PERFORMANCE
—*and*—
ACCOUNTABILITY REPORT
—*for*—
FISCAL YEAR 2016

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A MESSAGE FROM SPECIAL COUNSEL CAROLYN N. LERNER

I am pleased to present the Office of Special Counsel (OSC) Performance and Accountability Report for fiscal year (FY) 2016.

OSC's mission is to safeguard federal employee rights and hold government accountable. OSC makes a real difference in the lives of the American people by saving taxpayers tens of millions of dollars, protecting public health and safety, and increasing the confidence of the public and the federal community in their government.

OSC is experiencing sustained demand for its services. In fiscal year 2016, OSC again received around six thousand new matters. To put this in perspective, case volumes today are 50 percent higher than just five years ago, and double the cases levels of a decade ago. This surging demand demonstrates the rising confidence federal employees have in our agency to deliver favorable results. While OSC receives cases from across the federal government, the primary driver for our high caseload continues to be the Department of Veterans Affairs (VA) cases focused on improving quality care for veterans and assisting doctors and other health care providers facing retaliation.

OSC continues to set records in achieving favorable results. In Prohibited Personnel Practice (PPP) cases this past year, OSC achieved 273 favorable actions, more than double the results of an average year. Over FY 2015-16, OSC gained favorable results in 448 whistleblower retaliation actions, which is five times higher than in any prior two-year span. OSC also achieved great success in correcting government wrongdoing, with agencies substantiating over 75 percent of whistleblower disclosures referred by OSC in FY 2016. In particular, OSC's work with whistleblowers to identify quality of care issues and improper scheduling practices at VA health facilities is helping our government fulfill its solemn commitment to veterans. OSC also represents service members and reservists securing reemployment upon return to civilian life, achieving significant favorable results under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

In FY 2015 and 2016, more than a dozen whistleblowers came to OSC to disclose widespread abuse of "administratively uncontrollable overtime" in the U.S. Department of Homeland Security (DHS). As a result of these disclosures, the DHS cracked down on undue overtime payments, saving $83.7 million. Congress then adopted a new pay system for Border Patrol agents which, according to the Congressional Budget Office, saves $100 million every year.

OSC is also operating more economically than ever. The average cost to resolve a case has fallen by 37 percent over the last 8 years. We are good stewards of taxpayer dollars.

OSC is fulfilling its mission for the federal community. Indeed, in some sense, OSC is a victim of its own success. As the agency's reputation for delivering results grows, so too does its caseload. While Congress has modestly increased OSC's appropriation, the demand for our services continues to outpace the growth in our resources. OSC is struggling to keep pace with demand and is now facing its largest case backlog ever, despite its record efficiency.

That said, I am pleased to report very strong results, which include a clean FY 2016 audit opinion with no material weaknesses. I am confident that the financial and performance data presented in this report are complete, reliable, and accurate. Achieving a strong financial footing is critical to the agency performing its mission.

OSC is dedicated to uprooting waste and fraud, protecting the employment rights of federal employees and returning members of the uniformed services, ensuring accountability, upholding the merit system, and standing up for taxpayers. We look forward to continuing our important work in the next year.

Sincerely,

Carolyn Lerner

Carolyn N. Lerner
November 15, 2016

PART 1: MANAGEMENT DISCUSSION AND ANALYSIS

I. About OSC

Carolyn N. Lerner, the eighth permanent Special Counsel, was confirmed by the Senate on April 14, 2011, and was sworn in on June 14, 2011. On October 5, 2015, Ms. Lerner was nominated for reappointment to continue as Special Counsel for a second term.

OSC's mission helps implement "The Accountable Government Initiative" from the President's Performance Management Agenda. OSC promotes a fair and effective government, which inspires public confidence by safeguarding employee rights and holding government accountable.

When Department of Homeland Security agents report massive abuses of overtime pay, Federal Aviation Administration air traffic controllers witness dangerous flight practices, Department of Veterans Affairs professionals observe unsafe practices in hospitals, or when Defense of Department procurement officers find huge irregularities in government contracts, OSC acts to ensure that these whistleblowers' claims are heard and acted upon. OSC also protects federal employees from retaliation for making disclosures, and from other prohibited personnel practices. In addition, through enforcement of the Hatch Act, OSC guards the integrity of the civil service by keeping partisan influences out of the federal workplace. Finally, OSC defends returning service members and reservists against employment discrimination by enforcing their rights under USERRA.

By assisting whistleblowers, OSC saves the federal government substantial money by uncovering waste and fraud. By providing a safe, effective channel for disclosing wrongdoing, OSC also prevents government lawbreaking and potentially catastrophic disasters from ever occurring, thereby saving the government tens of millions of dollars.

II. Statutory Background

OSC was established on January 1, 1979, when Congress enacted the Civil Service Reform Act (CSRA). Pursuant to the CSRA, OSC: (1) receives and investigates complaints from federal employees alleging prohibited personnel practices; (2) receives and investigates complaints regarding the political activity of federal employees and covered state and local employees and provides advice on restrictions imposed by the Hatch Act on the political activity of covered federal, state, and local government employees; and (3) receives disclosures from federal whistleblowers about government wrongdoing. Additionally, when appropriate, OSC files petitions for corrective and/or disciplinary action with the Merit Systems Protection Board (MSPB) in prohibited personnel practice and Hatch Act cases.

In 1989, Congress enacted the Whistleblower Protection Act (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.[1] The 1993 Amendments to the Hatch Act did not affect covered state and local government employees.

In 1994, the Uniformed Services Employment and Reemployment Rights Act (USERRA) was enacted. 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).[2]

OSC's 1994 Reauthorization Act expanded protections for federal employees and defined new responsibilities for OSC and other federal agencies. For example, the 1994 Reauthorization Act provided that within 240 days after receiving a prohibited personnel practice complaint, OSC should determine whether there are reasonable grounds to believe that such a violation occurred or exists. Also, the Reauthorization Act extended protections to approximately 60,000 employees of what was then known as the Veterans Administration (now the Department of Veterans Affairs), and whistleblower reprisal 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 Whistleblower Protection Act in consultation with OSC.[3]

The Whistleblower Protection Enhancement Act (WPEA) was signed into law in November 2012 and strengthens the WPA. This law overturns legal precedents that narrowed protections for government whistleblowers, provides whistleblower protections to employees who were not previously covered, including Transportation Security Administration officers, restores the Office of Special Counsel's ability to seek disciplinary actions against supervisors who retaliate, and holds agencies accountable for retaliatory investigations, among other improvements.

The Hatch Act Modernization Act (HAMA) was signed into law in December 2012. HAMA modified the penalty provision of the Act to provide a range of possible disciplinary actions for federal employees. It also permits state or local government employees to run for partisan political office unless the employee's salary is 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.

III. Organizational Structure of OSC

OSC maintains a headquarters office in Washington, D.C., and has three field offices located in Dallas, Detroit, and Oakland. The agency includes a number of program and support units.

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

Complaints Examining Unit (CEU). This unit is the intake point for all complaints alleging prohibited personnel practices. CEU received over 4,000 such complaints in FY 2016. Attorneys and personnel management specialists conduct an initial review of complaints to determine if they are within OSC's jurisdiction and, if so, whether further investigation is warranted. The unit may seek to quickly obtain corrective action in qualifying cases, or refer a qualifying case for alternative dispute resolution (ADR) or further review by the Investigation and Prosecution Division (IPD). Cases that do not qualify are closed.

Investigation and Prosecution Division (IPD). A qualifying case may be referred to ADR or IPD, which is comprised of a headquarters operation and three field offices, and is responsible for investigating and prosecuting prohibited personnel practices. IPD attorneys determine whether the evidence is sufficient. If not, the matter is closed. If the evidence is sufficient, IPD may seek corrective action, disciplinary action, or both, through negotiation with the agency or by an enforcement action before the MSPB.

Hatch Act Unit (HAU). This unit enforces and investigates complaints of unlawful political activity by government employees under the Hatch Act, 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, D.C., state and local employees, as well as the public at large.

USERRA Unit. This unit enforces the Uniformed Services Employment & Reemployment Rights Act of 1994 for civilian federal employees.

Alternative Dispute Resolution Unit (ADR). This unit supports OSC's program units. Matters are received from IPD, CEU and the USERRA Unit that are appropriate for mediation. Once referred, an OSC ADR specialist contacts the affected employee and agency to propose mediation. If both parties agree, OSC conducts a mediation session, led by OSC-trained mediators who have experience in federal personnel law.

Disclosure Unit (DU). This unit receives and reviews disclosures of wrongdoing from federal whistleblowers. DU recommends whether to refer a disclosure to the head of the relevant agency to conduct an investigation and report its findings to the Special Counsel, or close the matter without further action. If the disclosure is referred, OSC reviews the agency's report to determine its completeness and reasonableness; the Special Counsel then sends her determination, the report, and any comments by the whistleblower to the President and responsible congressional oversight committees, and these are posted to an online public file.

Retaliation and Disclosure Unit (RDU). This unit handles hybrid cases in which a single complainant alleges both a whistleblower disclosure and retaliation. OSC created RDU to streamline its processes and provide a single point of contact for complainants filing both a disclosure and retaliation claim. 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.

Outreach and Education Unit. The Outreach and Education 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 the OSC, about the rights and remedies available to them under the prohibited personnel practice provisions of the Whistleblower Protection Act. This unit also helps develop and implement training programs for OSC's internal staff, in order to meet compliance requirements, and enhance the professionalism, knowledge and efficiency of OSC's personnel.

Office of General Counsel. This office provides legal advice and support in connection with management and administrative matters, defense of OSC interests in litigation filed against the agency, management of the agency's Freedom of Information Act, Privacy Act, and ethics programs, and policy planning and development.

Administrative Services. Component units are Finance, Human Capital, Administrative Services and Document Control, and Information Technology.

IV. Performance Highlights

In FY 2016, the rising trend in caseloads continued. For the second year in a row OSC received around 6,000 new matters, a substantial portion of which concerned scheduling and patient care revelations at the Department of Veterans Affairs. With just a modest increase in resources, OSC has skillfully enhanced accountability, integrity, and fairness in the federal workplace.

To manage its rising caseload, OSC has increased productivity across its multiple units. In FY 2016, OSC resolved over 5,600 cases, second only to the prior year. Total favorable actions in PPP cases were also near record levels. Agencies substantiated over 75 percent of the disclosures of wrongdoing referred by OSC for investigation. Meanwhile, OSC's Hatch Act Unit issued 21 warning letters, successfully obtained several disciplinary actions, and conducted a comprehensive and professional investigation of a Cabinet Secretary. The USERRA Unit helped 16 service-members with their employment and reemployment cases. OSC also filed four *amicus* briefs to clarify the scope of whistleblower protections.

Equally important, OSC dramatically increased its training of the federal community to prevent problems from occurring in the first place. OSC conducted 190 outreach events at federal agencies during FY 2016, more than doubling the average outreach year. OSC also certified 42 more agencies under its 2302(c) program, which requires agencies to take specific steps to inform their managers and employees about whistleblower protections and prohibited personnel practices.

OSC is meeting its duties as an independent investigative and enforcement agency, bringing greater integrity and efficiency to the federal government. OSC is also working harder and smarter, and with better results than at any time in its history. FY 2015 and 2016 have been banner years for the agency; during that two-year period, OSC resolved more new cases, achieved more favorable actions in response to PPP complaints and whistleblower reprisals, and sent more whistleblower disclosure reports to the President and Congress than any other two-year period in OSC's history.

The following is a brief summary of results by program area:

<u>Prohibited Personnel Practices (PPPs).</u> OSC's strategic goal is to promote the integrity and fairness of the federal workplace. To do so, OSC aims to: (1) increase its capacity to protect federal employees against whistleblower retaliation; (2) provide outreach and advice; (3) seek disciplinary action against federal employees responsible for persistent or egregious PPPs; and (4) achieve mutually satisfactory and speedier solutions through mediation. OSC identified performance indicators to measure our success in achieving each of the three goals. In FY 2016, OSC met its percentage goal for obtaining corrective actions in referred cases while resolving its second highest number of PPP complaints ever. More significantly, OSC achieved a near record 273 favorable actions this year, more than doubling historical agency levels.

<u>Alternative Dispute Resolution (ADR)</u>. ADR mediates appropriate PPP and USERRA complaints. The ADR program's goal is to resolve these cases more quickly and efficiently, while obtaining satisfactory results for both agencies and employees. In FY 2016 ADR successfully settled 70 percent of its cases, while obtaining 16 settlements.

Whistleblower Disclosures. 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. OSC sent a record 78 whistleblower disclosure reports to the President and Congress in FY 2016. In 68 of those cases, agencies substantiated wrongdoing referred by OSC.

Hatch Act. OSC aims to reduce prohibited political activities by: (1) bringing disciplinary action against federal employees for impermissible political activities; and (2) warning and educating employees about unlawful conduct. To achieve these goals, this year OSC issued 21 warning letters, obtained ten Hatch Act corrective actions, and five disciplinary actions, either by negotiation or MSPB orders. OSC also fulfilled 100 percent of training requests it received from other government agencies to educate their personnel and avoid violations.

USERRA. OSC continues to assist reservists and National Guard members who face obstacles in their federal civilian jobs due to their military service. In FY 2016, OSC resolved 93% of its USERRA referral cases within 60 days of receipt, secured back pay and restored seniority for service members, and assisted the Department of Defense and Peace Corps in updating agency personnel regulations to ensure consistency with USERRA.

Outreach and Education. OSC's goal is to provide government-wide training to inform federal workers of their rights under the whistleblower protection and prohibited personnel practice provisions of the Whistleblower Protection Act. OSC improves federal workers' knowledge of their rights and managers' responsibilities by conducting formal information sessions at federal agencies and by providing information and resources on OSC's website. To this end, OSC completed a record 190 outreach events in FY 2016.

V. Office of Special Counsel's Cost Savings to Government and Other Successes

OSC improves the efficiency and accountability of government, and it returns large sums of money to the U.S. Treasury. Over the last few years, the agency has handled record numbers of disclosures from federal whistleblowers, many of which result in enormous and direct financial returns to the government, and even greater indirect benefits in harm avoided or reduced. OSC not only ensures that disclosures are properly considered, it protects whistleblowers who bring them forward.

Cost Savings

The real measure of OSC's financial contribution is preventative: By providing a safe channel for whistleblower disclosures, OSC addresses threats to public health and safety that pose the very real risk of catastrophic harm to the public and huge remedial and liability costs for the government. For example, OSC played a central role in highlighting VA employee disclosures of patient scheduling protocols, causing significant risks to the health of our nation's veterans. OSC also substantiated allegations that DoD Commissary workers improperly inspected meat and poultry, posing a danger to public health and safety. OSC has handled dozens of disclosures from courageous FAA employees who blew the whistle on systemic failures in air traffic control and the oversight of airline safety.

This year at a Naval facility in North Carolina, a whistleblower alleged that employees failed to properly test aircraft fueling equipment and fuel, and improperly disposed of jet fuel. The agency's investigation substantiated the whistleblower's allegations that thousands of gallons of usable jet fuel was needlessly discarded, based on the mistaken belief that it was contaminated. In response, the agency has implemented an extensive variety of corrective actions, and these actions resulted in savings of $71,000 annually.

In the past few years, OSC has received numerous disclosures from Department of Homeland Security (DHS) employees who identified violations of administratively uncontrollable overtime (AUO) at locations nationwide. The whistleblowers alleged that managers approved AUO for work that employees did not perform or for work that should not have qualified. As a result of a new law passed to address improper use of AUO, the Congressional Budget Office estimates that $100 million will be saved annually, an amount roughly four times the size of OSC's budget.

Mediation

Harmonious relations between managers and employees are critical to the effectiveness and efficiency of government. OSC plays a unique role in fostering a healthy federal workplace by handling allegations of prohibited personnel practices, such as nepotism, discrimination, retaliation, and violations of merit systems principles. These cases are typically resolved by negotiation, mediation, and settlement rather than by prosecution, thereby ensuring fairness and due process to employees, while preventing paralyzing stalemates and disruptions to the conduct of government business. OSC has been very successful achieving settlement through mediation. During FY 2016, 70 percent of mediations completed by OSC resulted in settlement. Mediation significantly reduces the amount of time and money required to investigate and resolve a case, and provides a streamlined settlement option, resulting in a win-win for parties to the dispute.

Prohibited Personnel Practices

The volume of PPP complaints is substantial and growing: In FY 2016, OSC received over 4,100 new cases, a new agency record and a substantial increase over the 3,371 complaints filed with OSC just two years prior. For some of these cases, mediation offers the timeliest and mutually beneficial outcome. But not all meritorious PPP cases can be settled in mediation. Where appropriate, OSC seeks corrective, systemic, and disciplinary action through informal resolutions and/or litigation before the MSPB, and is achieving an unprecedented number of favorable actions.

For the second year in a row, OSC achieved favorable actions at a rate almost double the historical level. In FY 2016, OSC gained 273 favorable actions in its cases. This translates into improved accountability and fairness in government, as well as jobs saved, whistleblowers protected, and rights restored.

Of the favorable actions in FY 2016, 215 involved reprisal for whistleblowing. OSC negotiated 40 stays with agencies to protect employees from premature or improper personnel actions. Eleven stay or stay extensions were also obtained from the MSPB. OSC also achieved 15 disciplinary actions, upholding accountability and sending a warning about unacceptable conduct.

USERRA Unit

OSC receives referrals of USERRA cases for prosecution from the Department of Labor, which investigates these cases. OSC received 16 new cases in FY 2016, and gained negotiated corrective actions for two complainants. OSC also provided technical assistance to both the Department of Defense and the Peace Corps in modifying USERRA-related regulations.

Increased Awareness and Effectiveness Resulting in Increased Workload

The more the federal community learns about and gains confidence in OSC, the more it turns to OSC for assistance. The agency's success in gaining corrective and disciplinary actions receives media attention, and OSC also shares information about its achievements via press releases, its web site, and social media. In addition, OSC is increasingly on the radar screen of the federal community due to the substantial training OSC conducts under the 2302(c) certification program. As a consequence, we are seeing elevated case levels, around 6,000 cases for each of the past two years. In FY 2016, OSC resolved twice the cases it did a decade ago, and did so with only a small number of additional employees. Despite our efficient operations, we are at the limit in our capacity: Resources commensurate with the demands on OSC are needed or the backlog of cases will increase substantially in coming years. Given the increasing numbers of PPP cases, sustained high levels of whistleblower disclosures, and anticipated dramatic increase in Hatch Act matters due to this years' presidential election year, OSC will need an increase in resources to sustain and improve upon the agency's record of success.

