for

- the preparation and fair presentation of the financial statements in accordance U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in OSC's Performance and Accountability Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-02 will always detect a material misstatement or material weakness when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to an audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OSC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope of and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

OSC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in OSC's Performance and Accountability Report. The other information comprises the *Management and Discussion Analysis (MD&A)* and *Performance* sections. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exist between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of OSC's financial statements, we considered OSC's internal control over financial reporting, consistent with the auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies[1] or to express an opinion on the effectiveness of OSC's internal control over financial reporting. Given these limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our fiscal year 2024 audit, we identified a deficiency in OSC's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency, nonetheless, warrant management's attention. We have communicated the matter to OSC management and, where appropriate, will report on it separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to OSC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

[1] A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Responsibilities of Management for Internal Control over Financial Reporting

OSC management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of OSC's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with U.S. generally accepted government auditing standards, we considered OSC's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OSC's internal control over financial reporting. Accordingly, we do not express an opinion on OSC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of OSC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of OSC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of OSC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2024 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to OSC. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant

Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

OSC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to OSC.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to OSC that have a direct effect on the determination of material amounts and disclosures in OSC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to OSC**.** We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Allmond & Company, LLC

Lanham, MD
November 12, 2024

U.S. OFFICE OF SPECIAL COUNSEL

Fiscal Year 2024
Financial Statements

Office of Special Counsel
Balance Sheets
As of September, 2024 and 2023
(in dollars)

	2024	2023
Assets		
Intra-governmental Assets		
Fund Balance With Treasury (Note 2)	$ 3,683,057	$ 4,638,747
Advances and Prepayments (Note 13)	711,904	912,590
Total Intra-governmental	4,394,961	5,551,337
Other Than Intra-governmental Assets		
Accounts Receivable, Net (Note 3)	13,063	7,744
Property, Plant, and Equipment, Net (Note 4)	8,472	20,758
Total Other Than Intra-governmental	21,535	28,502
Total Assets	$ 4,416,496	$ 5,579,839
Stewardship PP&E		
Liabilities		
Intra-governmental Liabilities		
Accounts Payable	$ 945	$ -
Other Liabilities		
Other Liabilities (without reciprocals)		
Employer Contributions and Payroll Taxes Payable (Note 6)	40,961	135,978
Other Current Liabilities - Benefit Contributions Payable		
Employer Contributions and Payroll Taxes Payable (Note 6)	99,071	245,732
Unfunded FECA Liability (Note 5, Note 6)	5,444	10,346
Total Intra-governmental Liabilities	146,421	392,056
Other Than Intra-governmental Liabilities		
Accounts Payable	67,821	101,064
Federal Employee Salary, Leave, and Benefits Payable		
Accrued Funded Payroll and Leave	434,647	1,055,943
Employer Contributions and Payroll Taxes Payable	19,942	49,798
Unfunded Leave (Note 5)	1,603,759	1,599,694
Pensions, Other Post-employment, and Veterans Benefits Payable		
Actuarial FECA Liability (Note 5)	20,178	41,464
Other Liabilities		
Contingent Liabilities (Note 5, 6, 8)	5,000	-
Total Other Than Intra-governmental Liabilities	2,151,347	2,847,963
Total Liabilities	$ 2,297,768	$ 3,240,019
Net Position:		
Unexpended Appropriations - Funds from other than Dedicated Collections	$ 3,731,575	$ 3,962,823
Total Unexpended Appropriations (Consolidated)	3,731,575	3,962,823
Cumulative Results of Operations - Funds from other than Dedicated Collections	(1,612,847)	(1,623,003)
Total Cumulative Results of Operations (Consolidated)	(1,612,847)	(1,623,003)
Total Net Position	$ 2,118,728	$ 2,339,820
Total Liabilities And Net Position	$ 4,416,496	$ 5,579,839

The accompanying notes are an integral part of these statements.

Office of Special Counsel
Statements of Net Cost
For the Years Ended September 30, 2024 and 2023
(in dollars)

	2024	2023
Gross Costs	$ 33,548,195	$ 32,418,717
Less: Earned Revenue	12,405	221,070
Net Cost of Operations	$ 33,535,790	$ 32,197,647

The accompanying notes are an integral part of these statements.

Office of Special Counsel
Statements of Changes in Net Position
For the Years Ended September 30, 2024 and 2023
(in dollars)

	2024	2023
Unexpended Appropriations:		
Beginning Balance	$ 3,962,823	$ 3,286,571
Beginning Balance, as Adjusted	3,962,823	3,286,571
Appropriations Received	31,585,000	31,904,000
Appropriations Used	(31,654,072)	(30,793,244)
Other Adjustments	(162,176)	(434,504)
Net Change in Unexpended Appropriations	(231,248)	676,252
Total Unexpended Appropriations - Ending	$ 3,731,575	$ 3,962,823
Cumulative Results of Operations:		
Beginning Balance	$ (1,623,003)	$ (1,660,892)
Beginning Balance, as Adjusted	(1,623,003)	(1,660,892)
Other Adjustments	-	
Appropriations Used	31,654,072	30,793,244
Imputed Financing (Note 9)	1,891,874	1,442,292
Net Cost of Operations	(33,535,790)	(32,197,647)
Net Change in Cumulative Results of Operations	$ 10,156	$ 37,889
Cumulative Results of Operations - Ending	$ (1,612,847)	$ (1,623,003)
Net Position	$ 2,118,728	$ 2,339,820

The accompanying notes are an integral part of these statements.

Office of Special Counsel
Statements of Budgetary Resources
For the Years Ended September 30, 2024 and 2023
(in dollars)

	2024	2023
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 739,992	$ 485,771
Appropriations (discretionary and mandatory)	31,585,000	31,904,000
Spending authority from offsetting collections (discretionary and mandatory)	(14,118)	228,084
Total budgetary resources	$ 32,310,874	$ 32,617,855
Status of budgetary resources:		
New obligations and upward adjustments (total) (Note 10):	$ 31,714,300	$ 31,953,095
Unobligated balance, end of year		
Apportioned, unexpired accounts	171,011	279,113
Unexpired unobligated balance, end of year	171,011	279,113
Expired unobligated balance, end of year (Note 2)	425,563	385,647
Unobligated balance, end of year (total)	596,574	664,760
Total budgetary resources	$ 32,310,874	$ 32,617,855
Outlays, Net and Disbursements, Net		
Outlays, net (total) (discretionary and mandatory)	$ 32,378,514	$ 31,640,090
Agency outlays, net (discretionary and mandatory)	$ 32,378,514	$ 31,640,090

The accompanying notes are an integral part of these statements.

OFFICE OF SPECIAL COUNSEL
Washington, D.C.

Notes to Principal Financial Statements
As of and for the Years Ended
September 30, 2024 and 2023

Office of Special Counsel
Notes to Principal Financial Statements
as of and for the Years September 30, 2024 and 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Office of Special Counsel (OSC) is an independent federal investigative and prosecutorial agency. OSC's authority comes from four federal statutes, the Civil Service Reform Act, the Whistleblower Protection Act, the Hatch Act, and the Uniform Services Employment and Reemployment Rights Act. OSC's primary mission is to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices. OSC receives, investigates, and prosecutes allegations of prohibited personnel practices, with an emphasis on protecting federal government whistleblowers.