Notable FY 2016 Prohibited Personnel Practice Case Summaries

Litigation Cases

- OSC filed a petition for review with the MSPB in a case where a senior executive service human resources manager allegedly participated in a scheme to grant unauthorized preferences or advantages to three applicants for employment. OSC filed the petition for review after the administrative law judge ruled that the human resources manager had not committed a prohibited personnel practice. OSC is awaiting a final decision from the MSPB.

- OSC filed an opposition to a petition for review with the MSPB in a case that OSC had earlier settled. OSC and respondent, a then-GS-15 supervisory human resources manager, had entered into a settlement agreement whereby respondent was demoted to a lower graded non-supervisory position. OSC and respondent submitted the settlement agreement to the MSPB for enforcement. The MSPB issued an initial decision, which later became final, accepting the terms of the settlement agreement. More than one year after the MSPB's initial decision became final, respondent filed a petition for review. The MSPB ruled in OSC's favor and dismissed respondent's petition for review.

Amicus Curiae Briefs

- OSC filed an *amicus* brief with the Court of Appeals for the Tenth Circuit in a case where a purchasing agent was removed from employment after he made disclosures to his supervisor about improper expenditures. OSC argued that the law imposing an additional evidentiary burden on complainants who make disclosures in the normal course of duties is not applicable in the case. OSC also argued that Congress intended for the additional burden to apply only to a subset of cases where courts have found that investigating and reporting wrongdoing is an integral part of a federal employee's everyday job duties, such as investigators and auditors. We are awaiting the Tenth Circuit's decision. (Amicus Working Group)

- OSC filed an *amicus* brief with an MSPB administrative judge in a case where a teacher was removed from employment after she made disclosures that staff members were abusive to students. OSC argued that the law imposing an additional evidentiary burden on complainants who make disclosures in the normal course of duties is not applicable in the case. Similar to the issue in Tenth Circuit case above, OSC argued that Congress meant for this provision to be narrowly applied in cases where regularly investigating and reporting wrongdoing is an integral part of the employee's everyday job duties, such as investigators and auditors. We are awaiting the administrative judge's decision. (Amicus Working Group)

- OSC filed an *amicus* brief with the MSPB in a case where a motor vehicle operator supervisor received a notice of unacceptable performance, was placed on a performance improvement plan, and was subsequently removed from employment for failing the performance improvement plan. In its brief, OSC proffered the appropriate standard that should be used when evaluating the law that imposes an additional evidentiary burden for disclosures made in the normal course of duties. OSC argued that the appropriate standard is "contributing-factor-plus," that this standard is consistent with the Whistleblower Protection Enhancement Act, and it is fair and workable. We are awaiting the MSPB's decision. (Amicus Working Group)

- OSC filed an *amicus* brief with the MSPB in a case where the administrative judge concluded that an appellant's disclosure was not protected because although he was an employee when the retaliation occurred, he was a contractor when he disclosed the alleged wrongdoing. OSC argued that the law does not require a whistleblower to be an employee or applicant at the time of the disclosure, that non-precedential Federal Circuit cases suggesting otherwise are distinguishable, and that the administrative judge's decision creates an unnecessary gap in whistleblower protections for those in unique positions to observe and report government wrongdoing. We are awaiting the MSPB's decision. (Amicus Working Group)

Negotiated Resolutions for Whistleblower Retaliation

- OSC obtained disciplinary actions (14, 10, and 5-day suspensions) for three officials who participated in the removal of a whistleblower. The whistleblower, a maintenance worker, disclosed gross mismanagement and abuses of authority. His removal was reversed by the MSPB, which referred the case to OSC.

- Complainant, a manager, was reassigned to a non-supervisory position after disclosing a potential danger to public health and safety. OSC negotiated a resolution with the agency that returned complainant to his former position. The agency also agreed to provide training on prohibited personnel practices.

- Complainant, a technology manager, was suspended for seven days and charged with workplace violence after disclosing a network security concern. The agency cleared complainant of the violence charge, yet continued to restrict his building access and ability to work. After OSC's investigation uncovered evidence of retaliation, the agency agreed to rescind the suspension and provide complainant with back pay, compensatory damages, and a lump sum in exchange for his retirement. The agency also agreed to provide training on prohibited personnel practices.

- Complainant, an employee, was reassigned and suffered other actions because, OSC's investigation found, she reported Anti-Deficiency Act violations to the Inspector General. The parties settled and the agency agreed to correct two of complainant's performance appraisals, restore sick and annual leave, provide compensatory damages, and reimburse complainant for attorney's fees. The agency also agreed to reprimand the subject official.

- Complainants, four employees at the same facility, alleged retaliation after disclosing safety issues and testifying during an investigation. OSC brokered a settlement agreement which, among other things, rescinded the suspensions of two complainants and expunged all negative material from all four complainants' personnel files.

- Complainant, a technical enforcement officer, alleged the agency improperly inserted a security clearance requirement into his position description after he had disclosed an abuse of authority, and then proposed his removal. OSC's investigation revealed that the insertion of the security clearance requirement was unexplained and unaccompanied by the usual documentation. The agency maintained the requirement was legitimate, but agreed to transfer complainant to a lateral position that did not require a clearance and to compensate the complainant $5,000.

- Complainant, a research biologist, alleged the agency failed to renew his term appointment because he disclosed gross mismanagement and the failure to issue him a performance evaluation. While OSC could establish a prima facie case of whistleblower retaliation, the agency had a possible defense for nonrenewal because the demand for complainant's services had dropped by 80-90 percent. In settlement, the agency agreed to renew complainant's term appointment for one last six-month extension on top of the nine months that the agency held complainant's nonrenewal in abeyance pending OSC's investigation.

- Complainant, a police officer, alleged that because of his disclosures of mismanagement and unsafe conditions in his police force he was not selected for more than 15 positions for which he had applied over the course of five years. Finally, he received an offer of promotion to a police instructor position, but only days after he left his agency to accept a job at a different agency. He wanted the promotion, so he resigned his new appointment to accept the offer, only to learn his promotion had been rescinded. After OSC's investigation uncovered evidence that the rescission was retaliatory, the agency agreed to promote him to the instructor position.

- Complainant, a nurse manager, alleged that after her disclosures of a hostile work environment and patient safety concerns, the agency issued her an admonishment, investigated her use of overtime, placed her on administrative leave, and began to remove her from employment. OSC sought and obtained an informal stay of her removal. OSC's investigation established a prima facie case of retaliation, in particular the differing treatment of complainant from non-whistleblowers. In settlement, the agency agreed to pay complainant a lump sum of $50,000, to forego seeking an offset for income she earned while on administrative leave, to expunge all negative references in her personnel folder, and to seek no recovery for approximately $18,000 in overtime payments she received during her employment. Complainant resigned voluntarily from the agency.

- Complainant, an air traffic control specialist, alleged threats and harassment by employees after he disclosed safety concerns to agency officials, media outlets, and OSC. OSC obtained a settlement agreement in which the agency agreed to complainant's request for a transfer to another facility of his preference.

- Complainant, a healthcare worker, was suspended after reporting a significant danger to public health and safety and gross mismanagement. As a result of OSC's involvement, the agency rescinded the suspension and provided back pay.

- Complainant, a technology employee, alleged removal after disclosing abuse of authority and gross mismanagement at the agency. OSC negotiated a resolution that included supervisory training, a lump sum payment, a clean record including the successful completion of probationary period, a neutral job reference, and whistleblower training for management.

- Complainant, a public affairs supervisor, was given a reprimand and negative performance evaluation, placed on a performance improvement plan, reassigned, and threatened with demotion after reporting gross mismanagement and abuse of authority. OSC obtained a settlement that rescinded the reprimand, negative performance evaluation, performance improvement plan, and demotion. OSC also obtained reassignment for complainant to a new chain of command and attorneys' fees.

- Complainant, a psychologist, alleged that, after he made disclosures about management's financial improprieties, waste, and fraud, his manager took steps to prevent him from achieving the same pay level as similarly situated employees and subjected him to a hostile work environment. The employee alleged that his manager also declined to give him performance appraisals and the bonuses that were given to his peers. The employee made additional disclosures to the agency Inspector General (IG) regarding time and attendance fraud and preferential treatment by his manager, which were ultimately substantiated by the IG. A month after making those disclosures, the employee deployed to Afghanistan with the Air Force Reserve. Upon his return to the agency, less than one year later, the employee was coerced by his manager to take a different position doing administrative and technical support work unrelated to psychology. To settle the claim, the agency agreed to provide the employee compensatory damages, adjust his pay level, and take other actions to make him whole.

- Complainant alleged that he was subjected to a retaliatory investigation and detailed to another position for making protected disclosures. OSC helped to facilitate a corrective action settlement, which included an end to the investigation.

Whistleblower/EEO Complaint Retaliation

- Complainant, a program manager, alleged that because she disclosed abuse of authority and filed an EEO complaint, she suffered a variety of personnel actions, including a 14-day suspension for allegedly making a false statement to government officials. OSC's investigation showed that complainant likely did not make a false statement and that the agency deviated from its ordinary practices in investigating and disciplining her. In settlement, the agency agreed to pay complainant $150,000 as compensatory damages and for attorney's fees, rescinded her 14-day suspension, provided back pay for that suspension, restored all benefits she lost due to the suspension, restored 47.5 hours of annual leave and 164 hours of sick leave, reassigned her to a new supervisor, and provided her a salary increase of approximately $8,000.

Improper Selection Practices

- Complainant, a human resources director in the senior executive service, disclosed a hostile work environment and improper favoritism leading to non-merit hiring practices. Less than one month after an administrative investigation partially substantiated complainant's claims, management reassigned complainant to a new position with no assigned duties and without the required notice. Complainant also received a lower evaluation and bonus. In settlement, the agency agreed to provide complainant with a corrected evaluation, an increased bonus, and compensatory damages. Complainant chose not to rescind the reassignment. The agency conducted a further inquiry and disciplined a subject official.

- OSC investigated a case alleging unauthorized preferences or advantages in a number of recruitment actions. In one of the cases, OSC found that a division director engineered an overly restrictive selective placement factor to improve the employment prospects of a temporary employee who was already performing the job. The division director received a letter of reprimand and later retired from federal service.

Discrimination and Harassment

- Complainant, a former physical evaluation board liaison officer, alleged that a coworker sexually harassed her for more than two years and that her supervisor was aware of the harassment but took no steps to stop it. OSC's investigation established the complainant's harassment, including the use of sexually charged language, over a period of several years and that complainant's supervisor should have been aware of this pattern of inappropriate behavior and done more to correct it. In settlement, the agency paid complainant $25,000.

Due Process

- Complainant, a health technician, had her term appointment terminated without proper due process. To resolve the matter, the agency agreed to compensate complainant for the maximum amount of extension terms available for the position she previously held.

Nepotism

- Complainant, a law enforcement officer, alleged acts of nepotism at his agency. OSC did not substantiate the allegation, but found reasonable grounds to recommend systemic training for the agency to educate officials and other agency employees on nepotism and other PPPs.

Subpoenas

- Complainant reported that his duties and working conditions had been significantly changed after he disclosed violations of law, rule, or regulation and gross waste of funds to OSC. An agency official did not cooperate with OSC's request for an interview. After OSC issued a subpoena for the official's testimony, he appeared and testified in compliance with the subpoena.

Stays of Personnel Actions

- Complainants, two senior-level disabled veteran employees, were denied promotions after refusing to withdraw from competition when asked by the agency's hiring officials. OSC obtained a formal stay of the two proposed promotion appointments from the MSPB. OSC is still completing its investigation in this matter.

- Complainant, a physician, received a proposed removal after disclosing concerns about patient safety and controlled substances to management and the OIG. OSC obtained a formal stay of the proposed removal from the MSPB. OSC is still completing its investigation in this matter.

- Complainants, two program analysts, received proposed removals after disclosing improper hiring practices at their agency. One complainant also alleged retaliation for disclosing information to Congress and OSC. The agency granted an informal stay of both proposed removals while OSC investigates the allegations.

- Complainant, a physician and service line director, received a proposed demotion after meeting with the Inspector General regarding patient care issues. The agency granted an informal stay of the proposed demotion while OSC investigates the allegations.

- Complainant, a director of logistics, alleged he was reassigned after disclosing unfair hiring and promotion practices within the agency. The agency granted an informal stay of the reassignment while OSC investigates the allegations.

- OSC filed a formal stay request with the MSPB based on evidence showing that the agency proposed a removal action against Complainant in reprisal for disclosures concerning conflicts of interests related to grant initiatives. The MSPB granted a 45-day stay of Complainant's proposed removal.

- After an agency denied OSC's request for an informal stay, OSC filed a formal stay with the MSPB based on evidence showing that the agency proposed a removal action against Complainant in reprisal for disclosures to Congress and to the Council of the Inspectors General on Integrity and Efficiency concerning gross mismanagement. Before the MSPB issued an order, the agency contacted OSC and agreed to informally stay the proposed removal action if OSC agreed to withdraw its stay request from the MSPB. OSC agreed.

- An agency granted OSC an informal stay of a proposed removal based on evidence showing that the personnel action was initiated in reprisal for filing union grievances and making disclosures concerning time and attendance fraud, favoritism, harassment, and a hostile work environment.

- An agency granted OSC an informal stay of a proposed removal based on evidence showing that the personnel action was initiated in reprisal for filing a lawsuit in the U.S. District Court for the District of Columbia and for making disclosures to the OIG concerning the placement of an illegal recording device in a police control room.

- An agency granted OSC an informal stay of a proposed removal based on evidence showing that the personnel action was initiated in reprisal for disclosures concerning travel fraud and numerous unlawful hiring practices.

- An agency granted OSC an informal stay of a proposed removal based on evidence showing that the personnel action was initiated in reprisal for Complainant's participation in OIG investigations and disclosures concerning harassment, a hostile work environment, nepotism and unlawful hiring practices.

- An agency granted OSC an informal stay of a 14-day suspension based on evidence showing that the personnel action was initiated in reprisal for disclosures to the OIG concerning contract violations, inappropriate purchase card use, excessive overtime, and issues with the agency's preventative maintenance program.

- An agency granted OSC an informal stay of a 10-day suspension based on evidence showing that the personnel action was initiated in reprisal for disclosures to the OIG concerning violations of regulatory physical security procedures.

- An agency granted OSC an informal stay of a geographical reassignment based on evidence showing that the personnel action was initiated in reprisal for disclosures concerning gross mismanagement of an agency's information network system.

- Complainant, a former Deputy IG, alleged that he was demoted and reassigned in reprisal for participating in an OSC investigation. OSC helped to facilitate a corrective action settlement, which included restoring Complainant to the Deputy IG position.

Cases Resolved Through Alternative Dispute Resolution

- Complainant, a medical professional in an intern program, refused to record what she considered to be false inventory numbers as directed by her supervisor. Thereafter, she claims, her supervisor substantially changed her duties and eventually terminated her during her probationary period. Complainant and agency officials worked with OSC mediators to reinstate complainant into the intern program in a location acceptable to her. The agency also provided back pay and a monetary payment to assist with relocation and miscellaneous expenses.

- A senior employee disclosed improper hiring practices to senior management. As a result, the agency removed her supervisory responsibilities, lowered her performance evaluation, denied her permission to telework, and significantly changed her duties. Through mediation the agency and complainant agreed upon a new position for her. The agency also raised complainant's performance rating, and restored the leave that she took during the alleged retaliatory period.

- A medical professional claimed retaliation and a hostile environment after he disclosed that the staff at a mental health facility was failing to properly triage patients. In addition to the hostile environment, complainant alleged that he received a lowered performance rating, was improperly put on administrative leave, and was investigated. The complainant and the agency agreed to let the medical professional to return to a position in a different facility where he would be able to engage in programs about which he is passionate. The agency also restored leave, removed disciplinary personnel records, raised his performance rating, and paid a lump sum for compensatory damages and attorneys' fees.

- Complainant, a trade worker, alleged he was retaliated against for whistleblowing on OSHA violations, and assigned him tasks he could not perform due to his disability. With OSC's help, the parties agreed to a settlement that included cooperation with complainant's application for a disability retirement, agreement to refrain from making disparaging or adverse comments pertaining to the complainant for a time certain, and a monetary payment for compensatory damages.

- Complainant's job offer was revoked when the agency learned that she was a debtor in a Chapter 13 bankruptcy process, indicating she should re-apply after her bankruptcy was complete. OSC helped both parties communicate and review federal law that prohibits discrimination against debtors on the basis of their status as a debtor in a federal bankruptcy proceeding. The agency again offered the position to the complainant and agreed to destroy earlier records indicating she was previously denied the position.

- A government physician alleged that the agency retaliated against her for disclosing that medical staff were not properly supervising surgeries. She also alleged that her medical facility engaged in improper hiring practices and that the work environment was hostile. As a result, she was given a lowered performance appraisal, investigated, moved to another facility and her duties were substantially altered. Through mediation the complainant received training and increased privileges, support for a promotion, a monetary payment, and attorneys' fees. The agency agreed to train its staff on whistleblower protection, EEO laws and medical certifications.

- A midlevel employee disclosed contracting improprieties overseas, age discrimination, and bullying. He alleged that he was retaliated against when he was reassigned, his duties were significantly changed, he was unable to work overtime, and his performance evaluation was reduced from prior years. As a result of an OSC mediation, the complainant received a reassignment, an increased performance evaluation ranking with added language documenting performance achievements, a monetary sum, and a performance bonus.

Notable FY 2016 Whistleblower Disclosure Case Summaries

OSC received a larger number of whistleblower disclosures in FY 2015 and FY 2016 than during any prior two-year period in the agency's history. In this time, agency investigations substantiated more than 120 of these disclosures, around double the historical average. As a result, tax dollars were saved through the elimination of waste, mismanagement, and fraud. Disclosures handled by OSC have resulted in improved aviation safety, protection of patients at VA hospitals, safer workplaces, and lives saved. Here are some of the highlights.

Violation of Law, Rule or Regulation, Gross Mismanagement and Substantial and Specific Danger to Public Health

Improvements in staffing at VA facility. OSC referred to the Secretary of the Department of Veterans Affairs allegations that employees at the Department of Veterans Affairs, Southern Arizona VA Health Care System (SAVHCS), Sterile Processing Service (SPS), Tucson, Arizona, failed to follow proper procedures in the handling of reusable medical equipment. The whistleblower also alleged the SPS was grossly understaffed and that SPS managers falsified education and training documents to satisfy VA recordkeeping requirements and pass periodic inspections. The investigation concluded that SPS was understaffed, but did not substantiate that SPS staff failed to follow proper procedures in the handling of reusable medical equipment or that SPS management emphasized speed over compliance with standard operating procedures (SOPs) and competencies. Nevertheless, the investigation recommended significant corrective action to address shortcomings in SPS identified by the investigation, including improving SPS staff communication; SPS team building; hiring and training of vacant medical supply technician positions; continued monitoring of SPS quality indicators for trends and appropriate response; and a VHA review of the requirements that mandate SOPs on each piece of reusable medical equipment. The report also recommended that an Administrative Investigation (AI) be convened to determine whether the SPS Chief completed training for a subordinate employee and whether disciplinary action was warranted. The agency later confirmed that following the AI, the SPS Chief received a five-day suspension and the SPS Evening Supervisor received a three-day suspension. *Referred August 19, 2015; transmitted to the President and congressional oversight committees and closed on September 1, 2016.* (DU)

Enhancements to National Institute on Aging Study. OSC referred to the Secretary of the Department of Health and Human Services allegations regarding the implementation and management of the National Institutes of Health, National Institute on Aging (NIA), Baltimore Longitudinal Study on Aging (BLSA) filed by a former staff clinician in the NIA Clinical Unit. The whistleblower alleged that NIA research staff violated standard operating procedures and failed to follow good clinical practices in the administration of the BLSA. Specifically, the whistleblower alleged that BLSA participants were not timely informed of abnormal medical test results, and that the notification participants did receive was inadequate because it did not include information required by the BLSA protocol, such as an explanation of the medical test results. The investigation did not substantiate any violation of law, rule or regulation or find there was a substantial and specific danger to public health or safety, but did conclude that some corrective actions were warranted. In response, the agency took significant steps to improve its processes related to the administration of the BLSA, including the review of information on protocols and informed consent provided to participants. *Referred November 22, 2013; transmitted to the President and congressional oversight committees and closed on June 9, 2016.* (DU)

<u>Review of staffing qualifications and backlog of laboratory reports.</u> OSC referred to the Secretary of Veterans Affairs allegations of wrongdoing at the Philadelphia VA Medical Center (Philadelphia VAMC), Pathology and Laboratory Medicine Service (P&LMS), Philadelphia, Pennsylvania. The whistleblower alleged that the Director of the Electron Microscopy Unit (EM) was not an American Board of Pathology (Board) certified anatomic pathologist and, therefore, was not qualified to serve as EM Director and not in compliance with P&LMS procedures and requirements in the Veterans Health Administration Handbook. The whistleblower also alleged that the EM routinely failed to issue written reports on specimens transmitted for EM study within ten working days using the Veterans Health Information Systems and Technology Architecture (VistA), as required by the Handbook. The whistleblower asserted that the absence of written reports on EM studies in VistA deprived clinicians of the results, which negatively affected patient treatment.

The agency investigation substantiated the allegation that the Director was not Board certified and, therefore, not qualified to serve as director of a diagnostic electron microscopy program, but determined that EM was a non-diagnostic program. The agency also found that EM did not routinely issue written reports on specimens accessed for EM study within ten working days using VistA. However, because the EM program is not a diagnostic program, neither P&LMS procedures nor the Handbook was violated nor was patient treatment negatively affected. Nonetheless, the VA acknowledged that EM`s lack of closure of accessions, even for quality control, education, and research purposes created the misperception of unfinished diagnostic work. In response, the VA recommended that EM close the open accessions within VistA, use existing paper records to reflect the actual date of completion, and establish a practice of closing accessions when the final dispositions are determined. The VA also recommended that VHA review accession closure practices at the other seven diagnostic EM facilities to ensure that they are closing out accessions as required by the Handbook. In July 2016, the VA provided an update to OSC that Philadelphia VAMC has electronically closed all of its open EM accessions within VistA and established a practice of closing all accessions as the final dispositions are determined. The VA also stated that the VHA National Diagnostic EM Program has reviewed the practices at the seven VA EM facilities, all of which are in the process of closing out all accessions in accordance with the Handbook. *Referred September 28, 2015; transmitted to the President and congressional oversight committees and closed on August 29, 2016.* (DU)

Gross Mismanagement and Substantial and Specific Danger to Public Health

<u>Ensuring adequate VA staffing for the distribution of medications to high-risk patients.</u> OSC referred to the Secretary of Veterans Affairs allegations that the processing and filling of prescriptions for mental health patients at the Greater Los Angeles Healthcare System (GLAHCS), Community Based Outpatient Clinic (CBOC), Santa Maria, California, was grossly delayed causing harm to patients. The

whistleblower alleged the delay was caused by understaffing at the CBOC, which employed one full-time pharmacist to process thousands of mental health patient prescriptions. The investigation substantiated the allegations and confirmed that an unreasonable delay existed in the processing and delivery of prescriptions through the Santa Maria CBOC. The agency also confirmed that this delay had the potential to cause patient harm and determined that VA management was largely unaware of the backlog of prescriptions at the Santa Maria CBOC, and did not properly log or report the backlog to the Veterans Integrated Support Network (VISN), which violated VA policy. The agency also determined that the VA was not in compliance with several prescription processing and staffing-related regulations. However, because of the hiring of additional pharmacists to service multiple GLAHCS CBOCs, the prescription wait time does not currently exceed seven days. OSC also confirmed that the VA is hiring additional pharmacy staff, and establishing pharmacy workload metrics related to prescription processing and staffing, which the VA`s Acting Chief of Pharmacy will review and report on quarterly. *Referred August 25, 2015; transmitted to the President and congressional oversight committees and closed on August 30, 2016.* (DU)

Violation of Law, Rule or Regulation, Gross Mismanagement, Gross Waste of Funds, and Substantial and Specific Danger to Public Health

Failure to properly test aircraft fueling equipment and jet fuel. OSC referred to the Secretary of the Navy allegations of wrongdoing at the Department of the Navy, Fleet Readiness Center East (FRC East), Cherry Point, North Carolina. The whistleblower alleged that employees at FRC East failed to properly test aircraft fueling equipment and fuel, and improperly and hazardously disposed of jet fuel. The investigation substantiated the allegations, explaining that FRC East did not properly test aircraft fueling equipment or jet fuel, thereby creating a serious life-safety risk. In addition, the report stated that FRC East wasted government resources when it unnecessarily discarded thousands of gallons of usable jet fuel based on the mistaken belief that it was contaminated. In response, the agency implemented an extensive variety of corrective actions. FRC East has also discontinued the improper practice of discarding unused jet fuel, achieving an approximate cost savings of $71,200 per year. The agency did not substantiate the allegation that employees hazardously disposed of jet fuel by dumping it into a wooded area on the base. *Referred August 31, 2015; transmitted to the President and congressional oversight committees and closed on February 23, 2016.* (DU)

Improper cancellation of patient appointments. OSC referred to the Secretary of Veterans allegations of wrongdoing at the Phoenix VA Health Care System, Phoenix, Arizona. The whistleblower alleged that Medical Support Assistants at the Southeast Community Based Outpatient Clinic (SE CBOC) engaged in misconduct with respect to patient scheduling procedures. The investigation substantiated that some schedulers in the SE CBOC, rescheduled and cancelled appointments through a prohibited practice known as blind scheduling. In addition, the report found that the Phoenix VA Health Care System was not using the most recent VA policy guidance on scheduling processes, and that SE CBOC employees had not been trained on these revised procedures. The report did not substantiate that patients presenting at the SE CBOC during mental health crises were inappropriately triaged, but acknowledged that proper standard operating procedures were not implemented to assist with this process. The report also substantiated additional allegations disclosed during an interview with investigators that a psychiatrist failed to examine an admitted patient or implement a treatment plan within 24 hours of admission, in violation of agency policy. In response, the agency provided training and education updates for employees on scheduling policies, and continued to conduct scheduling audits. The report recommended the initiation of a Focused Professional Practice Evaluation to determine if the psychiatrist's conduct was below an acceptable standard. The evaluation concluded that the psychiatrist was a skilled and thorough physician, notwithstanding the incident. The VA provided additional information that the physician subsequently resigned on June 9, 2016. *Referred November 3, 2015; transmitted to the President and congressional oversight committees and closed on August 2, 2016.* (DU)

Violation of Law, Rule or Regulation, Gross Mismanagement, and Substantial and Specific Danger to Public Health and Safety

Failure to follow proper sanitation procedures and maintain food safety. OSC referred to the Secretary of Veterans Affairs allegations of wrongdoing at the Washington D.C. VA Medical Center (Medical Center), Nutrition and Food Services Program (NFS). The whistleblower alleged that NFS management and employees failed to maintain proper sanitation and food safety at the Medical Center, and that NFS management failed to address his reports of misconduct.

The agency investigation substantiated many of the allegations, finding violations of VA and Veterans Health Administration (VHA) policies and a substantial and specific danger to public health and safety at the Medical Center. The investigation found a general lack of cleanliness in the main food preparation area, including evidence of a cockroach infestation as well as built-up food debris and dust. In addition, the investigation substantiated the allegation that NFS employees did not properly inspect, label, and store food items. The agency partially substantiated the allegation that NFS employees did not comply with personal hygiene requirements, finding that employees failed to wear beard restraints and remove jewelry in the food preparation area. The investigation did not substantiate that the Medical Center lacks food safety policies or a Hazard Analysis Critical Control Point (HACCP) plan, but determined that the Medical Center`s current HACCP plan did not meet the requirements in the VHA Handbook. Nor did the investigation substantiate that NFS management failed to take appropriate action to ensure employee compliance with sanitation standards. Investigators determined that the current NFS Chief had taken ten personnel actions, including reprimands and terminations, and sent one staff member home for an untidy uniform during her tenure for violations such as failure to follow sanitation guidelines and failure to follow supervisory instructions.

In response, the Medical Center updated the NFS staffing plan, filled the vacant Assistant Chief position, and posted job vacancy announcements for seven new full-time employee positions within NFS. Second, NFS and Environmental Management Services signed a Memorandum of Understanding on March 24, 2016 to assign responsibilities, assist NFS with maintaining safe and sanitary conditions, and ensure the coordination of efforts to eradicate pests. Third, the NFS Chief updated the HACCP plan, which went into effect on April 30, 2016, to ensure it complies with the required standards. Fourth, NFS management established a monthly training calendar and a SharePoint site to make upcoming training, NFS policies, and the HACCP plan readily accessible to NFS employees; started provided training to NFS staff on best inventory and labeling practices and uniform requirements; established a training log to record all training activities to ensure requirements are met for all NFS staff; and ensured that NFS supervisors are ServSafe certified. Finally, the VHA NFS Program Office conducted an unannounced site visit to the Medical Center in May 2016 and confirmed that the NFS Chief and Administrative Section Chief are participating in the VHS NFS mentoring program. *Referred August 19, 2015; transmitted to the President and congressional oversight committees and closed on June 9, 2016.* (DU)

Violation of Law, Rule or Regulation, Gross Mismanagement and an Abuse of Authority

Failure to properly secure protected employee information. OSC referred to the Attorney General allegations of wrongdoing at the Department of Justice (DOJ), U.S. Marshals Service (USMS), Tactical Operations Division (TOD), Arlington, Virginia. The whistleblower alleged that TOD employees failed to follow appropriate procedures for safeguarding and disposing of Personally Identifiable Information (PII) in violation of the Privacy Act of 1974 and DOJ orders.

The agency substantiated the allegations, finding that PII was not appropriately protected on TOD shared drives. In response, TOD took immediate steps to archive or remove PII from shared drives, limit or restrict access to PII, and actively engaged with the USMS Information Technology Division to implement training and protocols for managing PII. In addition, the agency developed a plan to protect PII within the agency, and purchased a scanning tool that will routinely search for PII not contained in protected folders. Under agency procedures, DOJ`s Computer Emergency Readiness Team and Department Security Officer were notified, and a risk assessment conducted to determine the appropriateness of employee notification. The assessment, which was completed in March 2016, determined that there was no evidence that any vulnerable information was used to commit identity theft, no general knowledge of the accessibility of the information, or any known instances of misuse or unauthorized use; therefore, no employee notification was warranted. *Referred July 16, 2015; transmitted to the President and congressional oversight committees and closed on June 7, 2016.* (DU)

Violation of Law, Rule, or Regulation, Gross Mismanagement, and an Abuse of Authority

Improper creation of medical accounts and violation of patient privacy. OSC referred to the Secretary of Veterans Affairs disclosures of wrongdoing at the Department of Veterans Affairs, G.V. "Sonny" Montgomery VA Medical Center in Jackson, Mississippi (Jackson VAMC). The whistleblower alleged that Jackson VAMC managers violated patient privacy by directing staff to create MyHealtheVet (MHV) accounts for patients without their permission. The whistleblower also disclosed that Jackson VAMC managers failed to notify patients of the improper creation of the MHV accounts and violated patient privacy by allowing the improper storage of patient billing information and other personally identifiable information at the Veterans Integrated Service Network, 16 Consolidated Fee Unit (CFU), in Pearl, Mississippi.

The agency substantiated the allegation that the employees violated veterans' privacy by directing staff to create MHV accounts for veterans without their permission. The agency further substantiated that management failed to notify veterans of the improper creation of MHV accounts and allowed the improper storage of patient billing information. However, the agency was unable to conclude that the paper records were improperly secured or that veterans` privacy was violated by temporary storage practices at the CFU. The agency took significant corrective and disciplinary actions against responsible employees, including two removals, a reassignment and suspension, and two additional suspensions. *Referred April 3, 2014; transmitted to the President and congressional oversight committees and closed on October 7, 2016.* (DU)

Abuse of Authority and Gross Mismanagement

A whistleblower disclosed evidence to OSC that the Department of Commerce (DOC) failed to act on proposed adverse actions for several employees in a reasonable amount of time. Instead, DOC allowed the proposals in question to linger for lengthy periods. After OSC reviewed the whistleblower's information and presented its concerns to the DOC, the agency acted on the pending disciplinary actions and took steps to avoid similar delays in the future. In one case, the DOC proposed the removal of a GS-15 supervisor for misconduct. But no decision was issued, and the employee remained on paid administrative leave with no duties for over two years. Upon review following OSC's inquiry, DOC stated that the human resources personnel responsible for finalizing the termination did not act, due to inexperience, competing demands, and disagreement with the DOC component where the GS-15 manager was employed. The senior executive responsible for the actions was counseled and the Department took corrective action to prevent similar failures in the future. In addition, the DOC issued a revised policy to require review and justification for any use of administrative leave in disciplinary or investigative situations, and to limit administrative leave to 30 days. Any decision to extend administrative leave would require additional review and approval, with extensions in increments of no more than 30 days. (RDU)

Notable FY 2016 USERRA Case Summaries

Negotiated Resolutions

- Complainant, an Air Force Reservist, alleged that the Air Force denied his request for reemployment and stated that his Maintenance Supervisor position at a large domestic Air Force base had been abolished during his 13-month deployment. As a result, complainant suffered financial hardship and a period of unemployment. OSC intervened and explained to the agency that it was obligated under USERRA to reemploy complainant in an alternate position for at least one year upon his return. As a result of OSC's efforts, the agency agreed to compensate complainant the equivalent of one year's salary. (USERRA Unit)

- Complainant, a Marine Corps Reservist, alleged that he received a tentative employment offer as a U.S. Customs and Border Patrol (CBP) agent and began the onboarding process. During that time, he was recalled to active duty for one year. When complainant returned, he was placed back into the onboarding process but not actually hired for several more years. As a result of the tardy hiring and related lost seniority, he had to commute a long distance from his home and work the least desirable shifts. Citing USERRA's goal of minimizing disadvantages to the civilian careers of service members, OSC convinced CBP to provide complainant with a retroactive hiring date for seniority purposes to the time he most likely would have been hired had he not been recalled to active duty. (USERRA Unit)

Technical Assistance

- OSC provided technical assistance to the Department of Defense (DOD) regarding modifications to a regulation that made an unnecessary distinction between "career" and "non-career" military service. At OSC's urging, DOD agreed to amend the regulatory provision and related guidance so that the language could not be used by federal agencies to improperly deny reemployment to certain service members. (USERRA Unit)

- OSC provided technical assistance to the Peace Corps when that agency sought to revise its regulations regarding the eligibility requirements for Peace Corps volunteers. OSC worked with the Peace Corps to amend the requirements to ensure that Reserve members would not be excluded from participation. (USERRA Unit)

Notable FY 2016 Hatch Act Case Summaries

Litigation

- OSC had received a final resolution from the MSPB in a case involving a U.S. Army Corps of Engineers (USACE) employee who was a candidate in a partisan election for sheriff despite being advised by USACE Regional Counsel and OSC that he was prohibited from running. After a hearing, the MSPB administrative law judge issued a decision ordering USACE to remove the employee. The employee filed a petition for review with the MSPB and OSC filed an opposition. The MSPB denied the petition and affirmed the removal. (Hatch Act Unit)

- OSC filed a complaint for disciplinary action with the MPSB alleging that an employee with the National Oceanic and Atmospheric Administration (NOAA) in Washington state unlawfully ran as a candidate in the 2014 and 2016 partisan elections for the U.S. House of Representatives despite repeated warnings from both NOAA and OSC that the Hatch Act prohibited him from doing so while he is a federal employee. The case is pending. (Hatch Act Unit)

- OSC filed a complaint for disciplinary action with the MSPB alleging that an employee of the U.S. Postal Service (USPS) violated the Hatch Act by being a candidate in a 2014 partisan election for county commissioner in Tennessee despite OSC and the USPS's warnings against doing so. The case is pending. (Hatch Act Unit)

- OSC filed a complaint for disciplinary action with the MSPB alleging that an employee at the Department of Commerce sent several emails, while on duty, in support of the Montgomery County (Maryland) Republican Party (MCGOP) and to assist candidates running for local and state office. He sent these emails in his role as an official of the MCGOP. He also invited more than 100 individuals to attend an annual "Lincoln and Reagan" Republican Party fundraiser and asked them to send him a check if they wanted to attend. The case is pending. (Hatch Act Unit)

Negotiated Resolutions

- OSC reached a settlement with a U.S. Postal Service (USPS) vehicle maintenance facility manager who violated the Hatch Act by sending six partisan political emails while she was on duty and in a USPS facility. As disciplinary action for her admitted violations, the employee received a five-day suspension without pay. (Hatch Act Unit)

- OSC entered into a settlement agreement with a U.S. Postal Service (USPS) letter carrier who displayed a congressional candidate's campaign sign in his USPS vehicle while delivering the mail in the district where the candidate was running. As part of the settlement, the employee admitted that he violated the Hatch Act's prohibitions by using his official authority to affect the result of an election and engaging in political activity while on duty, in a government vehicle, and while wearing his official uniform. As a penalty, the employee was suspended for five days without pay. (Hatch Act Unit)

- OSC reached a settlement with a Department of Labor (DOL) wage and hour investigator after investigating allegations that the employee had circulated a nominating petition for a mayoral candidate at work and obtained three signatures from coworkers. In addition, the employee retweeted one of the candidate's requests for political contributions. In the settlement agreement, the employee admitted that she violated the Hatch Act and was suspended for three days without pay and received a letter of reprimand. (Hatch Act Unit)

Report to the President

- OSC sent a report to the President, finding that Secretary of Housing and Urban Development Julián Castro violated the Hatch Act during a press interview. In the report, OSC concluded that Secretary Castro's statements impermissibly mixed his personal political views with official agency business. (Hatch Act Unit)

VI. OSC's 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 2016, reviews were completed on the following agency administrative operations:

1. Information Security Program. OSC's Chief Information Officer reports the state of compliance and progress of cybersecurity metrics and initiatives at OSC. The results of this review are summarized in the agency's Federal Information Security Management Act (FISMA) Report, submitted to OMB in November 2016. FY 2015 was the first year OSC conducted an external IG metrics audit of the FISMA, and this was continued again in FY 2016. OSC submitted the IG section of the report for the second time. Overall, OSC has intensified our information security review. Following this year's expanded review, OSC will be prioritizing needed improvements, and developing and executing a plan of action and milestones in the year ahead. In addition, in FY 2015 OSC established a formal agreement with DHS's Continuous Diagnostic & Mitigation program, and has conducted regular review meetings of our Cyber Hygiene program and Cyber readiness status through FY 2016.