OSC is headed by the Special Counsel, who is appointed by the President, and confirmed by the Senate. At full strength, the agency employs approximately 129 employees to carry out its government-wide responsibilities in the headquarters office in Washington, D.C., a small, singular physical office in Oakland, as well as a sizeable remote employee presence in the Dallas, Oakland, and Detroit areas.

B. Basis of Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, status and availability of budgetary resources of the OSC. The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Accountability of Tax Dollars Act of 2002 and the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. They have been prepared from, and are fully supported by, the books and records of OSC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards approved by the principals of the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, and OSC Accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control OSC's use of budgetary resources.

The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and the Statement of Budgetary Resources. In accordance with OMB Circular A-136, the financial statements and associated notes are presented on a comparative basis.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. These financial statements were prepared following accrual accounting. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds. Balances on these statements may therefore differ from those on financial reports prepared pursuant to other OMB directives that are primarily used to monitor and control OSC's use of budgetary resources.

D. Taxes

OSC, as a Federal entity, is not subject to Federal, State, or local income taxes, and, accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

E. Fund Balance with Treasury

The U.S. Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. OSC does not maintain cash in commercial bank accounts or foreign currency balances.

F. Accounts Receivable

Accounts receivable consists of amounts owed to OSC by other Federal agencies and the public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when either (1) based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay, or (2) an account for which no allowance has been established is submitted to the Department of the Treasury for collection, which takes place when it becomes 180 days delinquent.

G. General Property, Plant and Equipment, Net

OSC's property and equipment is recorded at original acquisition cost and is depreciated using the straight-line method over the estimated useful life of the asset. Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. OSC's capitalization threshold is $50,000 for individual purchases. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, plant and equipment. The useful life classifications for capitalized assets are as follows:

Description	Useful Life (years)
Leasehold Improvements	10
Office Equipment	5
Hardware	5
Software	2

H. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

OSC currently uses the Department of Interior, Interior Business Center, Acquisitions Directorate as their primary Contracting Shared Services Provider. All payments provided to the Acquisitions Directorate as a Contracting Shared Services Provider are collected as advance payments, as provided for under their authority with their Interior Franchise Fund.

I. Liabilities

Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or funding is otherwise available to pay amounts due.

Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future Congressional appropriations or other funding. Intragovernmental liabilities are claims against OSC by other Federal agencies. Additionally, the government, acting in its sovereign capacity, can abrogate liabilities.

Accrued liabilities for OSC are comprised of program expense accruals, payroll accruals, and annual leave earned by employees. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid.

J. Accounts Payable

Accounts payable consists of amounts owed to other Federal agencies and the public.

K. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Sick leave is generally non-vested. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Non-vested leave is expensed when used.

L. Accrued Workers' Compensation

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the Federal Employees' Compensation Act (FECA). The actual costs incurred are reflected as a liability because OSC will reimburse the Department of Labor (DOL) two years after the actual payment of expenses. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

M. Retirement Plans

OSC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). The employees who participate in CSRS are beneficiaries of OSC's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 elected to join either FERS, Social Security, or remain in CSRS. FERS offers a savings plan to which OSC automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For FERS participants, OSC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, OSC remits the employer's share of the required contribution.

OSC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. Office of Personnel Management (OPM) actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to OSC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. OSC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

OSC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM.

N. Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative result of operations is the net result of OSC's operations since inception.

O. Imputed Costs/Financing Sources

Federal government entities often receive goods and services from other Federal government entities without reimbursing the providing entity for all the related costs. In addition, Federal government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. OSC recognized imputed costs and financing sources in fiscal years 2024 and 2023 to the extent required by generally accepted accounting principles.

P. Revenues & Other Financing Resources

Congress enacts annual and multi-year appropriations to be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

Appropriations are recognized as a financing source when expended. Revenues from service fees associated with reimbursable agreements are recognized concurrently with the recognition of accrued expenditures for performing the services.

OSC recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by OPM.

Q. Contingencies

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. OSC recognizes contingent liabilities, in the accompanying Balance Sheet when it is both probable and can be reasonably estimated. OSC discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by the U.S. Treasury rather than from the amounts appropriated to OSC for agency operations. Payments from the Judgment Fund are recorded as an "Other Financing Source" when made.

R. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account in which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is cancelled.

S. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

T. Comparative Data

The financial statements and footnotes present comparative data for the prior fiscal year, in order to provide an understanding of changes in OSC's financial position and operations.

U. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

V. Change in Accounting Standards for Leases

In April 2018, the Federal Accounting Standards Advisory Board (FASAB) issued Statement of Federal Financial Accounting Standards 54: Leases (SFFAS 54), which among other things, requires lessees to (1) recognize operating leases as lease assets and lease liabilities on the balance sheet and (2) disclose key information about significant leasing arrangements. Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. Currently, OSC has not identified any non-intragovernmental, non-short-term contracts or agreements.

W. Change in Presentation

The FY 2023 Other Than Intra-governmental Liabilities and Note 6 have been reclassified to conform with the new Balance Sheet presentation requirements and for consistency with the FY 2024 statements.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2024 and 2023 were:

Fund Balance:	2024	2023
Appropriated Funds (general)	$ 3,683,057	$ 4,638,747
Total Fund Balance with Treasury	$ 3,683,057	$ 4,638,747

Status of Fund Balance with Treasury		
Unobligated Balance:		
Available	$ 171,011	$ 252,591
Unavailable	425,563	385,647
Obligated Balance Not Yet Disbursed	3,086,483	4,000,509
Total Status of Fund Balance with Treasury	$ 3,683,057	$ 4,638,747

There are no discrepancies between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts. Available unobligated balances represent amounts that were apportioned and/or allotted for obligation in the current fiscal year reduced by unfilled customer orders.

Unobligated unavailable fund balance represents the amounts that are not apportioned for obligation during the current fiscal year and appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or paying claims attributable to the appropriations. Obligated balances not yet disbursed include unpaid delivered and undelivered orders.

NOTE 3. ACCOUNTS RECEIVABLE, NET

A summary of accounts receivable from the public as of September 30, 2024 and 2023 were as follows:

	2024	2023
Accounts Receivable from the Public:		
Billed:		
Current	$ 13,063	$ 7,744
Total Accounts Receivable	13,063	7,744
Accounts Receivable from the Public, Net	$ 13,063	$ 7,744

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, Plant, and Equipment account balances as of September 30, 2024 and 2023 were as follows:

	Service Life	Acquisition Value	Accumulated Depreciation	2024 Net Book Value
Office Equipment	5 yrs	$ 90,121	$ (90,121)	$ -
Leasehold Improvements	10 yrs	488,325	(479,853)	8,472
Total		$ 578,446	$ (569,974)	$ 8,472

	Service Life	Acquisition Value	Accumulated Depreciation	2023 Net Book Value
Office Equipment	5 yrs	$ 112,651	$ (112,651)	$ -
Leasehold Improvements	10 yrs	488,325	(467,567)	20,758
Total		$ 600,976	$ (580,218)	$ 20,758

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on OSC's Balance Sheet as of September 30, 2024 and 2023 include liabilities not covered by budgetary resources, which are liabilities for which congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