2. Financial Audit. OSC underwent its twelfth annual financial audit in FY 2016. The auditors reported no material weaknesses this year or in any prior fiscal years. The FY 2016 audit addresses the financial statements and accounting processes, almost all of which were conducted by the Interior Business Center (IBC) at the Department of Interior under an interagency outsourcing agreement.

3. Charge Card Audit. OSC conducted its first internal audit of its charge card transactions and procedures. The goal of this review, conducted with OMB A123 App. B as guidance, was to reduce charge card risk and increase compliance. OSC has a charge card management plan it keeps up to date. Following the audit, improvements are being initiated to mitigate shortcomings.

4. HSPD-12. To comply with the security requirements of directive HSPD-12, OSC has an agreement for HSPD-12 services with the General Services Administration. OSC has met all deadlines so far for the accomplishment of HSPD-12 milestones, has issued PIV cards to all OSC employees, and is now working on expanding its program to include two-factor HSPD-12 authentication for securing each employee's computer.

OSC has outsourced many of its financial management and administrative activities to the Interior Business Center, including financial accounting and reporting, invoice payment, contracting operations, financial and procurement systems software and hosting, and travel services. OSC personnel and payroll data entry transactions have been processed by the Department of Agriculture's National Finance Center (NFC). All these operations are administered under cross-servicing agreements with these certified shared services 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.

In September of 2013, IBC certified its Oracle Federal Financials Major Application, in accordance with OMB Circular A-130, Appendix III, approving the system for continued operation. The system is now reviewed on a continuous monitoring basis in conformance with NIST guidelines, and is authorized through September of 2023. NFC's Payroll System was certified in September 2013, and has also operated with a continuous monitoring program since then. Also, an annual SSAE 16 evaluation was conducted this year on the Oracle Federal Financials Major Application, as well as on NFC's Payroll System. OSC has updated Interconnect Security Agreements previously in place with IBC and NFC to cover the travel, financial and payroll systems.

VII. Management Assurances

Annual Assurance Statement on Internal Controls and Internal Control over Financial Reporting

OSC's management is responsible for establishing and maintaining effective internal controls 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 Internal Control." Based on the results of this evaluation, OSC can provide reasonable assurance that, as of September 30, 2016, its internal controls over the effectiveness and efficiency of operations were compliant with applicable laws and regulations, and no material weaknesses were found. Further, OSC certifies that the appropriate policies and controls are in place or corrective actions have been taken 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 16 report from IBC, and reviews it to assist in assessing internal controls over financial reporting. OSC has not discovered any significant issues or deviations in its financial reporting during FY 2016 and, therefore, 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.

Carolyn N. Lerner
Special Counsel
November 15, 2016

VIII. Management Challenges

The primary challenge OSC faces is managing its success: The agency's rapidly increasing caseload exceeds our resource capacity, resulting in a mounting backlog. Absent an appropriation that keeps pace with this ongoing, rising demand, OSC anticipates that our case backlog will continue to grow, threatening both the agency's mission and the confidence of the federal community.

VA cases in particular have risen sharply in the last few years. OSC's success in helping reform VA scheduling practices and improving medical care for veterans has encouraged hundreds of VA whistleblowers to come forward. As more and more VA cases are prominently profiled in the media, more people come to OSC. This is precisely the process of institutional renewal and self-correction that whistleblower protection laws are intended to foster. But this renewal will only be sustained if OSC has the resources to ensure prompt, effective attention to employee concerns.

OSC accepts the challenge of managing its caseload efficiently. We are keenly aware that a large backlog would tarnish the agency's hard-won reputation by lengthening case processing times, increasing federal workers' frustration and isolation, and discouraging whistleblowers and complainants from coming forward. It would also sap the morale of OSC employees: Mushrooming dockets and nominal salary adjustments are a recipe for professional frustration and demoralization. Thus, OSC's leadership is constantly seeking creative means, such as professional development, cross training, and telework and flexible work schedules to retain and sustain high performing employees.
OSC is also proactively reducing case processing times by seeking quick favorable actions in our PPP intake unit, and by promoting ADR to achieve expedited settlements. ADR has proven successful in gaining win-win outcomes for agencies and employees, and it reduces the amount of time and resources OSC must devote to a specific case. The agency is also currently implementing a new e-case management system and e-filing system which will automate and streamline many case-processing procedures and improve efficiency. New technology, more efficient case processing procedures, and a judicious use of resources will help enable OSC continue to achieve a record number of favorable actions and case resolutions.

OSC faces additional technology and budgetary challenges in updating our IT infrastructure and cyber security capabilities. The high-profile federal data breaches have led to new security mandates on OSC. The agency is continuously reviewing its Information Assurance program to protect our data, systems and information technology assets. These new mandates do not always come with associated funding, imposing added budgetary pressures on OSC. Another urgent technology challenge is the mandate of a wholly electronic records management system by 2019. This is a critical and costly undertaking, especially for a small agency like OSC, and places a heavy burden on our IT budget as large anomalous projects such as this are not built into our annual appropriations.

IX. Comments on Final FY 2016 Financial Statements

<u>Financial Highlights</u>

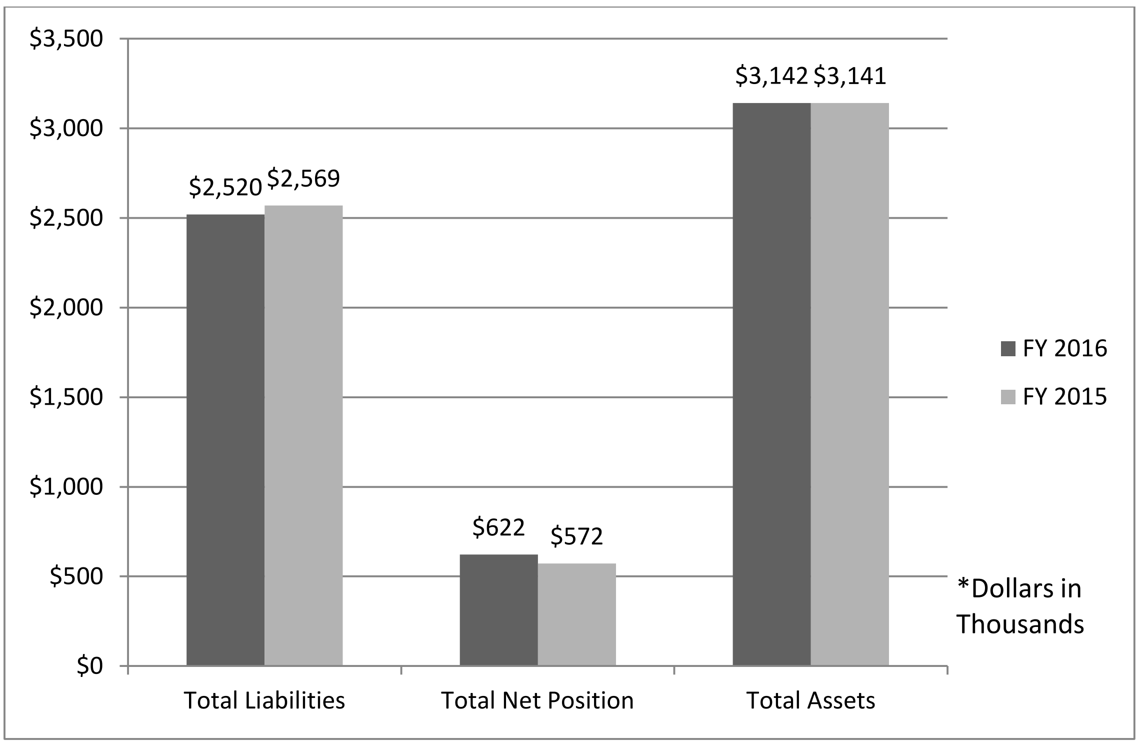
Consolidated Balance Sheet

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 sheets show total assets of $3,142,000 at the end of FY 2016. This is an increase of $1,000, compared to OSC's total assets of $3,141,000 for FY 2015. Fund Balances with Treasury comprise 91 percent of OSC's assets.

Total Liabilities for OSC decreased by $49,000 from $2,569,000 in FY 2015 to $2,520,000 in FY 2016, a decrease of 2 percent. The three largest components of Total Liabilities are Unfunded Leave ($1,185,000), Federal Employee and Veteran Benefits ($401,000), and Accrued Funded Payroll ($562,000).

US Office of Special Counsel Balance Sheet



The Net Position is the sum of Unexpended Appropriations and the Cumulative Results of Operations. At the end of FY 2016, OSC's Net Position on its Balance Sheets and the Statement of Changes in Net Position was $622,000, an increase of $50,000 above the FY 2015 ending Net Position of $572,000. This increase is due primarily to an increase in Total Unexpended Appropriations for FY 2016.

Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources show how budgetary resources were made available and the status of those resources at the end of the fiscal year. In FY 2016, OSC received a $24,119,000 appropriation. OSC ended FY 2016 with an increase in total budgetary resources of $1,104,000, or 5 percent, above FY 2015. Most of this change is attributable to a $1,180,000 increase in the amount of appropriations OSC received in FY 2016.

Consolidated Statement of Changes in Net Position

The Consolidated Statement of Changes in Net Position represent the change in the net position for FY 2016 and FY 2015 from the cost of operations, appropriations received and used, net of rescissions, and the financing of some costs by other government agencies. The Consolidated Statement of Changes in Net Position increased last year by $50,000 above FY 2015.

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 $1,139,000, with accumulated depreciation of $867,000 and a 2016 Net Book value of $272,000. (Note 4 to Principal Financial Statements)

OSC had $1,372,000 more in Current Year Total Obligations this year; $24,274,000 in FY 2016 as compared to $22,902,000 in FY 2015. (Note 10 to Principal Financial Statements) This was due to OSC having a higher appropriation base to obligate against.

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 $71,000, from $812,000 in FY 2015 to $883,000 in FY 2016. Assets and Liabilities relating to these benefits are the responsibility of the Office of Personnel Management.

- The dollar amounts listed above are rounded to the nearest thousand, in accordance with the rounding on the Financial Statements.
- Percentages are rounded off 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).

X. Endnotes

[1]Public Law No. 103-94 (1993), codified in Titles 5 and 12 of the United States Code.

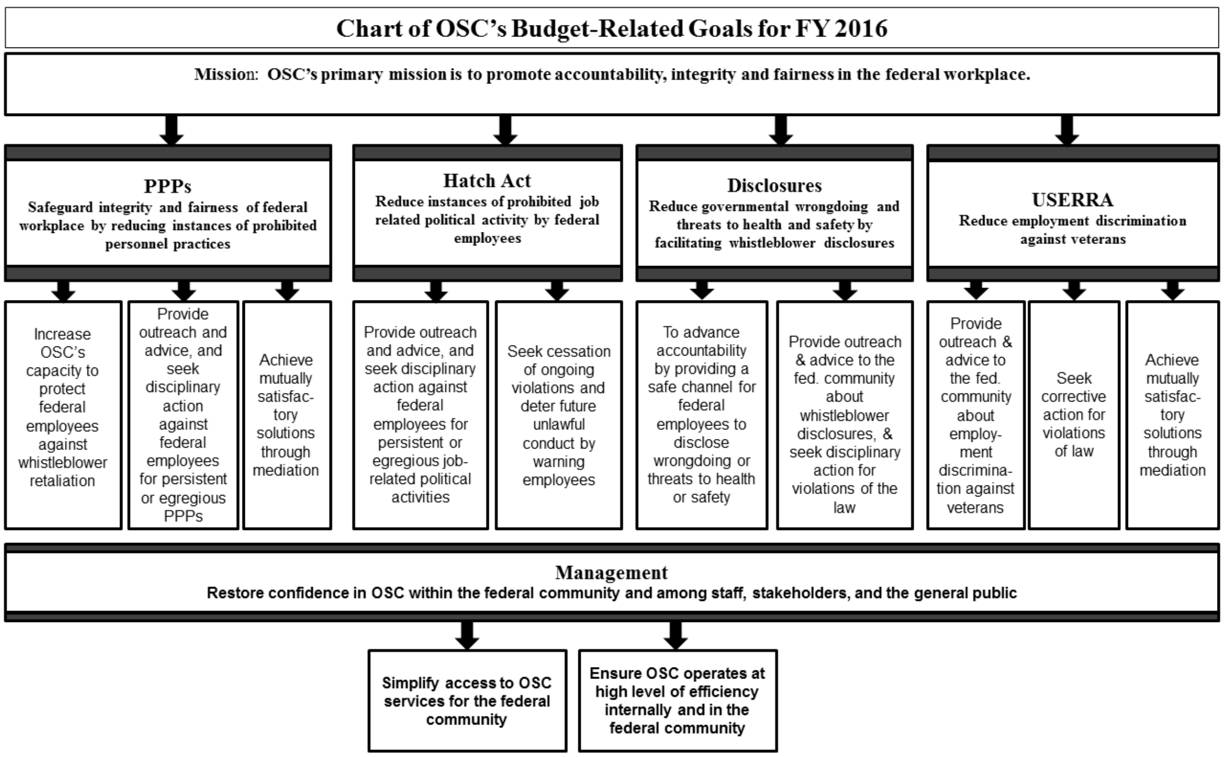
[2]Public Law No. 103-353 (1994), codified at 38 U.S.C. § 4301, et. seq. The Veterans' Employment Opportunities Act (VEOA) of 1998 (Public Law No. 103-424) also expanded OSC's role in protecting veterans. The VEOA makes it a prohibited personnel practice to knowingly take, recommend, or approve (or fail to take, recommend, or approve) any personnel action, if taking (or failing to take) such action would violate a veterans' preference requirement. See 5 U.S.C. § 2302(b)(11). (The former section 2302(b)(11) was re-designated as section 2302(b)(12).)

[3]5 U.S.C. § 2302(c).

Part 2: Performance Section

The Performance Results Section presents detailed information on the annual performance results of programs related to OSC's four statutory responsibilities. A chart is provided for each performance goal showing OSC's results against the targets, along with the highlights for each objective.

FY 2016 was the final year of OSC's Strategic Plan initiated in FY 2012 by Special Counsel Carolyn Lerner. OSC has developed a new Strategic Plan for fiscal years 2017 through 2022 which is located in Appendix I. This Performance Section includes OSC's results for the FY 2016 goals as well as the targets for FY 2017 created for the agency's new Strategic Plan. This year will serve as a transition year, as we cutover to the new plan in FY 2017 and beyond.



FY 2016 Strategic Plan Government Performance and Results Act Goals

In FY 2016, OSC successfully met or partially met 50 out of 66 goals, or 76 percent of its goals, while another ten goals were not applicable this year. Given the FY 2016 environment of continued high numbers of cases, we consider this to be a successful performance in the face of difficult resource allocation decisions to achieve these goals.

Below are tables listing each of OSC's Performance Measures for the FY 2016 goals. The metrics they contain correspond to the appropriate Budget-Related Goals found in the preceding chart.

Several of the metrics have explanatory notes that follow the tables, these notes are assigned the same number that correspond to its respective metric number listed in the table above.

Prohibited Personnel Practices

OSC received a record level 4,124 PPP cases in FY 2016, a two percent increase over FY 2015 levels.

OSC obtained 273 corrective actions, the second highest number in agency history, and surpassed its goals for the number of initial examinations completed within 120 days.

OSC also achieved a 100 percent success rate in securing initial formal stays and in successfully prosecuting disciplinary actions.

In FY 2016 OSC successfully met or exceeded 20 out of its 25 stated PPP goals.

Goal Table 1 Safeguard integrity and fairness of federal

Goal Table 1 Safeguard integrity and fairness of federal workplace by reducing instances of prohibited personnel practices

	Description of Target	FY 2013 Target	FY 2013 Result	FY 2014 Target	FY 2014 Result	FY 2015 Target	FY 2015 Result	FY 2016 Target	FY 2016 Result
1	Number of corrective actions obtained by IPD	140	130	130	150	130	267	200	252
2	Percent of corrective actions obtained per number of cases closed	5%	4%	5%	5%	5%	7%	5%	7%
3	Number of cases referred for investigation directly to IPD	83	87	87	114	95	111	100	125
4	Number of informal stays requested	30	17	20	21	20	60	25	36
5	Percent of informal stays obtained	n/a	n/a	n/a	100%	100%	100%	100%	100%
6	Number of formal initial stays requested[6]	10	2	5	2	5	3	4	5
7	Percent of formal initial stays obtained	100%	100%	100%	100%	100%	100%	100%	100%
8	Number of corrective actions obtained in cases referred for investigation directly from CEU to IPD	31	50	50	58	50	92	65	78
9	Percent of corrective actions obtained per number of cases referred for investigation directly from CEU to IPD	45%	57%	50%	51%	50%	83%	50%	62%
10	Number of initial examinations completed by CEU within 120 days	1,801	1,576	1,600	1,645	1,700	2,251	1,600	2,203
11	Percent of initial examinations completed by CEU within 120 days	66%	57%	57%	63%	60%	62%	60%	64%
12	Number of CEU cases more than 240 days old	120	256	140	244	200	468	200	322
13	Percent of CEU cases more than 240 days old[13]	4%	9%	10%	9%	10%	13%	10%	9%
14	Number of staff allocated to whistleblower retaliation and other PPPs	65	59	65	62	65	62	65	72
15	Percent of total staff allocated to whistleblower retaliation and other PPPs	52%	53%	55%	53%	55%	58%	55%	47%
16	Number of staff training programs in whistleblower retaliation and other PPPs	4	4	4	5	4	10	7	17
17	Percent of cases qualifying for full investigation referred to ADR Unit for review	89%	56%	65%	74%	65%	53%	65%	51%

6. Formal stays are only filed when an agency declines the initial informal stays offered.

13. Due to the sharp increase in PPP caseload, an increase in the number of older cases will occur. The FY 2014 and FY 2015 targets were adjusted upward to reflect this reality.