A. Intra-governmental and Other Than Intra-governmental Liabilities

	2024	2023
Intra-governmental Liabilities		
Unfunded FECA Liability	$ 5,444	$ 10,346
Total Intra-governmental Liabilities	5,444	10,346
Other Than Intra-governmental Liabilities		
Unfunded Leave	1,603,759	1,599,694
Actuarial FECA Liability	20,178	41,464
Contingent Liabilities	5,000	-
Total Liabilities Not Covered by Budgetary Resources	$ 1,634,381	$ 1,651,504
Total Liabilities Covered by Budgetary Resources	663,387	1,588,515
Total Liabilities	$ 2,297,768	$ 3,240,019

B. Other Information

Unfunded FECA Liabilities consists of workers' compensation claims payable to the Department of Labor, which will be funded in a future period, and an unfunded estimated liability for future workers' compensation claims based on data provided from the DOL. Unfunded FECA liabilities for 2024 and 2023 were approximately $5,444 and $10,346 respectively. The actuarial calculation is based on benefit payments made over 12 quarters, and calculates the annual average of payments. The actuarial FECA liabilities for 2024 and 2023 were approximately $20,178 and $41,464 respectively. For medical expenses and compensation, this average is then multiplied by the liability-to-benefit paid ratio for the whole FECA program.

Unfunded Leave represents a liability for earned leave and is reduced when leave is taken. At year end, the balance in the accrued leave account is adjusted to reflect the liability at current pay rates and leave balances. Accrued leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

All other liabilities are considered to be covered by budgetary resources.

NOTE 6. OTHER LIABILITES

Other liabilities consisted of the following as of September 30, 2024 and 2023:

Other Liabilities		
Other Liabilities (without reciprocals)		
Employer Contributions and Payroll Taxes Payable	$ 40,961	$ 135,978
Other Current Liabilities - Benefit Contributions Payable		
Employer Contributions and Payroll Taxes Payable	99,071	245,732
Unfunded FECA Liability	5,444	10,346
Total Intra-governmental Liabilities	145,476	392,056
Other Than Intra-governmental Liabilities		
Other Liabilities		
Contingent Liabilities	5,000	-
Total Other Than Intra-governmental Liabilities	5,000	-
Total Other Liabilities	$ 150,476	$ 392,056

NOTE 7. LEASES

OSC occupies office space under a lease agreement in Washington DC, that is accounted for as an intragovernmental lease. OSC also subleased one small, individual office from the Merit System Protection Board (MSPB) in FY 2024 in Oakland, which the agency chose not to renew for FY 2025 or beyond. The OSC DC HQ lease was renewed and took effect on October 26, 2019 and expires on October 25, 2029, with an additional 5 year option period. On May 26, 2020 OSC gave 120 day written notice to GSA to close all of its field offices (Detroit, Dallas and Oakland). As of September 30, 2020 all of the OSC field offices are closed and OSC has no further rent obligations on them. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. OSC's HQ leased property is subject to real estate tax assessments which are variable, dependent upon economic conditions as well as tax rate determinations made by state/local governments. Currently, OSC has not identified any non-intragovernmental, non-short-term contracts or agreements.

In FY 2024, OSC's lease expenses were $1,665,522. The variance between the actual expenses recorded in the Lessee Lease Expense account and OSC's FY 2024 lease expense of $1,665,522 is due to the first lease payment for DC's HQ lease being applied incorrectly to the FY 2023 obligation. This was corrected in FY 2025, thus the lease expense was not included in the FY 2024 reclassification. Further, OSC's FY 2024 actual lease expenses were lower than the original, estimated expenses primarily due to lower-than-expected taxes on OSC's DC lease. Future annual lease expenses are presented in the table below.

Intragovernmental Annual Lease Expense for the fiscal year ended September 30, 2024:

Fiscal Year	Totals
2025	1,720,783
2026	1,742,252
2027	1,734,241
2028	1,760,447

2029	1,787,440
2030	140,952
Total Intragovernmental Lease Expense	$8,886,115

NOTE 8. COMMITMENTS AND CONTINGENCIES

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible payment by OSC. The uncertainty will ultimately be resolved when one of more future events occur or fail to occur. For pending, threatened or un-asserted litigation, a liability/cost is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow or sacrifice of resources can be reasonably estimated.

There are numerous legal actions pending against the United States in Federal courts in which claims have been asserted that may be based on action taken by OSC. Management intends to vigorously contest all such claims. Management believes, based on information provided by legal counsel, that losses, if any, for the majority of these cases would not have a material impact on the financial statements.

Probable Likelihood of an Adverse Outcome
As of September 30, 2024, OSC is subject to one pending case where an adverse outcome is probable. The potential losses may exceed $5,000, but should be less than $10,000.

As of September 30, 2023, OSC was not subject to pending cases where an adverse outcome was probable.

Reasonably Possible Likelihood of an Adverse Outcome
As of September 30, 2024 OSC is subject to four pending cases where an adverse outcome is reasonably possible. The potential losses are assessed at approximately $30,000 in total across all cases.

As of September 30, 2023 OSC was subject to pending cases where an adverse outcome was reasonably possible, and potential losses were assessed at possibly being between $5,000 and $65,000.

NOTE 9. INTER-ENTITY COSTS

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed [by the component reporting entity] are recognized as imputed cost [in the Statement of Net Cost], and are offset by imputed revenue [in the Statement of Changes in Net Position]. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgement Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

OSC recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, the Office of Personnel Management. For the fiscal years ended September 30, 2024 and 2023, respectively, imputed financing from OPM were approximately $1,891,874 and $1,442,292.

NOTE 10. APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS

New obligations and upward adjustments reported on the Statement of Budgetary Resources for the years ended September 30, 2024 and 2023 consisted of the following:

	2024	**2023**
Direct Obligations:		
Category B	$ 31,714,300	$ 31,953,095
Total New Obligations and Upward Adjustments	$ 31,714,300	$ 31,953,095

NOTE 11. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanations of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include FY24 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2025 and can be found at the OMB website: http://www.whitehouse.gov/omb. The 2025 Budget of the United States Government, with the actual column completed for 2023, has been reconciled to the Statement of Budgetary Resources.

A $1 million difference existed between the SBR and President's Budget because the President's budget did not include $485 thousand unobligated balance from prior year budget authority and $228 thousand spending authority from offsetting collections. These amounts cannot be captured in the MAX A-11 database for the President's Budget as neither of them individually are above $500 thousand and round upward to a $1 million. $1 million is the lowest amount able to be reflected in the MAX A-11 database for any singular line of data.

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the years ended September 30, 2024 and 2023, undelivered orders amounted to:

(dollars in thousands)

		2024		2023
Unpaid:				
Federal	$	1,940,070	$	1,955,116
Non-Federal		483,026		456,880
Paid:				
Federal		711,904		912,590
Totals	$	3,135,000	$	3,324,586

NOTE 13. ADVANCES AND PREPAYMENTS

The Advances and Prepayments for OSC were $711,904 as of September 30, 2024. The Advances and Prepayments for OSC were $912,590 as of September 30, 2023.

NOTE 14. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation, referred to as the Budget and Accrual Reconciliation (BAR), requires a reconciliation of the net outlays on a budgetary basis and the net cost of operations during the period.