Goal Table 2 Seek disciplinary action against federal employees for persistent or egregious prohibited personnel practices

Description of Target		FY 2013 Target	FY 2013 Result	FY 2014 Target	FY 2014 Result	FY 2015 Target	FY 2015 Result	FY 2016 Target	FY 2016 Result
18	Number of recommendations to agencies to take disciplinary action	6	19	12	23	18	14	18	15
19	Number of disciplinary action complaints filed	1	0	1	3	1	0	1	0
20	Number of disciplinary actions resolved pre-litigation through negotiated settlement	20	27	27	23	23	9	15	15
21	Total number of successful disciplinary prosecutions	1	0	1	0	1	2	1	1
22	Percent of successful disciplinary prosecutions	100%	N/A	100%	N/A	100%	100%	100%	100%
23	Upon receipt of a complaint, clearly explain the OSC review process and when action can be expected[23]	99%	99%	99%	97%	99%	96%	99%	100%
24	Provide complainants status updates at defined intervals and when significant new developments occur[24]	99%	80%	90%	93%	92%[24]	90%	92%[24]	100%
25	If OSC declines to refer a case for investigation, clearly inform complainant of the reason(s) why	100%	82%	100%	87%	100%	100%	100%	100%

23. <u>Target</u>: OSC will prepare an attachment for the acknowledgment letter explaining the complaint review process and expected time to make a determination on the complaint. All acknowledgment letters should include this attachment.

24. The IT system is coded to generate this information. Since we cannot dedicate additional resources to maintain a higher result, we consider that a target level of 92 percent provides substantial compliance with this goal.

Alternative Dispute Resolution

FY 2016 showed an eight percent increase in cases reviewed for ADR in which mediation was offered; 70 percent of all mediations completed resulted in settlement.

In FY 2016, the OSC successfully met or exceeded two out of its four stated goals.

Goal Table 3 Achieve mutually satisfactory solutions through mediation

Description of Target		FY 2013 Target	FY 2013 Result	FY 2014 Target	FY 2014 Result	FY 2015 Target	FY 2015 Result	FY 2016 Target	FY 2016 Result
26	Number of cases reviewed by the ADR Unit from all sources	190	155	185	132	200	143	150	101
27	Percentage of cases reviewed in which mediation is offered from all sources	63%	69%	65%	61%	65%	58%	60%	68%
28	Number of cases mediated (including cases withdrawn after one or more sessions)	50	49	50	39	45	26	35	26
29	Percentage of all mediations completed that resulted in settlement	58%	62%	62%	79%	62%	87%	62%	70%

Whistleblower Disclosures

OSC continued to receive historic numbers of new whistleblower disclosures again in FY 2016. Despite this large workload, OSC achieved 47 corrective actions in response to whistleblower disclosures, the second highest number in the agency's history. OSC also surpassed its goal for the number of whistleblower disclosures closed or referred within 15 days.

In FY 2016 OSC successfully met or exceeded four out of its seven stated goals for whistleblower disclosures.

Goal table 4 Reduce governmental wrongdoing and threats to health and safety by facilitating whistleblower disclosures

Description of Target		FY 2013 Target	FY 2013 Result	FY 2014 Target	FY 2014 Result	FY 2015 Target	FY 2015 Result	FY 2016 Target	FY 2016 Result
30	Total number of outreach activities undertaken including dissemination of whistleblower information	9	2	5	14	10	11	10	26
31	Success in prompting thorough agency investigations of referred disclosures	68%	77%	77%	88%	77%	45%	77%	90%[31]
32	Number of whistleblower disclosures prompting effective corrective action and accountability	32	31	33	25	33	48	33	59[32]

31. In 2016 this percentage was modified to include supplemental information provided by the agency.

32. The number of whistleblower disclosures prompting effective corrective action and accountability dropped because OSC had to shift its focus to the increased referral workload that emerged in the second half of FY 2014. In FY 2016 this number has been manually calculated, the case management system number will need to be adjusted accordingly.

Goal Table 5 Seek corrective action for whistleblower disclosures									
Description of Target		**FY 2013 Target**	**FY 2013 Result**	**FY 2014 Target**	**FY 2014 Result**	**FY 2015 Target**	**FY 2015 Result**	**FY 2016 Target**	**FY 2016 Result**
33	Number of whistleblower disclosures referred by OSC to agency head for investigation	41	51	50	90	60	62	60	40
34	Percent of whistleblower disclosures submitted to OSC referred to agency head for investigation	6%	4%	6%	7%	6%	3%	3%	4%[34]
35	Number of whistleblower disclosures either closed or referred within 15 day statutory timeline	590	578	580	742	600	835	600	653
36	Percent of whistleblower disclosures closed or referred within 15 day statutory deadline	55%	49%	50%	56%	53%	42%	53%	39%

34. This percentage excludes misfiled PPP complaints, anonymous whistleblower disclosures (referred to agency inspectors general), or disclosures closed because OSC lacks jurisdiction in those matters.

USERRA Enforcement

OSC has handled fewer USERRA matters since the completion of a second Demonstration Project mandated by Congress from August 2011 to August 2014. During FY 2015 and FY 2016, OSC completed cases it had previously received under the Demonstration Project.

During FY 2016, OSC completed 93% of USERRA legal reviews within 60 days and achieved two favorable resolutions.

OSC successfully met or exceeded three out of six stated goals in FY 2016, while ten goals were NA this year.

Goal Table 6 Provide outreach and advice to the federal community about employment discrimination against veterans

Description of Target		FY 2013 Target	FY 2013 Result	FY 2014 Target	FY 2014 Result	FY 2015 Target	FY 2015 Result	FY 2016 Target	FY 2016 Result
37	Number of staff allocated	3	3	3	3	3	3	1	3
38	Percent of staff allocated	37%	37%	50%	50%	50%	50%	100%	100%

Goal Table 7 Seek disciplinary or corrective action for violations of law									
Description of Target		**FY 2013 Target**	**FY 2013 Result**	**FY 2014 Target**	**FY 2014 Result**	**FY 2015 Target**	**FY 2015 Result**	**FY 2016 Target**	**FY 2016 Result**
39	Number of favorable resolutions	30	40	35	39	12[39]	19	6[39]	2
40	Percentage of favorable resolutions	24%	24%	24%	23%	24%[40]	26%	N/A[40]	N/A[40]
41	Number of investigations within 90 days	60	59	60	84	20[41]	10	N/A[41]	N/A[41]
42	Percentage of investigations within 90 days	63%	42%	50%	57%	50%[42]	47%	N/A[42]	N/A[42]
43	Number of legal reviews within 60 days	33	30	32	16	18[43]	25	18[43]	14
44	Percent of legal reviews within 60 days	76%	83%	76%	80%	76%[44]	95%	76%[44]	93%
45	Customer service exit survey findings	47%	50%	50%	48%	N/A[45]	N/A[45]	N/A[45]	N/A[45]
46	Percent of cases received by USERRA Unit referred to ADR Unit for review	50%	34%	50%	21%	N/A[46]	N/A[46]	N/A[46]	N/A[46]

39. This target was reduced for 2015 and 2016 to reflect that OSC stopped receiving new USERRA Demonstration Project cases on August 9, 2014, when the project ended. Accordingly, OSC will have fewer USERRA cases in subsequent fiscal years.

40. This target was maintained for 2015 but eliminated for 2016 due to the USERRA Demonstration Project ending on August 9, 2014. OSC has completed its remaining USERRA Demonstration Project cases, leaving only on small number of USERRA Referral cases for which it is not feasible to set a target for the percentage of favorable resolutions (in part because such cases may be referred to OSC from DOL at the claimant’s request, not based on merit).

41. This target was reduced for 2015 and eliminated for 2016 due to the USERRA Demonstration Project ending on August 9, 2014. Accordingly, this target was applicable to only a small number of remaining

Demonstration Project cases in 2015, and was not applicable at all in 2016 (the metric does not apply to USERRA Referral cases, which are subject to a 60-day time limit).

42. This target was reduced for 2015 and eliminated for 2016 due to the USERRA Demonstration Project ending on August 9, 2014.

43. This target was reduced for 2015 and 2016 to reflect that OSC stopped receiving new USERRA Demonstration Project cases on August 9, 2014, when the project ended. However, OSC continues to receive a smaller number of USERRA referral cases which are subject to a 60-day time limit.

44. This target was maintained for 2015 and 2016 since OSC continues to receive USERRA Referral cases which are subject to a 60-day time limit.

45. This target was eliminated for 2015 and 2016 because the USERRA Demonstration Project ended on August 9, 2014. Accordingly, OSC is no longer conducting a customer satisfaction survey for USERRA Demonstration Project cases.

46. This target was eliminated for 2015 and 2016 due to the USERRA Demonstration Project ending on August 9, 2014.

Goal Table 8 Achieve mutually satisfactory solutions through USERRA referral for mediation									
Description of Target		**FY 2013 Target**	**FY 2013 Result**	**FY 2014 Target**	**FY 2014 Result**	**FY 2015 Target**	**FY 2015 Result**	**FY 2016 Target**	**FY 2016 Result**
47	Number of USERRA cases referred to ADR unit for review.[47]	58	47	47	30	3	7	3	0
48	Percent of cases referred by USERRA to the ADR Unit for review in which mediation was offered	60%	66%	65%	53%	66%	29%	66%	N/A[48]
49	Percent of cases in which both parties agree to mediate	50%	48%	50%	75%	50%	100%	75%	N/A
50	Number of cases withdrawn prior to mediation	n/a	5	n/a	1	0	3	0	N/A
51	Number of cases mediated	17	11	7	11	1	3	2	N/A
52	Percent of cases successfully mediated	58%	100%	75%	82%	50%	100%	50%	N/A

47. The ADR Unit reviewed cases under the USERRA Demonstration Project from May 2012 through August 2014. Due to the expiration of the Demonstration Project in August 2014, there will be no new Demonstration Project cases for OSC to refer to the ADR Unit in FY 2015 and FY 2016, so targets for these categories have been greatly scaled back.

48. This applies to targets 48-52. Of the 16 new USERRA cases referred to OSC from DOL at the claimant's request in FY 2016, 14 were deemed "non-merit" referrals (the two "merit" referrals were received at the end of the Fiscal Year). As a result, no USERRA cases were referred to the ADR unit for review during FY 2016.

Hatch Act

As anticipated, FY 2016 was a busy year for OSC with nearly 200 new Hatch Act complaints received.

OSC successfully met eight out of its ten goals in FY 2016.

Goal Table 9 Seek corrective and disciplinary action against federal employees for prohibited political activity									
Description of Target		**FY 2013 Target**	**FY 2013 Result**	**FY 2014 Target**	**FY 2014 Result**	**FY 2015 Target**	**FY 2015 Result**	**FY 2016 Target**	**FY 2016 Result**
53	Number of Hatch Act updates to OSC website or Listserv messages[53]	10	10	10	10	10	9	10	12
54	Percent of cases obtaining corrective action[54]	95%	92%	90%	73%	75%	100%	75%	100%
55	Percent of appropriate cases resolved thru negotiation [55]	100%	100%	100%	93%	90%	100%	90%	100%
56	Number of successful prosecutions	1	1	1	2	1	1	1	1
57	Percent of successful prosecutions	100%	100%	100%	100%	100%	100%	100%	100%

53. Message/Update Records: OSC will keep track of how many messages and updates are completed each year.

54. Calculating corrective actions: OSC tracks cases where staff seek corrective action. For example, if OSC achieves 40 corrective actions but is unsuccessful in two attempts, it would calculate the success rate as 40/42 = 95 percent. OSC received fewer Hatch Act complaints and issued fewer cure letters since the passage of the Hatch Act Modernization Act of 2012, which limited the scope of Hatch Act enforcement.

55. Calculating disciplinary actions: OSC tracks the number of unsuccessful attempts at settlements and compares that number to the total number of negotiated disciplinary actions achieved.

Goal Table 10 Reduce instances of prohibited job-related political activity by federal employee									
Description of Target		**FY 2013 Target**	**FY 2013 Result**	**FY 2014 Target**	**FY 2014 Result**	**FY 2015 Target**	**FY 2015 Result**	**FY 2016 Target**	**FY 2016 Result**
58	Number of warning letters issued[58]	142	150	75[58]	44	50	28	30	22
59	Percent of Hatch Act outreach/training requests accepted[59]	98%	100%	98%	100%	98%	100%	98%	100%
60	Percent of oral and email advisories issued within 5 business days of receipt of complaint[60]	95%	98%	95%	99%	95%	100%	95%	100%
61	Percent of formal written advisories issued within 120 days	95%	95%	95%	100%	95%	100%	95%	98%
62	Percent of formal written advisory requests responded to[62]	98%	98%	98%	100%	98%	100%	98%	98%

58. In FY 2014, the result (compared to FY 2013) suffered a 70 percent decrease. The primary cause of this decrease was the Hatch Act Modernization Act of 2012, which narrowed the criteria for Hatch Act violations at the state and local level. OSC expects this trend to continue into the future. After FY 2015, the Hatch Act Program will reassess the effects of the new legislation on complaints received and warning letters issued in order to provide a more accurate estimate for FY 2016, a presidential election year in which we expect the numbers to rise.

59. HA outreach records: The Outreach Coordinator retains a record of requests that are accepted and declined each year. One outreach request was denied in FY 2012 due to a shortage of resources. In addition, starting in FY 2013, the Hatch Act Program Assistant will maintain a record of this information. In FY 2014, having achieved the 100 percent mark, the best the Unit can do from now on is to maintain this perfect percentage

60. Oral and Email advisories: Hatch Act Program attorneys keep track of the number of oral and email advisories that take longer than five days to issue and compare that number to the total number for the year, to come up with the percentage.

62. Advisories: Compares intakes with number of advisories issued for fiscal year.

Management

OSC adopted a management goal to "restore confidence within the federal community and among staff, stakeholders, and the general public." This is a two-part goal that includes ensuring OSC operates at a high level of efficiency internally and in the federal community, and that access to OSC services for the federal community be simplified. Our management goals are overarching goals, which when met contribute to the overall success of the agency and all its programs. In the Management goals area for FY 2016, OSC successfully met or partially met 13 out of 14 goals.

Goal Table 11 Ensure OSC operates at a high level of efficiency internally and in the federal community							
Description of Target		**FY 2014 Target**	**FY 2014 Result**	**FY 2015 Target**	**FY 2015 Result**	**FY 2016 Target**	**FY 2016 Result**
63	Establish Individual Development Plans (IDPs) for all employees to identify skills and gaps	Start Pilot Project by Building Tem-plates for HR	Met	Build Tem-plates and Imple-ment IDPs	Partially Met	Build Tem-plates and Imple-ment IDPs	Partially Met
64	Identify targeted training to mitigate skills gaps	Conduct Annual Survey	Met	Conduct Annual Survey	Met	Conduct Annual Survey	Met
65	Percent of employees using telework and alternative schedule options; to provide employees with flexibility	70%	85%	70%	93%	70%	93%
66	Percent of employees that participate in the annual Federal Employee Viewpoint Survey on their job satisfaction	90%	85%	90%	61%	90%	92%
67	Improve the functionality of the case tracking system	See Footnote[67]	Met	See Footnote[67]	Met	See Footnote[67]	Met
68	Number of congressional staff or member contacts to strengthen covered laws and improve oversight and accountability	40	40	40	50	40	65
69	Number of amicus briefs, SOI interventions, or other submissions concerning the scope or contours of the laws that OSC enforces.	2	3	2	0	2	4
70	Expand federal agency compliance by invigorating the Certification Program under Section 2302c.	Develop and redesign training materials	n/a	Train agencies on re-designed materials	Met/14[70]	Train agencies on re-designed materials	Met/42
71	Survey of attendees at outreach events	Develop survey	n/a	Survey 500 attendees	n/a	Survey 250 attendees	Met

67. IT Supported 30 system change requests in FY 2014. OSC's case tracking system and its canned reports are constantly being improved and updated. The improvements made to the functionalities in the

case tracking system are often the result of change requests and new requirements from the program offices. Additional change requests were completed on the legacy case management system in FY 2015, concurrent with the progress towards a new system.

A plan has been developed to modernize the case management system. In FY 2014 a contract was let for the new case management system requirements. In FY 2015 and into FY 2016 significant work has been completed on the implementation of a modernized electronic system, to include requirements completion and prototype development, with expected go-live in FY 2017.

70. Major strides were made with the 2302(c) program, to successfully include VA certification. This number also reflects training in which OSC's policy and process regarding whistleblower disclosures was covered.

Goal Table 12 Simplify access to OSC services for the federal community

Description of Target		FY 2014 Target	FY 2014 Result	FY 2015 Target	FY 2015 Result	FY 2016 Target	FY 2016 Result
72	Upgrade look, feel, and user friendliness of website and keep it current.	Launch re-designed website	Met	Maintain and update for improve-ments[72]	Met	Maintain and update for improve-ments[72]	Met
73	Survey user community to gauge strengths and weaknesses of website	See footnote[73]	Partially met	See footnote[73]	Partially met	See footnote[73]	Partially met
74	Issue press releases on major agency activities and results in cases; maintain dialogue with news media	See footnote[74]	Met	See footnote[74]	Met	See footnote[74]	Met
75	Make use of Twitter and social media	See footnote[75]	Met	See footnote[75]	Met	See footnote[75]	Met
76	Conduct biannual surveys of federal community to gauge OSC name and mission recognition	Conduct survey; Implement changes based on survey findings	Unmet	Conduct survey; Implement changes based on survey findings	Unmet	Conduct survey; Implement changes based on survey findings	Unmet

72 and 73. Target for FY 2015 – OSC will seek to get feedback from GSA's DigitalGov User Experience program and make further improvements to its website.

Results for FY 2015 – Made further improvements to its website and obtained feedback from OSC staff and external users, but not from GSA.

Target for FY 2016 – OSC will seek feedback from GSA or other federal government user experience groups and make further improvements to its website.
Results for FY 2016 – Made further improvements to its website and obtained feedback from OSC staff and external users, but not from GSA.

74. Target for FY 2015 – Issue 30-35 press releases and seek to improve partnerships with the press to better educate the federal workforce on prohibited personnel practices and OSC's role.

Results for FY 2015 – OSC issued 26 press releases, up slightly from FY 2014.

Target for FY 2016 – Issue 25-30 press releases, use social media, and continue partnership with the press to better educate the federal workforce on prohibited personnel practices and OSC's role.

Results for FY 2016 – OSC issued 32 press releases, up from FY 2015.

75. Target for FY 2015 – Expand number of Twitter followers by more than 300 to a total of 600+, with a special focus on expanding the number of employment attorneys, reporters, public policy experts, and stakeholders who follow OSC. Tweet 120 times – especially by pushing out more educational content. Review OSC's videos and seek to improve the quality of OSC's shareable multimedia content. Seek partnerships, such as with other federal agencies, to more widely distribute OSC's educational material through their social media networks to better reach the federal workforce.

Results for FY 2015– OSC tweeted 160 times and gained 247 new followers – a substantial increase over the last year. EEOC's Office of Federal Programs is a regular re-tweeter of OSC content. The VA re-tweeted an OSC news release. Coordinated with EEOC, OPM, and MSPB on a general media strategy as well as a social media strategy to roll out a guide on remedies to LGBT discrimination in the federal workplace. Experimented with creating some video clips relevant to OSC's work and distributed one.

Target for FY 2016 – Continue to expand number of Twitter followers, with a special focus on expanding the number of employment attorneys, reporters, public policy experts, and stakeholders who follow OSC. Tweet 120 times – especially by pushing out more educational content. Review OSC's videos and seek to improve the quality of OSC's shareable multimedia content. Seek partnerships, such as with other federal agencies, to more widely distribute OSC's educational material through their social media networks to better reach the federal workforce.

Results for FY 2016– OSC tweeted 220 times in FY 2016 and gained over 100 new Twitter followers for a total of 762 at the end of the year.

New FY 2017-2022 Strategic Plan and Corresponding Goals

The agency developed a new strategic plan this summer which was released in the fall, for fiscal year's 2017-2022. The new plan updates OSC's Mission Statement, Strategic Goals and Performance Measures to continue meeting the challenges of a rising caseload within the limited budgetary resources.

The goal tables below were created as part of OSC's new Strategic Plan. Since FY 2017 is the first year of the plan, there are currently no results to share. After FY 2017, OSC will report its results and reevaluate the targets it has set for future years.

In some cases, OSC will need to establish a baseline for a metric after seeing a year's worth of data, in order to set realistic targets for the future years. These are indicated on the following tables by "baseline." Some items on the tables are indicated as Data-Points; these items are not performance metrics (as OSC does not control the outcomes), but merely items to show the data trends as they impact performance outcomes.

Below is a high level summary of OSC's new strategic plan. The full document is located at Appendix A.

OSC STRATEGIC PLAN (2017-2022)

Mission: ***Safeguarding employee rights, holding government accountable.***
Vision: ***Fair and effective government inspiring public confidence.***

Strategic Goals

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.
   Objective 3: Enhance strategic use of enforcement authority.
   Objective 4: Provide time and 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.

2. ***Ensure government accountability.***
   Objective 1: Provide employees with an effective and efficient safe channel to report government wrongdoing.
   Objective 2: Ensure agencies provide timely and appropriate outcomes for referred whistleblower disclosures.
   Objective 3: Enhance awareness of outcomes of referred whistleblower disclosures.

3. ***Achieve 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 IT systems to enhance organizational operations.
   Objective 3: Monitor, evaluate, and improve efficiency and effectiveness of programs and processes.

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 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 of the merit system. We strive to identify innovative and effective ways to address and prevent government wrongdoing.

Goal Table 1A: Goals 1-17

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

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
1	Formation of working group to improve efficiency of case handling procedures in FY 2017, and reassess regularly	N/A		Met							
2	Number of PPP complaints received	Data-point		Data-point							
3	Number/percent of whistleblower retaliation complaints received	Data-point		Data-point							
4	Number/percent of whistleblower retaliation complaints closed within 240 days	baseline		baseline							
5	Average age of PPP complaints at closure	baseline		baseline							
6	Number of PPP complaints filed with MSPB	1		1							
7	Number of successful PPP prosecutions before MSPB	1		1							
8	Number of informal stays obtained	25		25							
9	Number of formal stays obtained	4		4							
10	Number of PPP complaints mediated	30		33							
11	Number of PPP complaints mediated resulting in settlement	18		20							
12	Number of individual corrective actions obtained	275		280							
13	Number of systemic corrective actions obtained	28		30							
14	Number of disciplinary actions obtained	15		15							
15	Number of Hatch Act complaints received	Data-point		Data-point							
16	Percent of Hatch Act complaints closed within 240 days	baseline		baseline							
17	Number of Hatch Act complaints filed with MSPB	1		1							

Goal Table 1B: Goals 18-27 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											
	Description of Target	**FY 2017 Target**	**FY 2017 Result**	**FY 2018 Target**	**FY 2018 Result**	**FY 2019 Target**	**FY 2019 Result**	**FY 2020 Target**	**FY 2020 Result**	**FY 2021 Target**	**FY 2021 Result**
18	Percent of successful Hatch Act prosecutions before MSPB	100%		100%							
19	Number of Hatch Act warning letters issued	25		20							
20	Number of corrective actions obtained	10		10							
21	Number of disciplinary actions obtained	5		5							
22	Number of USERRA referrals received	Data-point[22]		Data-point[22]							
23	Number of USERRA merit referrals	Data-point[23]		Data-point[23]							
24	Number of USERRA non-merit referrals	Data-point[24]		Data-point[24]							
25	Percent of USERRA referrals closed within 60 days	80%		80%							
26	Number of USERRA offers of representation before MSPB	1		1							
27	Number of USERRA corrective actions obtained (formally and informally)	3		3							

22-24: Numbers 22-24 represent data points rather than actual performance targets.

Goal Table 2

Goal 1: Protect and promote the integrity and fairness of the federal workplace

Objective 3: Enhance strategic use of enforcement authority

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
28	Number of PPP reports published on website	2		2							
29	Number of amicus curiae briefs and interventions filed	2		2							
30	Number of inter-agency efforts involving systemic improvements to the federal workplace	4		4							

Goal Table 3

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

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
31	Number/percent of informal telephonic advisory opinions issued within 3 days of inquiry	baseline		baseline							
32	Percent of informal email advisory opinions issued within 5 days of inquiry	95%		95%							
33	Number/percent of formal written advisory opinions issued within 60 days of inquiry	baseline		baseline							
34	Revised Hatch Act regulations by FY 2018	N/A		Met							

Goal Table 4

Goal 1: Protect and promote the integrity and fairness of the federal workplace

Objective 5: Expand training and outreach efforts nationwide

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
35	Number of agencies/components contacted regarding the 2302(c) Certification Program	70		35							
36	Number of agencies/components registered for the 2302(c) Certification Program	baseline		baseline							
37	Number of agencies/components certified and recertified for the 2302(c) Certification Program	baseline		baseline							
38	Average time for agencies/components to complete the certification after registration for the 2302(c) Certification Program	9 months		6 months							
39	Number of training and outreach activities, broken down by program area and geographic location	baseline		baseline							
40	Methods to survey effectiveness of training and outreach activities by FY 2017, and reassess regularly	Met		Met							

Goal Table 5

Goal 1: Protect and promote the integrity and fairness of the federal workplace

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

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
41	Number of press releases issued	25		25							
42	Types and frequency of digital media used to share information	250		275							
43	Number of meetings with stakeholder groups	4		4							
44	Proposal for the establishment of a regularly-held conference on whistleblowing in the federal workplace by FY 2017, and reassess regularly	Met		Met							

Goal Table 6

Goal 2: Ensure government accountability

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

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
45	New electronic form by FY 2017, and refine as appropriate	Met		Met							
46	Number of whistleblower disclosures	Data-point		Data-point							
47	Number/percent of whistleblower disclosures that also allege related retaliation	Data-point		Data-point							
48	Number/percent of whistleblower disclosures referred to agencies for investigation	50		50							
49	Working group for assessment and improvement of whistleblower reporting experiences (including use of new electronic form) by FY 2017, and reassess regularly	Met		Met							

Goal Table 7

Goal 2: Ensure government accountability

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

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
50	Percentage of referred whistleblower disclosures that are substantiated by agencies	Data-point		Data-point							
51	Number of favorable outcomes—both corrective and disciplinary actions—achieved through formal and informal resolution of whistleblower disclosures	baseline		baseline							
52	Timeliness of OSC's communication to the President and Congress after receiving an agency investigation report and whistleblower's comments	baseline		baseline							
53	Implementation of measurement to capture scope of benefits to government resulting from outcomes of whistleblower disclosures, such as significant changes to agency operations to promote safety or security and/or tax dollars saved or recovered, by FY 2017, and reassess regularly	Met		Met							

Goal Table 8

Goal 2: Ensure government accountability

Objective 3: Enhance awareness of outcomes of referred whistleblower disclosures

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
54	Revamped online public file of whistleblower disclosure cases on website by FY 2017, and reassess regularly	Met		Met							
55	Number of times that favorable outcomes of whistleblower disclosures are disseminated via press releases, social media, etc.	12		12							
56	Number of training and outreach events that address whistleblower disclosures	baseline		baseline							
57	Plan to enhance the profile of OSC's Public Servant Award by FY 2017, and reassess regularly	Met		Met							

Goal Table 9

Goal 3: Achieve organizational excellence

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

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
58	Human Capital Plan by FY 2017, and reassess regularly	Met		Met							
59	Honors Program by FY 2017	Met		Met							
60	Improved and standardized onboarding process by FY 2017, and reassess regularly	Met		Met							
61	Staff training plan by FY 2017, and reassess regularly	Met		Met							
62	Mentorship program by FY 2017, and reassess regularly	Met		Met							
63	Ongoing internal cross-training opportunities by FY 2017, and reassess regularly	Met		Met							
64	Ongoing employee engagement efforts, and reassess regularly	Met		Met							
65	Ongoing work/life balance and other related benefits, and reassess regularly	Met		Met							

Goal Table 10

Goal 3: Achieve organizational excellence

Objective 2: Improve the use of existing technology and deploy new IT systems to enhance organizational operations

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
66	Transition to electronic case management system by FY 2017, and reassess regularly	Met		Met							
67	100% deployment of mobile access to network program resources by FY 2017, and reassess regularly	Met		Met							
68	100% data encryption by FY 2017, and reassess regularly	Met		Met							
69	Ongoing semi-annual assessment of IT needs, and reassess regularly	Met		Met							
70	Ongoing semi-annual assessment of the effectiveness of IT services, and reassess regularly	Met		Met							
71	Ongoing maintenance of IT staff of 5% of agency work force, and reassess regularly	Met		Met							

Goal Table 11

Goal 3: Achieve organizational excellence

Objective 3: Monitor, evaluate, and improve efficiency and effectiveness of programs and Processes

	Description of Target	FY 2017 Target	FY 2017 Result	FY 2018 Target	FY 2018 Result	FY 2019 Target	FY 2019 Result	FY 2020 Target	FY 2020 Result	FY 2021 Target	FY 2021 Result
72	Creation and implementation of institutional approach to evaluate programs and processes by FY 2017, and reassess regularly	Met		Met							
73	Completion of first evaluation of program(s) or process(es) to identify best practices and areas of improvement by FY 2018, and proceed with evaluation of additional programs and processes regularly thereafter	N/A		Met							
74	Implementation of best practices and responses to areas of improvement identified in first evaluation of program(s) or process(es) by FY 2019, and reassess regularly	N/A		N/A		Met					
75	Enhanced method for determining customer satisfaction with programs and processes by FY 2017, and reassess regularly	Met		Met							
76	Evaluation and use of customer satisfaction data to improve efficiency and effectiveness of programs and processes by FY 2018, and reassess regularly	N/A		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 14, 2016

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 2016 that were considered significant.

The auditor also did not note any noncompliance with laws or regulations which would have an effect on the financial statements.

We believe the minor recommendations pointed out during the FY 2015 audit have been 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,

Karl P. Kammann

Karl Kammann
Chief Financial Officer
U.S. Office of Special Counsel

U.S. OFFICE OF SPECIAL COUNSEL
AUDIT REPORT
SEPTEMBER 30, 2016

ALLMOND & COMPANY, LLC
Certified Public Accountants
8181 Professional Place, Suite 250
Landover, Maryland 20785
(301) 918-8200

U.S. OFFICE OF SPECIAL COUNSEL
AUDIT REPORT
SEPTEMBER 30, 2016

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ALLMOND & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

8181 PROFESSIONAL PLACE, SUITE 250
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Independent Auditors' Report

Special Counsel
U.S. Office of Special Counsel:

Report on the Financial Statements

We have audited the accompanying financial statements of the U.S. Office of Special Counsel (OSC), which comprise the balance sheet as of September 30, 2016 and 2015, and the related statement of net cost, changes in net position, and combined statement of budgetary resources for the year ended, and the related notes to the financial statements (hereinafter referred to as the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the fiscal year 2016 financial statements of OSC based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity' s preparation and fair presentation 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 the entity' s internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Office of Special Counsel as of September 30, 2016 and 2015, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with general accepted accounting principles in the United States of America.

Other Information

The information in OSC's Annual Report to Congress is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2016, we considered OSC's internal control over financial reporting by obtaining an understanding of OSC's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of control to determine auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide an opinion on the effectiveness of OSC internal control over financial reporting. Accordingly, we do not express an opinion on OSC's internal controls over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

Our consideration of internal control over financial reporting was for the limited purpose as described in the paragraph above and was not designed to identify all deficiencies in internal control over financial reporting that might be a control deficiency, significant deficiency, or material weakness.

A control 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 misstatement on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies, that adversely affects OSCs' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the OSC's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

In our fiscal year 2016 audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness or significant deficiency, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OSCs' fiscal year 2016 financial statements are free of material misstatements, we performed test of OSCs' compliance with certain provisions of laws and regulations, which noncompliance with could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws specified in OMB Bulletin No. 15-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or OMB Bulletin No. 15-02.

This report is intended solely for the information of OSC management, OMB, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

Allmond & Company, LLC

November 14, 2016

U.S. OFFICE OF SPECIAL COUNSEL

Fiscal Year 2016
Financial Statements

Office of Special Counsel
Balance Sheet
As of September 30, 2016 and 2015
(dollars in thousands)

	2016	2015
Assets		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$ 2,867	$ 2,848
Other Assets	-	-
Total Intragovernmental	2,867	2,848
Assets With the Public		
Accounts Receivable, Net (Note 3)	3	5
General Property, Plant, and Equipment, Net (Note 4)	272	288
Total Assets	$ 3,142	$ 3,141
Liabilities		
Intragovernmental		
Accounts Payable	$ 19	$ -
Other		
Employer Contributions and Payroll Taxes Payable (Note 5)	145	122
Unfunded FECA Liability (Note 5)	106	89
Total Intragovernmental	270	211
Liabilities With the Public		
Accounts Payable	77	303
Federal Employee and Veteran Benefits (Note 5)	401	446
Other		
Accrued Funded Payroll (Note 5)	562	417
Employer Contributions and Payroll Taxes Payable (Note 5)	25	3
Unfunded Leave (Note 5)	1,185	1,189
Total Liabilities	$ 2,520	$ 2,569
Commitments and Contingencies		
Net Position		
Unexpended Appropriations - Other Funds	2,040	2,004
Cumulative Results of Operations - Other Funds	(1,418)	(1,432)
Total Net Position	$ 622	$ 572
Total Liabilities And Net Position	$ 3,142	$ 3,141

Office of Special Counsel
Statement of Net Cost
For the Years Ended September 30, 2016 and 2015
(dollars in thousands)

	2016	2015
Gross costs (Note 9)	$ 24,701	$ 23,345
Less: Total Earned Revenue (Note 9)	-	41
Net Cost of Operations	$ 24,701	$ 23,304

Office of Special Counsel
Statement of Changes in Net Position
For the Years Ended September 30, 2016 and 2015
(dollars in thousands)

	2016	2015
Cumulative Results of Operations:		
Beginning Balances	$ (1,432)	$ (1,329)
Beginning Balances, as Adjusted	(1,432)	(1,329)
Budgetary Financing Sources:		
Appropriations Used	23,832	22,389
Other Financing Sources (Non Exchange):		
Imputed Financing (Note 8)	883	812
Total Financing Sources	24,715	23,201
Net Cost of Operations	(24,701)	(23,304)
Net Change	14	(103)
Cumulative Results of Operations	$ (1,418)	$ (1,432)
Unexpended Appropriations:		
Beginning Balances	$ 2,004	$ 1,740
Beginning Balances, as Adjusted	2,004	1,740
Budgetary Financing Sources:		
Appropriations Received	24,119	22,939
Appropriations Used	(23,832)	(22,389)
Other Adjustments	(251)	(286)
Total Budgetary Financing Resources	36	264
Total Unexpended Appropriations	$ 2,040	$ 2,004
Net Position	$ 622	$ 572

Office of Special Counsel
STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2016 and 2015
(dollars in thousands)

	2016	2015
Budgetary resources:		
Unobligated balance brought forward, October 1	$ 882	$ 690
Unobligated balance brought forward, October 1, as adjusted	882	690
Recoveries of prior year unpaid obligations	119	350
Other changes in unobligated balance	(232)	(283)
Unobligated balance from prior year budget authority, net	769	757
Appropriations (discretionary and mandatory)	24,119	22,939
Spending authority (discretionary and mandatory)	-	88
Total budgetary resources	$ 24,888	$ 23,784
Status of budgetary resources:		
Obligations incurred (Note 10):	$ 24,274	$ 22,902
Unobligated balance, end of year:		
Apportioned	140	245
Unapportioned	474	637
Total unobligated balance, end of year	614	882
Total budgetary resources	$ 24,888	$ 23,784
Change in obligated balance:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1 (gross)	$ 1,966	$ 1,854
Obligations incurred	24,274	22,902
Outlays (gross)	(23,868)	(22,440)
Recoveries of prior year unpaid obligations	(119)	(350)
Unpaid obligations, end of year (gross)	2,253	1,966
Memorandum (non-add) entries:		
Obligated balance, start of year	$ 1,966	$ 1,854
Obligated balance, end of year	$ 2,253	1,966
Budget Authority and Outlays, Net		
Budget authority, gross (discretionary and mandatory)	$ 24,119	$ 23,027
Actual offsetting collections (discretionary and mandatory)	(19)	(88)
Budget authority, net (discretionary and mandatory)	$ 24,100	$ 22,939
Outlays, gross (discretionary and mandatory)	$ 23,868	$ 22,440
Actual offsetting collections (discretionary and mandatory)	(19)	(88)
Outlays, net (discretionary and mandatory)	23,849	22,352
Agency outlays, net (discretionary and mandatory)	$ 23,849	$ 22,352

OFFICE OF SPECIAL COUNSEL
Washington, D.C.

Notes to Principal Financial Statements
As of and for the Years Ended
September 30, 2016 and 2015

Office of Special Counsel
Notes to Principal Financial Statements
as of and for the Years Ended September 30, 2016 and 2015

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 135 employees to carry out its government-wide responsibilities in the headquarters office in Washington, D.C., and in the Dallas, San Francisco, and Detroit field offices.

OSC has rights and ownership of all assets reported in these financial statements. There are no non-entity assets.

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.

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 2016 and 2015 to the extent directed by OMB.