Office of Special Counsel
As of September 30, 2024
(In dollars)

Budget and Accrual Reconciliation
For the period ended September 30, 2024

	Intragovernmental	With the public	FY 2024
Net Operating Cost (SNC)	12,115,835	21,419,955	33,535,790
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(12,286)	(12,286)
Increase/(decrease) in assets:			
Accounts receivable	-	5,319	5,319
Advances and Prepayments	(200,687)	-	(200,687)
(Increase)/decrease in liabilities:			
Accounts payable	(945)	33,243	32,298
Salaries and benefits	241,677	651,153	892,830
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA, Contingent)	4,903	12,221	17,124
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(1,891,874)	-	(1,891,874)
NET OUTLAYS (Calculated Total)	10,268,909	22,109,605	32,378,514

For the period ended September 30, 2023

	Intragovernmental	With the public	FY 2023
Net Operating Cost (SNC)	11,058,962	21,138,685	32,197,647
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(21,580)	(21,580)
Increase/(decrease) in assets:			
Accounts receivable	-	6,791	6,791
Advances and Prepayments	912,590	-	912,590
(Increase)/decrease in liabilities:			
Accounts payable	-	(2,609)	(2,609)
Salaries and benefits	(47,307)	(15,827)	(63,134)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	5,660	47,017	52,677
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(1,442,292)	-	(1,442,292)
NET OUTLAYS (Calculated Total)	10,487,613	21,152,477	31,640,090

APPENDIX I – STRATEGIC PLAN (FY 2022 - FY 2026):

STRATEGIC PLAN (FY 2022-2026)

U.S. Office of Special Counsel
1730 M Street, NW, Suite 300
Washington, DC 20036-4505

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Message from the Special Counsel

It is my pleasure to present the U.S. Office of Special Counsel's (OSC) Strategic Plan for Fiscal Years 2022-2026. This plan builds on our proven strategies for carrying out OSC's statutory mandate while being responsible stewards of our appropriated funds. The recently implemented streamlining of our internal processes and reorganization of our programmatic units have benefitted OSC, our stakeholders, and American taxpayers over the last several years. This strategic plan lays out a carefully considered roadmap for continued success.

Guided by our mission to safeguard the merit system and hold the government accountable, OSC is an independent federal agency that protects the rights of roughly 2.1 million federal employees, including service members' employment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA). OSC provides a safe channel for federal employees to make disclosures of agency wrongdoing and, importantly, protects them from retaliation once they speak up. Through enforcement of the Hatch Act, OSC is also charged with preventing partisan politics from compromising the integrity of the merit civil service system.

As a small federal investigative and civil prosecutorial agency with government-wide jurisdiction, OSC consistently provides outsized returns for the federal government and achieves exceptional results for complainants. We do this with an emphasis on old-style customer service and an intentional and determined focus on the strategies, goals, and metrics identified in our strategic plan. In short, we are clear about our purpose and our vision for achieving excellence in fulfilling it. Our results reflect that dedication to mission. In turn, we strengthen the federal merit system.

This new strategic plan continues OSC's efforts to achieve organizational excellence and to efficiently allocate our precious resources. Since the release of the previous plan, OSC has combined two units with overlapping responsibilities into one, so that a single attorney generally handles each prohibited personnel practice (PPP) case from the start of the investigation through closure of the case, allowing OSC to process PPP complaints more efficiently. In the new strategic plan, our goals are clear: to build on the efficiencies we have recently achieved, while maintaining an agile, well-functioning organization.

The COVID-19 pandemic has introduced historic challenges for all Americans. The federal workforce, including at OSC, is no different. Nonetheless, OSC has achieved unparalleled success in obtaining favorable outcomes for whistleblowers and other complainants. Our core values – Commitment; Excellence; Independence; Integrity; Vigilance – guide us in meeting these challenges. As we move forward, this new strategic plan sets our course. We are committed to fostering a model workplace with respect for employees and stakeholders and acting fairly, without bias, to honor and uphold the merit system.

With this new strategic plan, OSC is prepared to build on past successes and meet future challenges. Our dedicated staff is located nationwide and, because of the continued COVID-19 pandemic, currently comprises an almost completely remote workforce. This plan equips our staff with a long-term template for success in a challenging and dynamic environment. Together, we look forward to continuing to achieve excellent results for our stakeholders, whistleblowers, and the American people.

Introduction

The U.S. Office of Special Counsel vigorously enforces its mandates to protect federal employees, applicants, and former employees from various unlawful employment practices, including retaliation for whistleblowing, and to hold the government accountable by providing a safe and secure channel for whistleblower disclosures.

As an agency with a relatively modest budget and a critical mission, OSC has been strategic in effectively and efficiently addressing our workload. OSC has met these challenges, achieving a record number of positive results in recent years. In FY 2020, for example, OSC achieved 405 favorable outcomes for federal employees subjected to retaliation and other prohibited personnel practices (PPPs)—an agency record and roughly 32% higher than its average success rate in the previous five years. During the same period, OSC's work resulted in 61 substantiated instances of wrongdoing disclosed by whistleblowers, and the identification of millions of dollars of uncollected debts owed to the federal government. OSC also issued more than 1,400 Hatch Act advisory opinions and obtained favorable outcomes for several service members who brought claims under USERRA.

In addition, OSC has provided education and outreach to the federal community with the goal of preventing and deterring violations of civil-service laws. OSC has also published reports of its investigative findings (in redacted format) when doing so may serve an educational purpose and has filed *amicus curiae* briefs aimed at clarifying whistleblower protections. Equally important, OSC has improved communication with its federal stakeholders—both through its revamped website and enhanced use of social media.

Finally, OSC has worked with partners in Congress to modernize the laws it enforces, allowing OSC to be more effective in its role as a watchdog and guardian of employee rights. For example, in 2017, Congress passed the Dr. Chris Kirkpatrick Whistleblower Protection Act, which created a new PPP for the improper accessing of medical records and required agencies to notify OSC if an employee committed suicide after potentially being subjected to whistleblower retaliation. This law also required agencies to train their supervisors on how to handle complaints of whistleblower retaliation and mandated disciplinary action for supervisors who have violated certain provisions. That same year, Congress passed the OSC Reauthorization Act, which significantly clarified that agencies may not withhold information during OSC investigations by asserting common law privileges. The legislation also promoted greater efficiency and accountability within OSC, improved protections against retaliatory investigations and other forms of whistleblower retaliation, and required managers across the federal government to respond appropriately to disclosures of fraud, waste, and abuse.

While OSC's recent achievements are significant, broad challenges remain and new ones continue to develop. By building on the successes already attained over the last five years, OSC stands ready to meet these challenges.

About OSC

Background

OSC is an independent federal investigative and prosecutorial agency. Its basic enforcement authorities come from several federal statutes: the Civil Service Reform Act (CSRA), as amended by the Whistleblower Protection Act (WPA), the Whistleblower Protection Enhancement Act (WPEA); the Hatch Act; and USERRA.

OSC's roots lie in the reform efforts of Gilded Age America. In 1883, Congress enacted the Pendleton Act creating the Civil Service Commission, which was intended to help ensure a stable, qualified federal workforce free from partisan political pressure. Nearly a century later, amidst well-publicized allegations of retaliation by agencies against employees who had blown the whistle on wasteful defense spending, and revelations of partisan political coercion in the federal government, Congress enacted sweeping reforms to the civil-service system in 1978. As a result, the CSRA replaced the Civil Service Commission with the Office of Personnel Management (OPM), the Federal Labor Relations Authority, and the Merit Systems Protection Board (MSPB), with OSC serving as the investigative and prosecutorial arm of the MSPB for the next decade.

In 1989, Congress passed the WPA, making OSC an independent agency within the federal executive branch. The WPA also strengthened protections against retaliation for employees who disclose government wrongdoing and enhanced OSC's ability to enforce those protections. Ensuing legislation, such as the WPEA and the OSC Reauthorization Act, significantly strengthened the agency's enforcement responsibilities by, for example, clarifying OSC's access to privileged agency materials during its investigations and permitting OSC to file amicus curiae briefs in whistleblower retaliation cases in the federal courts of appeals.

Mission and Responsibilities

OSC's mission is to safeguard employee rights and hold the government accountable. To achieve this mission and promote good government in the federal executive branch, OSC's obligations are, broadly speaking: (1) to uphold the merit system by protecting federal employees, applicants, and former employees from prohibited personnel practices, curbing prohibited political activities in the workplace and preserving the employment rights of federal employees who are service members; and (2) to provide a safe channel for federal employees, applicants, and former employees to disclose wrongdoing at their agencies. These two responsibilities work in tandem to maintain the integrity and fairness of the federal workplace and to make the government more accountable.

CSRA – Prohibited Personnel Practices

The "federal merit system" refers to laws and regulations that are designed to ensure that personnel decisions are made based on merit. PPPs are banned employment-related actions that violate the merit system through employment discrimination, retaliation, improper hiring practices or failure to adhere to the laws, rules, or regulations directly concerning merit system principles. OSC has the authority to investigate and prosecute violations of the 14 PPPs in the CSRA, as amended.

CSRA – Whistleblower Disclosures

In addition to protecting whistleblowers from retaliation, the CSRA created OSC as a safe channel for most federal workers to disclose information about violations of laws, gross mismanagement or waste of funds, abuse of authority, substantial and specific dangers to public health and safety, and censorship related to scientific research. Through its oversight of government investigations of whistleblower disclosures, OSC regularly reins in waste, fraud, abuse, illegality, and threats to public health and safety that pose the risk of both catastrophic harm to the public, and large liability costs to the government.

Hatch Act

The Hatch Act, passed in 1939, restricts certain political activities of federal employees, as well as some District of Columbia, state, and local government employees who work in connection with federally funded programs. The law was intended to protect federal employees from political coercion, ensure federal employees are advanced based on merit rather than political affiliation, and make certain federal programs are administered in a nonpartisan fashion. OSC has the authority to investigate and prosecute violations and issue advisory opinions under the Hatch Act.

Uniformed Services Employment and Reemployment Rights Act (USERRA)

USERRA, passed in 1994, protects military service members and veterans from employment discrimination because of their service, and allows them to regain their civilian jobs following a period of uniformed service. OSC has the authority to litigate and otherwise resolve USERRA claims by federal employees referred by the Department of Labor.

Organizational Structure

OSC is headquartered in Washington, D.C. It continues to have a significant staffing presence in: Dallas, Texas; Detroit, Michigan; and Oakland, California. The agency includes the following components:

- *Immediate Office of Special Counsel (IOSC).* The Special Counsel and IOSC are responsible for policymaking and overall management of OSC. This responsibility encompasses supervision of the agency's congressional liaison and public affairs activities.

- *Case Review Division (CRD).* This division serves as the initial intake point for all PPP and disclosure allegations. CRD screens all new allegations to ensure that PPPs and disclosures are directed to the appropriate OSC component. CRD also closes allegations that are duplicative, filed with MSPB, outside of OSC's jurisdiction, or untimely.

- *Investigation and Prosecution Division (IPD).* This division is comprised of the headquarters office and three virtual field offices, and is primarily responsible for investigating, prosecuting, and otherwise resolving PPPs. IPD determines whether the evidence is sufficient to establish that a violation has occurred and, if so, whether the matter warrants corrective action, disciplinary action, or both. If a meritorious case cannot be resolved informally between the agency and complainant, IPD may bring an enforcement action before the MSPB.

- *Disclosure Unit (DU).* This unit reviews whistleblower disclosures of government wrongdoing. DU may refer a whistleblower disclosure to the agency to investigate and report its findings to OSC. For referred whistleblower disclosures, DU reviews each agency report for sufficiency and reasonableness and then OSC sends the determination, the agency report, and any comments by the whistleblower to the President and the responsible congressional oversight committees.

- *Retaliation and Disclosure Unit (RDU)*. This unit handles hybrid cases where a complainant alleges both whistleblower disclosures and retaliation. RDU performs the full range of action in these cases, including the referral of whistleblower disclosures to agencies and the investigation and prosecution of related retaliation claims, where appropriate.

- *Hatch Act Unit (HAU).* This unit investigates and resolves complaints of unlawful political activity under the Hatch Act and may seek corrective and disciplinary action informally as well as before the MSPB. HAU also provides advisory opinions under the Hatch Act.

- *USERRA Unit.* This unit reviews and resolves USERRA complaints by federal employees referred by the Department of Labor. The unit also may represent service members in USERRA appeals before the MSPB.

- *Alternative Dispute Resolution (ADR) Unit.* This unit supports OSC's other units by providing mediation and other forms of ADR services to resolve appropriate cases. Where the parties agree to mediation, the unit conducts mediation sessions seeking creative and effective resolutions.

- *Diversity, Outreach, and Training Unit.* This unit manages OSC's 2302(c) certification program, including assisting agencies in meeting the statutory mandate of 5 U.S.C. § 2302(c). The unit also provides external education and outreach sessions regarding the laws that OSC enforces. Additionally, the Chief of this unit serves as the Equal Employment Opportunity (EEO) Director, who reports directly to the Special Counsel on the health and effectiveness of OSC's EEO program. The unit answers questions, handles complaints, and ensures access to Equal Employment Opportunity and Anti-Harassment policies and materials.

- *Office of General Counsel.* This office provides legal advice regarding management, policy, and administrative matters, including ethics programs. This office also defends OSC's interests in litigation filed against the agency.

- *Operations Division.* This division manages OSC's budget and financial operations, and meets the technical, analytical, records, and administrative needs of the agency. Component units include the Budget and Finance Office, the Human Capital Office, the Administrative Services Office, the Information Technology Office (ITO), and the Office of the Clerk. Functional areas under the Office of the Clerk include the Freedom of Information Act (FOIA), Privacy Act, Controlled Unclassified Information, and records management. Procurement operations as well as travel are included under the Budget and Finance Office. The Information Technology Office maintains the electronic case management system (eCMS) used to process OSC cases, store case-related documents, and generate reporting metrics. In addition, ITO is responsible for the maintenance and compliance of all modern technology platforms used by the agency.

An organizational chart for OSC may be found in Appendix F (Appendix III of this document).