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 and Statement of Net Cost, 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.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as September 30, 2016 and 2015 were:

(dollars in thousands)

Fund Balance:		**2016**		**2015**
Appropriated Funds (general)	$	2,867	$	2,848
Total Fund Balance with Treasury	$	2,867	$	2,848
Status of Fund Balance with Treasury				
Unobligated Balance:				
Available	$	140	$	245
Unavailable		474		637
Obligated Balance Not Yet Disbursed		2,253		1,966
Total Status of Fund Balance with Treasury	$	2,867	$	2,848

Unobligated unavailable fund balance represents the amount of 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.

NOTE 3. ACCOUNTS RECEIVABLE

A summary of accounts receivable from the public as of September 30, 2016 and 2015 were as follows:

(dollars in thousands)		2016		2015
Accounts Receivable from the Public:				
Billed:				
Current	$	3	$	5
Total Accounts Receivable		3		5
Accounts Receivable from the Public, Net	$	3	$	5

NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment account balances as of September 30, 2016 and 2015 were as follows:

(dollars in thousands)	Service Life		Acquisition Value		Accumulated Depreciation		2016 Net Book Value
CIP		$	-	$	-	$	-
Office Equipment	5 yrs		651		(550)		101
Leasehold Improvements	10 yrs		488		(317)		171
Total		$	1,139	$	(867)	$	272

(dollars in thousands)	Service Life		Acquisition Value		Accumulated Depreciation		2015 Net Book Value
CIP		$	112	$	-	$	112
Office Equipment	5 yrs		627		(613)		14
Leasehold Improvements	10 yrs		432		(270)		162
Total		$	1,171	$	(883)	$	288

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on OSC's Balance Sheet as of September 30, 2016 and 2015 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. Intragovernmental and Public Liabilities

(dollars in thousands)		2016		2015
Intragovernmental:				
Unfunded FECA Liability		106		89
Total Intragovernmental		106		89
Public Liabilities:				
Federal Employee and Veteran Benefits		401		446
Unfunded Annual Leave		1,185		1,189
Total Liabilities Not Covered by Budgetary Resources	$	1,692	$	1,724
Total Liabilities Covered by Budgetary Resources		828		845
Total Liabilities	$	2,520	$	2,569

B. Other Information

Unfunded Payroll 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 2016 and 2015 were approximately $106 thousand and $89 thousand 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 2016 and 2015 were approximately $401 thousand and $446 thousand 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. OPERATING LEASES

OSC occupies office space under lease agreements in Washington DC, Dallas, Oakland, and Detroit that are accounted for as operating leases. The DC lease term began on October 26, 2009 and expires on October 25, 2019. The Dallas lease term began on December 9, 2002 and expires on December 8, 2017; at lease renewal a 4% increase is estimated. The current Oakland lease was renewed in February 2011 for a period of 10 years through June 2021, with a market rate reset occurring on July 2016, estimated at a 4% increase in the first year and 1% thereafter. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. Escalation cost estimates for Oakland and Dallas for market rate resets and lease renewals have been factored in.

Below is a schedule of future payments for the terms of all the leases.

2017		2,265
2018		2,443
2019		2,480
2020		2,514
2021		2,555
Total Future Lease Payments	$	12,257

NOTE 7. 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.

Reasonably Possible Likelihood of an Adverse Outcome
OSC is subject to a potential liability where an adverse outcome is reasonably possible at September 30, 2016 which potential losses range from $10,000 to $100,000. As of September 30, 2015 there were no potential liabilities where an adverse outcome was reasonably possible.

NOTE 8. IMPUTED FINANCING SOURCES

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, 2016 and 2015, respectively, imputed financing from OPM were approximately $883 thousand and $812 thousand.

NOTE 9. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs represent goods and services exchange transactions made between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Such costs are summarized as follows:

(dollars in thousands)

		2016		2015
Investigations and Enforcements				
Intragovernmental Costs	$	8,712	$	6,967
Public Costs		15,989		16,378
Total Investigations and Enforcements	$	24,701	$	23,345
Intragovernmental Earned Revenue	$	-	$	41
Total Intragovernmental Earned Revenue	$	-	$	41

NOTE 10. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred reported on the Statement of Budgetary Resources for the years ended September 30, 2016 and 2015 consisted of the following:

(dollars in thousands)		2016		2015
Direct Obligations:				
Category B	$	24,274	$	22,902
Total Obligations Incurred	$	24,274	$	22,902

NOTE 11. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OFTHE 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 FY16 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2017 and can be found at the OMB website: http://www.whitehouse.gov/omb. The 2016 Budget of the United States Government, with the actual column completed for 2015, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Beginning with FY06, the format of the Statement of Budgetary Resources has changed and the amount of undelivered orders at the end of period is no longer required to be reported on the face of the statement. 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, 2016 and 2015, undelivered orders amounted to approximately $1,425 thousand and $1,122 thousand respectively.

NOTE 13. RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (FORMERLY THE STATEMENT OF FINANCING)

In fiscal year 2006 this reconciliation was presented as a fifth statement, the Statement of Financing. In accordance with OMB Circular A-136, revised June 2007, presentation requirement for this information is now a footnote disclosure. Details of the relationship between budgetary resources obligated and the net costs of operations for the fiscal years ended September 30, 2016 and 2015 are as follows:

Reconciliation of Net Cost of Operations (Proprietary) to Budget

For the Years Ended September 30, 2016 and 2015

(dollars in thousands)

	2016	2015
Resources Used to Finance Activities		
Obligations Incurred	$ 24,274	$ 22,902
Budgetary Resources from Offsetting Collections		
Spending Authority from Offsetting Collections		
Collected	(19)	(88)
Recoveries of Prior Year Unpaid Obligations	(119)	(350)
Other Financing Resources		
Imputed Financing Sources	883	812
Total Resources Used to Finance Activity	25,019	23,276
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Budgetary Obligations and Resources Not in the Net Cost of Operations		
Change in Undelivered Orders	(303)	(73)
Current Year Capitalized Purchases	(56)	(46)
Components of Net Cost which do not Generate or Use Resources in the Reporting Period		
Revenues without Current Year Budgetary Effect		
Change in Non-Federal Receivables	2	(2)
Other Financing Sources Not in the Budget	(883)	(812)
Costs without Current Year Budgetary Effect		
Depreciation and Amortization	72	53
Future Funded Expenses	12	23
Imputed Costs	883	812
Other Expenses Not Requiring Budgetary Resources	(45)	73
Net Cost of Operations	$ 24,701	$ 23,304

APPENDIX I: OSC Strategic Plan FY 2017-2022

STRATEGIC PLAN
(FY 2017-2022)

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

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2. *Ensure government accountability.*
3. *Achieve organizational excellence.*

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Appendix I: Strategic Plan

Message from the Special Counsel

I am pleased to release the U.S. Office of Special Counsel's Strategic Plan for Fiscal Years 2017-2022. This Strategic Plan—the result of considerable introspection and invaluable external feedback—deploys a new set of strategies for carrying out OSC's statutory mandate.

Five core values shape our agency culture, guide our daily work, and undergird this new plan: Commitment, Excellence, Independence, Integrity, and Vigilance. In keeping with these values and aided by this new plan, my OSC colleagues and I stand ready to do our part to help foster a government that treats its employees fairly and inspires public confidence.

This Strategic Plan departs from our previous plan in some significant ways. For example, because we have made gains in recent years in obtaining important relief for victims of whistleblower retaliation and other prohibited activities, there is less emphasis now on restoring the federal community's trust in OSC. Instead, with this plan, we now place greater focus on using our limited resources in innovative, targeted, and strategic ways to enhance effective enforcement and increase communication with stakeholders.

This Strategic Plan employs a more holistic approach to proactive enforcement of the laws under our jurisdiction. It also prioritizes the importance of organizational excellence and customer service. For instance, it stresses improving ways to recruit and retain a talented and diverse workforce, an asset indispensable to our efforts to safeguard employee rights and hold the government accountable.

In short, this Strategic Plan builds on OSC's past successes and challenges us to do more. Of course, the plan's success will depend largely on how we implement it. In this regard, OSC will rely on the efforts of approximately 140 dedicated personnel, located at headquarters in Washington, DC, as well as in three field offices in Oakland, Dallas, and Detroit. OSC staff and I look forward to working with our stakeholders and partners as we transform this plan into tangible results for the American people.

Carolyn Lerner

Carolyn N. Lerner
Special Counsel

Introduction

Over the past five years, the U.S. Office of Special Counsel (OSC) has vigorously enforced its mandate 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. OSC has worked to restore confidence in OSC within the federal community and among stakeholders. The success stories and statistics paint a clear picture: the positive outcomes and impact that OSC has obtained far surpass the agency's performance in past periods.

As the federal workforce's trust in OSC's ability to obtain corrective action has grown, the demand for OSC's services has hit record levels. Since 2010, the agency's workload has risen 58 percent with significant increases across all program areas, especially prohibited personnel practice complaints. Accordingly, OSC has had to be strategic in addressing the burgeoning workload. OSC has met these challenges, achieving a record number of favorable results. For example, in direct response to a dramatic surge in cases involving risks to the health and safety of patients at medical facilities in the Department of Veterans Affairs, OSC initiated a holistic approach that resulted in quicker and better resolutions. These cases have shed light on and helped correct systemic challenges at medical facilities across the country. They have also provided much-needed corrective action for victims of whistleblower retaliation. Moreover, OSC has augmented government accountability by securing disciplinary action against scores of officials at various agencies for violations of civil service laws.

In addition, OSC has boosted efforts to increase education and outreach to the federal community with the goal of preventing and deterring violations of civil service laws in the first instance. Most significantly, OSC recently reinvigorated the 2302(c) Certification Program, which agencies may use to provide statutorily-mandated training on whistleblower rights and remedies to their employees. OSC also has started to publish reports of its investigatory findings (in redacted format) when doing so may serve an educational purpose. For example, in 2014, the agency published a report on a case of first impression, finding that an agency violated civil service laws when it unlawfully discriminated against a transgender employee. Equally important, OSC has improved communication with all of its federal stakeholders 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 2012, Congress passed the Whistleblower Protection Enhancement Act (WPEA), which overturned several legal precedents that had narrowed protections for federal whistleblowers, provided whistleblower protections to employees who were not previously covered, and restored OSC's ability to seek disciplinary actions against agency officials who retaliate against whistleblowers. That same year, Congress passed the Hatch Act Modernization Act (HAMA), which modified the law to provide a range of possible disciplinary actions for federal employees, permitted state and local government employees to run for partisan political office unless the employee's salary is entirely funded by the federal government, and changed the status of DC government employees from federal employees to state and local government employees.

While OSC's recent achievements are significant, broad challenges remain and new ones have developed. Building on the successes already obtained 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 Hatch Act; and the Uniformed Services Employment and Reemployment Rights Act (USERRA).

OSC's roots lie in the reform efforts of Gilded Age America. In 1883, Congress passed the Pendleton Act, creating the Civil Service Commission, which was intended to help ensure a stable, highly qualified federal workforce free from partisan political pressure. Nearly a century later, in the wake of the Watergate scandal and 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 reform of 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 HAMA—both passed in 2012—has significantly affected the agency's enforcement responsibilities.

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 civilian jobs of federal employees who are reservists and National Guardsmen; 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 designed to ensure that personnel decisions are made based on merit. Prohibited personnel practices (PPPs) are employment-related activities that are banned because they violate the merit system through some form of employment discrimination, retaliation, improper hiring practices, or failure to adhere to laws, rules, or regulations that directly concern the merit system principles. OSC has the authority to investigate and prosecute violations of the 13 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, and substantial and specific dangers to public health and safety.

Through its oversight of government investigations of these whistleblower disclosures, OSC regularly reins in waste, fraud, abuse, illegality, and threats to public health and safety that pose the risk of catastrophic harm to the public and large remedial and liability costs for the government.

Hatch Act

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

USERRA

USERRA, passed in 1994, protects military service members and veterans from employment discrimination on the basis 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 from the Department of Labor.

Organizational Structure

OSC is headquartered in Washington, DC. It has three field offices located 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 policy-making and overall management of OSC. This responsibility encompasses supervision of the agency's congressional liaison and public affairs activities.

- *Complaints Examining Unit (CEU)*. This unit receives complaints alleging PPPs. CEU reviews and examines each PPP complaint to determine if it is within OSC's jurisdiction and, if so, whether the matter can be resolved at that stage or should be referred for mediation, further investigation, or prosecution.

- *Investigation and Prosecution Division (IPD)*. This division is comprised of the headquarters office and three field offices, and is primarily responsible for investigating and prosecuting 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, IPD may bring an enforcement action before the MSPB.

- *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 program 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.

- *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 responsible congressional oversight committees.

- *Retaliation and Disclosure Unit (RDU)*. This unit handles hybrid cases in which a single complainant alleges both whistleblower disclosures and retaliation. OSC created RDU to streamline its processes and provide a single point of contact for complainants with multiple claims. 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.

- *Diversity, Outreach, and Training Unit*. This unit facilitates coordination with and assistance to agencies in meeting the statutory mandate of 5 U.S.C. § 2302(c), which requires that agencies inform their workforces about whistleblower rights and remedies. The unit also provides external education and outreach sessions for the laws that OSC enforces, as well as develops and implements internal Equal Employment Opportunity and other skill-based training programs for OSC's staff.

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

- *Administrative Services Division*. This division manages OSC's budget and financial operations, and accomplishes the technical, analytical, and administrative needs of the agency. Component units include the Finance Branch, the Human Capital Office, the Administrative Services Office, and the Information Technology (IT) Branch.

An organizational chart for OSC may be found in Appendix A.

Strategic Planning Process

Congress requires that Executive Branch agencies develop and post strategic plans on their public websites. The strategic planning process offers an opportunity for an agency to reflect on its statutory mission and mandates, reassess prior goals and objectives, and identify new goals and objectives that will enable the agency to fulfill its mission and vision. This process—and the resulting strategic plan—also serves to notify Congress and stakeholders of major factors that may affect the agency's ability to meet its statutory obligations.

In April 2016, Special Counsel Carolyn N. Lerner launched the strategic planning process for OSC. To be successful, this strategic planning effort sought input from OSC employees as well as key stakeholders from outside the agency. Accordingly, Ms. Lerner assembled a Strategic Planning Team that is diverse and representative of the entire agency to work on this project. She also tasked Associate Special Counsel Louis Lopez with leading the agency's efforts to develop the new strategic plan. A full list of participants may be found in Appendix B.

This Strategic Planning Team met regularly over six-months to conduct an organizational review of OSC's programs and services, and then identify new strategic goals, objectives, strategies, and metrics for the strategic plan. OSC also set up a page on its intranet to provide all agency personnel with information and to solicit feedback during the strategic planning process.

In August 2016, OSC posted a draft of the strategic plan on OSC's intranet and external website for public comment by employees and stakeholders. The agency also delivered the draft strategic plan to OSC's oversight and appropriations committees in Congress. OSC held meetings regarding the draft strategic plan with its employees, the Office of Management and Budget, staff from the agency's congressional oversight and appropriations committees, and stakeholders.

OSC received 12 substantive comments from internal and external stakeholders in writing as well as during the scheduled meetings: five submissions from employees, and seven submissions from good government groups, a federal management association, a public sector union, and a private citizen. Comments that went beyond the scope of the draft strategic plan were reviewed and considered generally.

OSC received several comments regarding its investigation and prosecution functions. Some comments lauded OSC's efforts to apply consistent standards of review and investigative procedure to our cases involving PPPs, the Hatch Act, and USERRA. Of course, OSC utilizes a different statutory scheme for agency investigations and reports of referred whistleblower disclosures. Generally, comments expressed support for OSC's proposed working group charged with improving the efficiency of case handling procedures, including looking for ways to be more responsive to complainants and agency representatives during OSC's investigation process. OSC has already undertaken some efforts in this area. For example, OSC currently obtains early resolution in appropriate cases without a formal referral from CEU to IPD and without a formal written settlement agreement (instead opting to memorialize these resolutions in letters to the parties). In its press releases, annual reports, and performance and accountability reports, OSC also provides case narratives showcasing the qualitative results in successful resolutions. OSC will engage stakeholders on how the agency can share more data and related case information in the future to provide a better context within which to evaluate its performance.

Some comments suggested OSC provide more information regarding its use of ADR and litigation to resolve cases. The agency currently provides mediation information on its website, during training and outreach presentations, and in meetings with parties interested in early dispute resolution of their cases. OSC also will soon release a video explaining how mediation fits into its overall case processing system. In the same vein, OSC—like most parties to legal disputes—seeks to resolve meritorious cases without resorting unnecessarily to lengthy, expensive, and protracted litigation. To balance its roles of effective enforcer of the merit system and efficient steward of tax-payer dollars, OSC will continue to look for strategic ways to enhance public enforcement and development of the law through publicized PPP reports, *amicus curiae* briefs filed with the MSPB and the federal courts, and litigation in cases that do not achieve voluntary resolution by the parties.

Some comments applauded OSC's efforts to expand training and outreach efforts nationwide, and offered specific suggestions for OSC's 2302(c) Certification Program. In response to the comments, OSC notes that it currently posts a list of 2302(c)-certified agencies on its website, which provides an incentive for agencies to provide the mandated training on whistleblower rights, including those related to scientific integrity. However, OSC has no authority to penalize agencies for non-compliance. OSC's current training and outreach programs also emphasize the important role that federal employees can play in reporting government waste, fraud, and abuse. If there are developments in the federal employee whistleblower laws, OSC will consider appropriate changes to its 2302(c) Certification Program. Finally, while OSC's training and outreach programs offer in-depth and interactive exercises to agencies, OSC looks forward to receiving ongoing feedback from stakeholders to evaluate and improve these efforts.

OSC also received several comments regarding its role of providing a safe channel to report government wrongdoing, primarily with respect to the timeliness of the process. OSC is striving to reduce the amount of time it takes between referral of whistleblower disclosures to an agency for investigation and the publication of the results of that investigation. Timeliness is difficult to assess in a standardized way because it depends on a variety of factors. For example, many whistleblower disclosures are complex and technical in nature and, by statute, whistleblowers may review and comment on the agency's report. Throughout the process, OSC communicates with the whistleblower and the agency and thoroughly analyzes the agency's report and the whistleblower's comments to ensure the agency's findings are reasonable and contain all of the required information. OSC will seek to continue to streamline the process without sacrificing quality and complete reports on referred whistleblower disclosures.

Finally, OSC received a limited number of comments regarding its internal operations and efforts at achieving organizational excellence. In response to these comments, the agency expanded its strategy to identify best practices from all agency programs, as opposed to only from certain ones. One submission suggested OSC consider having an ombudsperson to handle internal and external stakeholder disputes. In recent years, OSC has implemented several mechanisms to communicate better with employees, keep staff engaged, and resolve workplace disputes. These efforts have been well-received. In addition, OSC has been successful in working closely with external governmental and non-governmental stakeholders on the agency's work, including promptly responding to concerns brought to OSC's attention. Nevertheless, the agency will consider this recommendation as it moves forward with the implementation of the strategic plan.