Strategic Planning Process

Congress requires Executive Branch agencies to develop and post updated four-year strategic plans on their public websites on an overall timeline that aligns to presidential terms. The strategic planning process offers an opportunity for agencies to reflect on their statutory mission and mandates, reassess prior goals and objectives, and identify new goals and objectives that will enable agencies to fulfill their mission and vision. This process—and the resulting strategic plans—also serves to notify Congress and stakeholders of major factors that may affect agencies' abilities to meet their statutory obligations.

In 2016 OSC undertook a comprehensive process to develop the agency's FY 2017- FY 2022 Strategic plan. With input from employees, congressional oversight and appropriations committee parties, the Office of Management and Budget (OMB), and other stakeholders, the plan was completed. OSC feels the outcomes and results of the plan were successful by all measures - record results were achieved in all program areas during the intervening years, and metrics in the plan were met with an overall average of 82% success rate, with an increased success rate nearly every successive year. Thus, the plan successfully guided agency efforts and resources.

In 2021, OSC reviewed its programs and services and reassessed its strategic goals, objectives, strategies, and metrics. After making appropriate revisions and adjustments, OSC presented an updated strategic plan to OMB, staff from the agency's congressional oversight and appropriations committees, and stakeholders. We believe this plan--more of a refinement than an overhaul--will build on the success of the previous plan. On March 28, 2022, the Special Counsel approved OSC's final strategic plan.

Mission, Vision, Strategic Goals, and Core Values

Mission: ***Safeguarding employee rights, holding the government accountable.***

Vision: ***Fair and effective government inspiring public confidence.***

Strategic Goals:

1. ***Protect and promote the integrity and fairness of the federal workplace.***
2. ***Ensure government accountability.***
3. ***Achieve organizational excellence.***

OSC's Mission states: "Safeguarding Employee Rights, Holding the Government Accountable." Strategic Goals 1 and 2, which focus on the agency's substantive program areas, work closely *together to achieve a more responsible and merit-based federal government. Strategic Goal 3, which focuses on OSC's efforts to achieve organizational excellence, encompasses the building blocks to make the agency a more agile, better-functioning organization. Collectively, all three Strategic Goals will help OSC to realize its Vision, which is "Fair and Effective Government Inspiring Public Confidence."*

Core Values:

Commitment: *We are dedicated to seeking justice through the enforcement of laws that OSC is charged with prosecuting and to being a safe channel for whistleblowers.*

Excellence: *We foster a model workplace with respect for employees and stakeholders, and provide a clear, high-quality, and timely work product in our programs and services.*

Independence: *We conduct our work free from outside influence. We act fairly and without bias to honor the merit system.*

Integrity: *We adhere to the highest legal, professional, and ethical standards to earn and maintain the public's trust.*

Vigilance: *We aim for proactive and constant improvement of both our own processes and the merit system. We strive to identify innovative and effective ways to address and prevent government wrongdoing.*

Strategic Goals, Objectives, Strategies, and Metrics

Strategic Goal #1 – Protect and promote the integrity and fairness of the federal workplace.

Objective #1: Fairly and promptly investigate and prosecute cases.
Objective #2: Obtain timely and effective relief in cases.

Each year, OSC receives thousands of complaints, particularly from federal employees alleging whistleblower retaliation. To effectively remedy wrongs and hold agencies accountable, OSC applies consistent standards of review and investigative procedure to each matter. Some cases will demand more time and resources than others and will require a variety of investigative strategies and techniques to resolve. Applying broadly uniform procedures, but handling each matter as the facts demand, will allow OSC to remain efficient, fair, and effective. OSC will continue to use ADR and other dispute resolution methods to increase case-processing efficiency and to better serve its stakeholders.

Strategies:
- Handle cases in a fair and unbiased manner.
- Maximize effective use of ADR and other resolution methods in cases.

Metrics:

PPP Enforcement
- Percent of complaints closed within 240 days.
- Number of complaints mediated.
- Number of complaints mediated resulting in settlement.
- Number of formal stays obtained.
- Number of informal stays obtained.
- Number of individual corrective actions obtained.
- Number of systemic corrective actions obtained.
- Number of disciplinary actions obtained.
- Number of cases filed with MSPB
- Number of total favorable actions obtained (i.e., formal stay, informal stay, individual corrective action, systemic corrective action, and disciplinary action).

Hatch Act Enforcement
- Percent of cases closed within 240 days.
- Number of cases filed with MSPB.
- Percent of successful prosecutions before MSPB
- Number of warning letters issued.
- Number of corrective actions obtained.
- Number of disciplinary actions obtained.
- Number of total favorable actions obtained (i.e., corrective action and disciplinary action).

USERRA Enforcement

- Percent of referrals closed within 60 days.
- Number of corrective actions obtained (formally and informally).

Objective #3: Enhance strategic use of enforcement authority.

As a small agency responsible for safeguarding the merit system in a broad sector of the federal community, OSC strives to maximize the impact of its enforcement actions and deter future violations. In addition to seeking corrective and disciplinary action for PPPs, Hatch Act violations, and USERRA complaints, OSC may issue PPP reports and provide technical assistance for policy and legislative changes affecting the laws it enforces. The WPEA also authorized OSC to file amicus curiae briefs in cases involving whistleblower rights and to intervene in cases before the MSPB. OSC will use these authorities to advance its mission of safeguarding employee rights by educating the federal community, working for systemic changes, and helping shape and clarify the law.

Strategies:

- Publish PPP reports that serve educational purposes, as appropriate.
- Furnish expert technical assistance to aid governmental bodies with formulating policy and precedent.

Metrics:

- Number of PPP reports published on website.
- Number of *amicus curiae* briefs and interventions filed.

Objective #4: Provide timely and quality Hatch Act advisory opinions and guidance.

OSC is in a unique position to provide Hatch Act advice to federal, District of Columbia, state, and local employees and officials, as well as the general public. It is important for OSC to provide consistent, well-reasoned opinions in a timely fashion so that individuals can make appropriate decisions about their political activities. OSC recognizes the importance of revising and updating Hatch Act regulations and will continue to pursue its efforts to partner with OPM, the agency responsible for promulgating the regulations, to achieve this goal.

Strategies:

- Provide timely and appropriate Hatch Act advice and information.

Metrics:

- Percent of informal telephonic advisory opinions issued within 3 days of inquiry.
- Percent of informal email advisory opinions issued within 5 days of inquiry.
- Percent of formal written advisory opinions issued within 60 days of inquiry.

Objective #5: Expand training and outreach efforts nationwide.

OSC is well-suited to safeguard employee rights by educating the federal community and others about PPPs, whistleblower disclosures, the Hatch Act, USERRA, and ADR through its training and outreach programs. Since 2002, OSC has had a voluntary program to ensure compliance with 5 U.S.C. § 2302(c), which requires federal agencies to inform employees about their rights and remedies under whistleblower protection and related laws and prevent violations of PPPs. OSC also has longstanding training programs on the Hatch Act and USERRA, as well as resources available *through its website. While many agencies in the Washington, D.C. area have received OSC training and certification, OSC will continue to expand its efforts nationwide to better reach agencies and components that may have less familiarity with the whistleblower protections and other laws that OSC enforces.*

Strategies:
- Increase awareness of and provide expert technical assistance to agencies/components on, the 2302(c) Certification Program and other OSC-related training needs.
- Develop procedures to facilitate registration, certification, and recertification rates of agencies/components under the 2302(c) Certification Program.
- Continue to certify and recertify more agencies/components through the 2302(c) Certification Program.

Metrics:
- Number of agencies/components certified and recertified for the 2302(c) Certification Program.
- Number of trainings conducted.

Objective #6: Effectively and innovatively communicate with stakeholders and the public.

OSC understands the necessity of effectively communicating with stakeholders and the general public about its efforts to safeguard employee rights and hold the government accountable. By appropriately publicizing enforcement outcomes through traditional and non-traditional media, OSC can help to educate the federal workforce about their rights and responsibilities and deter future wrongdoing, including retaliation. OSC will use a wide variety of communication methods to disseminate timely, accurate information and will provide regular opportunities for input, feedback, and collaboration from stakeholders.

Strategies:
- Issue press releases on major activities and key developments.
- Increase use of digital platforms as appropriate (e.g., website, social media).
- Use available analytics to assess effectiveness of communications.

Metrics:
- Number of press releases issued.
- Types and frequency of digital platforms used to share information.
- Types and frequency of website views and activity on digital platforms.

Strategic Goal #2 – Ensure government accountability.

Objective #1: Provide employees with an effective, efficient, and safe channel to report government wrongdoing.

OSC promotes government accountability, integrity, and efficiency by providing a safe channel for federal employees to come forward with evidence of waste, fraud, abuse, law-breaking, threats to public health or safety, or censorship related to research, analysis, or technical information. To ensure that this safe channel remains effective in promoting change and accountability, OSC developed a dynamic, combined form for reporting government wrongdoing, whistleblower retaliation and other PPPs, and Hatch Act violations. The form is designed to be confidential, secure, and convenient for the user, and may be downloaded and completed privately. It may be submitted electronically and immediately routed and processed. The user need not establish an account. OSC will work vigorously to review and assess the whistleblower reporting experience to ensure that OSC can better ensure government accountability by providing a safe channel for whistleblowers and their disclosures.

Strategies:

- Continue to use improved, dynamic form to better receive and process whistleblower disclosures and other allegations, such as whistleblower retaliation.
- Ensure timely and appropriate referrals of whistleblower disclosures to agencies for investigation.

Metrics:

- Number of referrals of whistleblower disclosures to agencies for investigation.
- Percent of referrals of whistleblower disclosures to agencies for investigation made within 45 days.

Objective #2: Ensure agencies provide timely and appropriate outcomes for referred whistleblower disclosures.

OSC returns substantial sums to the federal government by pressing for appropriate action to remedy waste and fraud disclosed by whistleblowers. Through its oversight of agency reports on referred whistleblower disclosures, and in coordination with whistleblowers, OSC uncovers individual and systemic violations of federal law and evaluates the reasonableness of agency responses, encourages cost savings occasioned by the identification and cessation of government waste, resolves serious health and safety threats, and evaluates claims of censorship related to scientific research. A key objective is to improve the timeliness and outcomes of agency reports. OSC will continue to coordinate with whistleblowers toward this objective. OSC will also continue to improve communication with other agencies concerning their statutorily mandated reports, including their content and timeliness.

Strategies:

- Ensure effective agency investigations by engaging agencies when OSC refers the whistleblower disclosures.
- Maintain communications with agencies before, during, and after agencies' investigations of referred whistleblower disclosures, as appropriate.

- Monitor whistleblower disclosures and referrals to agencies to identify trends or systemic challenges.

Metrics:

- Number of favorable outcomes—both corrective and disciplinary actions—achieved through referrals of whistleblower disclosures.
- Number of days between date of receiving whistleblower's comments on agency investigation report (or any update to report) and date of communication to President and Congress.

Strategic Goal #3 – Achieve organizational excellence.

Objective #1: Recruit, develop, and retain a highly talented, engaged, and diverse workforce.

To accomplish its mission with excellence, OSC must use targeted recruitment methods that attract talented employees who believe in the work of the agency. A diverse workforce from various backgrounds will help OSC tackle problems from different perspectives and find optimal solutions. OSC is committed to retaining this skilled and diverse workforce through work-life balance strategies, career and skills development, recognition of strong performance, and other initiatives that will keep employees engaged and equip them to achieve the mission.

Strategies:

- Maintain a current Human Capital Plan that includes effective recruitment, staffing, and retention strategies for attracting, developing, and keeping talent from diverse sources.
- Facilitate training and professional development opportunities to ensure that the agency remains agile and responsive to changing organizational needs.
- Support and evaluate various employee engagement efforts based on Federal Employee Viewpoint Survey results and other methods to capture employee feedback, including consistent communication, constructive mentorship, and effective recognition of staff performance.
- Evaluate a number of internal programs, including the EEO program.
- Continue to emphasize work/life balance and other related benefits.

Metrics:

- Develop and maintain up-to-date Human Capital Plan and reassess regularly.
- Develop Individual Development Plans in support of professional development across the workforce consistent with annual training budget allocation.
- Investigate different approaches to measure employee feedback on the effectiveness of OSC's internal programs such as IT, HR, facilities, training, and EEO.

Objective #2: Improve the use of existing technology and deploy new Information Technology (IT) systems to enhance organizational operations.

OSC will be a good steward of taxpayer dollars through the strategic use of IT systems to help the agency accomplish its mission. OSC will regularly assess the needs of its stakeholders and employees, and in response will employ cutting-edge IT solutions to improve efficiency and the stakeholder experience. OSC will deploy mobile access to network programs in compliance with directives that move the government toward a virtual work environment, while ensuring continuity of operations in *times of work interruption and providing greater flexibility to employees. OSC will also employ IT security solutions to safeguard its information systems with the purpose of protecting the privacy of employees and those seeking assistance from OSC.*

Strategies:

- Engage with agency staff and Federal partners to assess and implement the technology requirements to support the agency mission and strategic goals.
- Implement data governance and management of OSC data.
- Recruit and retain highly skilled IT staff.
- Meet the Federal strategic goals as outlined in Cybersecurity Executive Order 14028 – Improving the Nation's Cybersecurity.

- Continue modernizing OSC's legacy enterprise architecture with a focus on full cloud enterprise architecture.
- Maintain IT hardware using industry lifecycles to include endpoints (computer), network edge appliances, and core network infrastructure.

Metrics:

- Periodic assessment and reassessment of agency technology requirements.
- Deploy enhancements and reporting capabilities of the current electronic case management system, annually.
- Develop and deploy phased approach for adopting zero-trust network security framework.
- Develop and implement plan to reduce uncategorized data and labeling.
- Ensure that IT staffing remains at 5% of the agency's workforce.

Objective #3: Monitor, evaluate, and improve the efficiency and effectiveness of programs and processes.

While OSC is a small agency, it receives complaints from throughout the federal government, handles cases from all over the country, and derives its authority from several different federal statutes. OSC will regularly conduct informal evaluations of its programs and processes to ensure that it is using effective and efficient approaches for safeguarding employee rights and holding the government accountable. Evaluations will seek to identify best practices and areas of improvement. This vigilant effort of continual introspection and review will help OSC achieve greater efficiencies and customer service in the agency's programs and processes. In addition, OSC will give federal employees a meaningful opportunity to provide input into shaping its work through its annual customer satisfaction survey.

Strategies:

- Identify and implement best practices and address areas of improvement identified in informal evaluations of programs and processes.
- Continue to improve methods for determining customer satisfaction with programs and processes and evaluate data to improve efficiency and effectiveness.

Metrics:

- Hold monthly or regular meetings to evaluate programs and processes and implement any learned best practices.

- Continue to issue and review results of annual survey regarding customer satisfaction with programs and processes and assess potential changes to programs and processes based on customer feedback.

Factors Affecting Achievement of Strategic Plan

While OSC is committed to achieving its mission and vision, there are several internal and external factors that will likely affect the agency's ability to achieve the goals set forth in this Strategic Plan. The primary issues of concern revolve around budget uncertainty and significant technological challenges—amplified by the recent pandemic. For a small-sized agency with a substantial mandate to safeguard employee rights and hold myriad government entities accountable, these factors can present serious challenges to fulfilling OSC's important statutory obligations.

The agency has made difficult choices to ensure balance among its investigative and prosecutorial responsibilities with training and outreach efforts critical to preventing whistleblower retaliation and other unlawful practices. While caseloads fluctuated in FY 2020—largely due to pandemic-related operational changes at federal agencies—OSC expects a return to higher, pre-pandemic caseloads in future years. That being said, the pandemic did not affect OSC's Hatch Act work, which usually increases significantly during presidential-election years and did so in FY 2020.

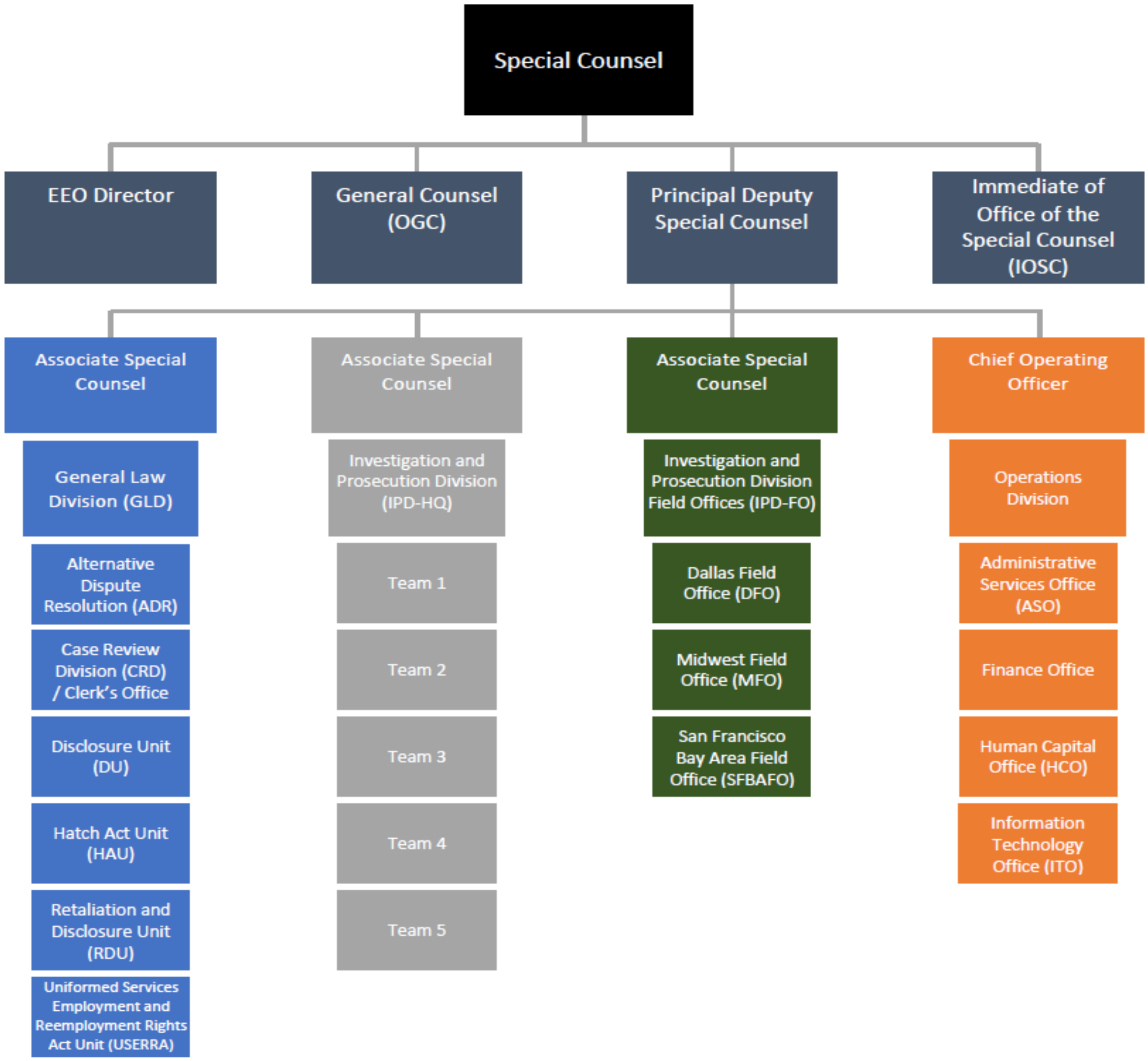
Additionally, OSC has experienced an increased need for long-term improvements in technology, while grappling with limited funding. The remote working arrangements for OSC's employees required by the pandemic highlighted these challenges. OSC will be called upon to ensure that the technological environment in which it conducts its work is modern and secure. By proactively assessing the information security needs and the technological requirements of employees and stakeholders, OSC plans to improve efficiency, security, and the customer experience. Continuous assessment of information technology requisites against available resources will help ensure that OSC achieves organizational excellence despite these challenges.

In response to these challenges, OSC must carefully prioritize and allocate resources to remain efficient, fair, and effective in maintaining the high levels of success achieved in recent years. Accordingly, the agency implemented a reorganization to improve the timeliness and customer service experience in our case processing procedures. OSC is also being proactive in seeking early resolution of meritorious cases, as well as implementing innovative approaches to achieve efficiencies in cases involving both whistleblower disclosures and related retaliation claims. A better funded and more efficient OSC will result in greater stewardship of taxpayer dollars and more effective accountability throughout government.

As an independent agency, OSC must remain agile and focused on upholding the merit system fairly and without bias. In doing so, OSC will continue to emphasize education and outreach and highlight cases with significant educational value or that promote accountability. Through these efforts, OSC can improve federal government culture and remain a steady accountable and transparent presence capable of withstanding administration and leadership changes.

OSC's Strategic Plan contemplates confronting these challenges directly over the next few years to ensure its success. When OSC succeeds, good government and the general public are the ones who truly benefit.

Appendix II: OSC Organizational Chart



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The U.S. Office of Special Counsel (OSC) is an independent investigative and prosecutorial agency and operates as a secure channel for disclosures of whistleblower complaints and abuse of authority. Its primary mission is to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices, especially retaliation for whistleblowing. OSC also has jurisdiction over the Hatch Act and the Uniformed Services Employment and Reemployment Rights Act.

Internet Web Site:

www.osc.gov