On September 27, 2016, OSC's final strategic plan was approved by the Special Counsel. Implementation of the new strategic plan will begin October 1, 2016.

Mission, Vision, Strategic Goals, and Core Values

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

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

Strategic Goals:

4. ***Protect and promote the integrity and fairness of the federal workplace.***
5. ***Ensure government accountability.***
6. ***Achieve organizational excellence.***

OSC's Mission states: "Safeguarding Employee Rights, Holding 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, has 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 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 of 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.

OSC faces an increasing number of cases each year, particularly from federal employees alleging whistleblower retaliation. To effectively remedy wrongs and hold agencies accountable, OSC will apply 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 better serve its stakeholders.

Strategies:

- Handle cases in a fair and unbiased manner.
- Form working group to improve efficiency of case handling procedures.
- Maximize effective use of ADR and other resolution methods in cases.

Data Points and Metrics:

General

- Formation of working group to improve efficiency of case handling procedures in FY 2017, and reassess regularly.

PPP Enforcement

- Number of complaints received.
- Number/percent of whistleblower retaliation complaints received.
- Number/percent of whistleblower retaliation complaints closed within 240 days.
- Average age of complaints at closure.
- Number of complaints filed with MSPB.
- Number of successful prosecutions before MSPB.
- Number of informal stays obtained.
- Number of formal stays obtained.
- Number of complaints mediated.
- Number of complaints mediated resulting in settlement.
- Number of individual corrective actions obtained.
- Number of systemic corrective actions obtained.
- Number of disciplinary actions obtained.

Hatch Act Enforcement

- Number of complaints received.
- Number/percent of complaints closed within 240 days.
- Number of complaints filed with MSPB.
- Number of successful prosecutions before MSPB.

- Number of warning letters issued.
- Number of corrective actions obtained.
- Number of disciplinary actions obtained.

<u>USERRA Enforcement</u>

- Number of referrals received.
  - Number of merit referrals.
  - Number of non-merit referrals.
- Number/percent of referrals closed within 60 days.
- Number of offers of representation before MSPB.
- Number of corrective actions obtained (formally and informally).

<u>Objective 3: Enhance strategic use of enforcement authority</u>.

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/or disciplinary action for PPPs, Hatch Act, 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 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.

<u>Strategies</u>:

- Publish more PPP reports that serve educational purposes, as appropriate.
- Furnish expert technical assistance to aid governmental bodies with formulating policy and precedent.
- Collaborate and strategize with other agencies to make systemic improvements to the federal workplace.

<u>Data Points and Metrics</u>:

- Number of PPP reports published on website.
- Number of *amicus curiae* briefs and interventions filed.
- Number of inter-agency efforts involving systemic improvements to the federal workplace.

<u>Objective 4: Provide timely and quality Hatch Act advisory opinions and guidance</u>.

OSC is in a unique position to provide Hatch Act advice to federal, DC, 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 the 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.

<u>Strategies</u>:

- Provide timely and appropriate Hatch Act advice and information.
- Work closely with OPM to revise the Hatch Act regulations.

<u>Data Points and Metrics</u>:

- Number/percent of informal telephonic advisory opinions issued within 3 days of inquiry.

- Number/percent of informal email advisory opinions issued within 5 days of inquiry.
- Number/percent of formal written advisory opinions issued within 60 days of inquiry.
- Revised Hatch Act regulations by FY 2018.

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, and USERRA through its training and outreach programs. Since 2002, OSC has had a formal program to ensure compliance with 5 U.S.C. § 2302(c), which requires federal agencies to inform employees about their rights and remedies under the whistleblower protections and related laws. In 2014, the White House mandated that federal agencies become section 2302(c)-certified. 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, DC area have received OSC training and certification, OSC will endeavor 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. OSC will also monitor, evaluate, and reassess the effectiveness of its training and outreach activities.

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.
- Certify and recertify more agencies/components through the 2302(c) Certification Program.
- Create training and outreach plan to reach agencies beyond the Washington, DC area.
- Collaborate with agencies to develop OSC-related web-based and other training, e.g., advanced training quiz, topical videos, etc.
- Improve methods to survey effectiveness of training and outreach activities.

Data Points and Metrics:

- Number of agencies/components contacted regarding the 2302(c) Certification Program.
- Number of agencies/components registered for the 2302(c) Certification Program.
- Number of agencies/components certified and recertified for the 2302(c) Certification Program.
- Average time for agencies/components to complete the certification after registration for the 2302(c) Certification Program.
- Number of training and outreach activities, broken down by program area and geographic location.
- Methods to survey effectiveness of training and outreach activities by FY 2017, and reassess regularly.

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. 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 media as appropriate (e.g., website, social media, listserves, infographics, webinars, etc.).
- Enhance coordination with governmental and non-governmental stakeholder groups.
- Develop proposal for the establishment of a regularly-held conference on whistleblowing in the federal workplace.

Data Points and Metrics:

- Number of press releases issued.
- Types and frequency of digital media used to share information.
- Number of meetings with stakeholder groups.
- Proposal for the establishment of a regularly-held conference on whistleblowing in the federal workplace by FY 2017, and reassess regularly.

Strategic Goal 2 – Ensure government accountability.

Objective 1: Provide employees with an effective and efficient 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, or threats to public health or safety. With an overall increasing trend in the number of whistleblower disclosures for the last five years, OSC must continue to ensure that this safe channel remains confidential, secure, and effective in promoting change and accountability. OSC is currently developing a new and 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. It can be downloaded and completed privately. It may be submitted electronically and immediately routed and processed. And the user need not establish an account. OSC will work vigorously to review and assess the whistleblower reporting experience to ensure that, by providing a safe channel for whistleblowers and their disclosures, OSC can better ensure government accountability.

Strategies:
- Implement new electronic complaint/disclosure form.
- Form working group aimed at developing actionable methods to assess and improve whistleblower reporting experiences.

Data Points and Metrics:
- New electronic complaint/disclosure form by FY 2017, and refine as appropriate.
- Number of whistleblower disclosures.
- Number/percent of whistleblower disclosures that also allege related retaliation.
- Number/percent of whistleblower disclosures referred to agencies for investigation.
- Working group for assessment and improvement of whistleblower reporting experiences (including use of new electronic form) by FY 2017, and reassess regularly.

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, 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, and resolves serious health and safety threats. A key objective is to improve the timeliness and outcomes of agency reports. OSC will improve communication with agencies concerning their statutorily-mandated reports, including their content and timeliness, as well as seek alternative resolutions of whistleblower disclosures.

Strategies:
- Engage agencies in the development of effective investigation plans of referred whistleblower disclosures.
- Maintain communications with agencies before, during, and after agencies' investigations of referred whistleblower disclosures, as appropriate.
- Provide alternate means to achieve resolutions of whistleblower disclosures.

- Expand efforts to capture scope of benefits to government resulting from outcomes of whistleblower disclosures.
- Monitor all whistleblower disclosures and referrals to agencies to identify trends or systemic challenges.

Data Points and Metrics:

- Percentage of referred whistleblower disclosures that are substantiated by agencies.
- Number of favorable outcomes—both corrective and disciplinary actions—achieved through formal and informal resolution of whistleblower disclosures.
- Timeliness of OSC's communication to the President and Congress after receiving an agency investigation report and whistleblower's comments.
- Implementation of measurement to capture scope of benefits to government resulting from outcomes of whistleblower disclosures, such as significant changes to agency operations to promote safety or security and/or tax dollars saved or recovered, by FY 2017, and reassess regularly.

Objective 3: Enhance awareness of outcomes of referred whistleblower disclosures.

For OSC's work to have the greatest impact on federal government operations, particularly in cases involving systemic abuses or practices likely to occur across government agencies, it must have a robust and continuous presence within the federal community and before the general public. OSC's public reporting requirements for investigated whistleblower disclosures make it even more imperative that federal employees, taxpayers, and other stakeholders have prompt, accurate, and easy access to information about referred whistleblower disclosures. The implementation of a variety of new technologies offers the agency the opportunity to more effectively disseminate information about the financial and other qualitative benefits to the government from the outcomes of referred whistleblower disclosures, thus ensuring accountability broadly throughout the government.

Strategies:

- Revamp online public file of whistleblower disclosures on website.
- Increase dissemination of favorable outcomes of whistleblower disclosures via press releases, social media, etc.
- Enhance training and outreach aimed at increasing awareness and deterrence of underlying government wrongdoing.
- Develop plan to enhance the profile of OSC's Public Servant Award.

Data Points and Metrics:

- Revamped online public file of whistleblower disclosure cases on website by FY 2017, and reassess regularly.
- Number of times that favorable outcomes of whistleblower disclosures are disseminated via press releases, social media, etc.
- Number of training and outreach events that address whistleblower disclosures.
- Plan to enhance the profile of OSC's Public Servant Award by FY 2017, and reassess regularly.

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, cross-training, recognition of strong performance, and other initiatives that will keep employees engaged and equip them to achieve the mission.

Strategies:

- Create and maintain a Human Capital Plan that includes effective recruitment strategies for attracting talent from diverse sources and appropriate succession planning.
- Establish an Honors Program for hiring attorneys from law schools or clerkships.
- Improve and standardize new employee initial onboarding processes, as appropriate.
- Create and maintain a staff training plan for all employees that regularly assesses training needs and delivers training programs.
- Implement a voluntary mentorship program.
- Continue to facilitate internal cross-training opportunities through details, rotations, reassignments, and other tools aimed at ensuring that the agency remains agile and responsive to changing organizational needs, and that staff develop professionally within the agency.
- Continue to increase employee engagement efforts through Employee Engagement Working Group, Federal Employee Viewpoint Survey participation and analysis, consistent communication, and effective recognition of staff performance.
- Continue to emphasize work/life balance and other related benefits.

Data Points and Metrics:

- Human Capital Plan by FY 2017, and reassess regularly.
- Honors Program by FY 2017, and reassess regularly.
- Improved and standardized onboarding process by FY 2017, and reassess regularly.
- Staff training plan by FY 2017, and reassess regularly.
- Mentorship program by FY 2017, and reassess regularly.
- Ongoing internal cross-training opportunities, and reassess regularly.
- Ongoing employee engagement efforts, and reassess regularly.
- Ongoing work/life balance and other related benefits, and reassess regularly.

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

OSC will be a good steward of tax-payer dollars through the strategic use of IT systems to help the agency better accomplish its mission. OSC will regularly assess the needs of its stakeholders and employees, and in response will employ cutting-edge information technology 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:

- Identify, procure, and deploy commercial off-the-shelf IT solutions to meet the agency's needs.
- Assess and address on a continual basis the IT needs of staff and customers.
- Recruit and retain highly-skilled IT experts.
- Provide excellent IT customer service.
- Assess effectiveness of IT services and respond to stakeholder needs.

Data Points and Metrics:

- Transition to electronic case management system by FY 2017, and reassess regularly.
- 100% deployment of mobile access to network program resources by FY 2017, and reassess regularly.
- 100% data encryption by FY 2017, and reassess regularly.
- Ongoing semi-annual assessment of IT needs, and reassess regularly.
- Ongoing semi-annual assessment of the effectiveness of IT services, and reassess regularly.
- Ongoing maintenance of IT staff of 5% of agency work force, and reassess regularly.

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

While OSC is a small agency, it takes complaints from throughout the federal government; it handles cases from all over the country; and its authority to act derives from several different federal statutes. OSC will undertake a comprehensive and transparent evaluation of the most efficient approach for safeguarding employee rights and holding the government accountable. The evaluation will identify best practices and areas of improvement. This will be part of a vigilant process of continual evaluation of OSC's existing program areas and new programs to ensure the most effective delivery of services. To accomplish these goals, OSC will give federal employees and other stakeholders a greater opportunity to provide input into shaping its work.

Strategies:

- Create and execute an institutional approach to evaluate OSC's programs and processes, including special projects and initiatives, to identify best practices and areas of improvement.
- Implement best practices and address areas of improvement identified in evaluations of OSC's programs and processes.
- Initiate an enhanced method for determining customer satisfaction with OSC's programs and processes, and evaluate data to improve efficiency and effectiveness.

Data Points and Metrics:

- Creation and implementation of institutional approach to evaluate programs and processes by FY 2017, and reassess regularly.
- Completion of first evaluation of program(s) or process(es) to identify best practices and areas of improvement by FY 2018, and proceed with evaluation of additional programs and processes regularly thereafter.
- Implementation of best practices and responses to areas of improvement identified in first evaluation of program(s) or process(es) by FY 2019, and reassess regularly.
- Enhanced method for determining customer satisfaction with programs and processes by FY 2017, and reassess regularly.
- Evaluation and use of customer satisfaction data to improve efficiency and effectiveness of programs and processes by FY 2018, and reassess regularly.

Factors Affecting Achievement of Strategic Plan

While OSC is committed to achieving its mission and vision, there are internal and external factors that will likely affect the agency's ability to achieve all of the goals and objectives in this strategic plan. The primary issues of concern revolve around persistent budget uncertainty, a steadily increasing workload, and significant technological challenges. For a small-sized, resource-constrained agency with a substantial mandate to safeguard employee rights and hold government accountable, these factors can present serious challenges to fulfilling OSC's important statutory obligations.

Historically, OSC has had limited funding to effectively execute its mission and support functions. The agency has had to make difficult choices to ensure that it balances its investigative and prosecution responsibilities with the training and outreach efforts critical to deterring whistleblower retaliation and other unlawful practices. In FY 2015, OSC's caseload hit an all-time high, surpassing 6,000 new matters for the first time in agency history. The dramatic rise was driven by restored confidence in OSC's ability to safeguard the merit system. OSC's continuing success in achieving favorable results through mediation and negotiation, particularly in high-priority matters, also contributed to the increased number of complaints filed. With an expected surge in Hatch Act complaints driven by the 2016 presidential election, OSC anticipates continued growth in its caseload. Budget uncertainty remains a significant challenge to OSC's ability to carry out its myriad responsibilities.

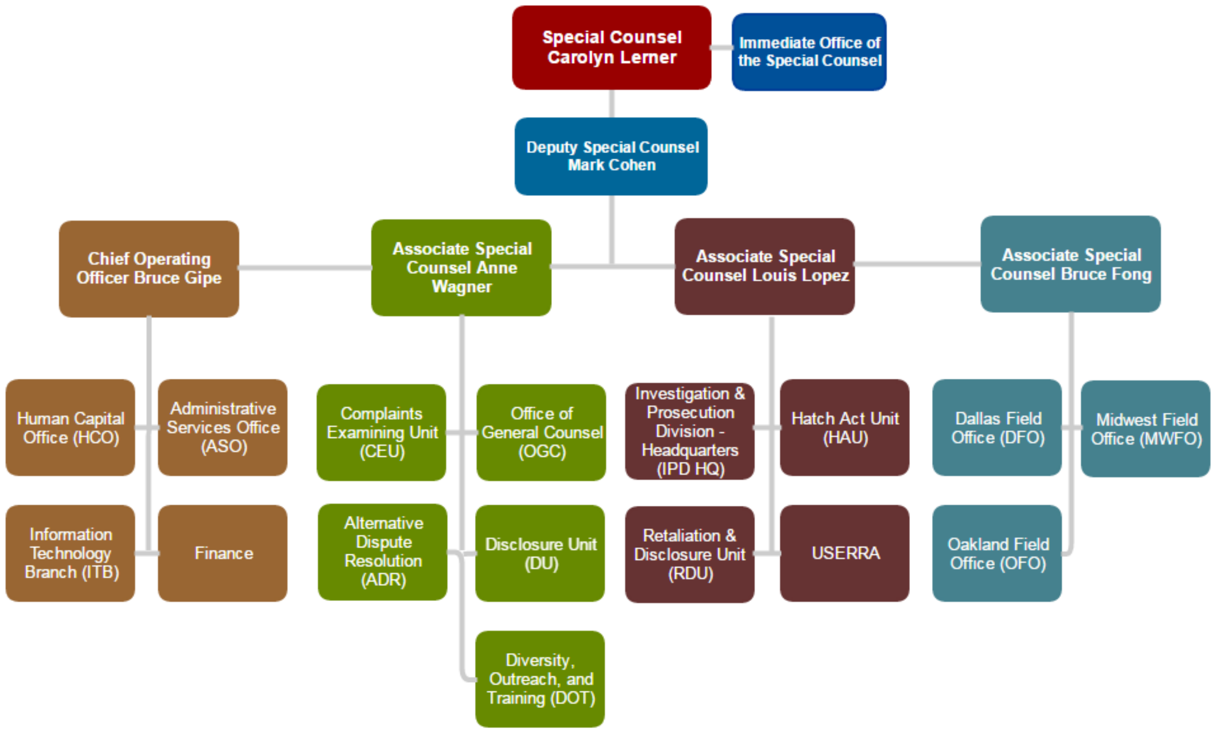
In response to these funding challenges and rising caseloads, OSC must carefully prioritize and allocate resources to remain efficient, fair, and effective in maintaining the high levels of success it has achieved in recent years. Accordingly, the agency is putting into place long-term plans to improve the efficiency of case handling procedures; is being proactive, seeking early resolution of cases through stepped up ADR and settlement efforts; is implementing innovative approaches to achieve efficiencies in cases involving both whistleblower disclosures and related retaliation claims; and is improving cross-training of staff. A better funded and more efficient OSC will result in greater cost-saving and more effective accountability throughout government.

Additionally, OSC has had limited ability to invest in, but increased need for, long-term improvements in technology. 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.

While OSC's establishment as an independent government oversight agency insulates it from political influences on its work, transitions in administration and leadership throughout the federal government will necessarily impact OSC's ability to safeguard employee rights and hold the government accountable. Specifically, staffing changes at all levels in the agencies over which OSC has jurisdiction will require that OSC remain agile and focused on honoring the merit system fairly and without bias. These challenges will require that OSC continue to prioritize education and outreach, and to highlight cases with significant educational value or that promote accountability. Through these efforts, OSC can improve the culture within the federal government and remain a steady accountability and transparency presence that can withstand administration and leadership changes.

OSC's strategic plan contemplates confronting all of these challenges directly over the next few years to ensure its success. And when OSC succeeds, good government and the general public are the real winners.

Appendix II: OSC Organizational Chart



<u>Appendix III: OSC Strategic Planning Team</u>

<u>Chair</u>

Louis Lopez, *Associate Special Counsel, Investigation and Prosecution Division, Headquarters*

<u>Members</u>

Eric Bachman, *Deputy Special Counsel for Litigation and Legal Affairs, Immediate Office of the Special Counsel*

Patrick Boulay, *Chief, USERRA Unit*

Ginny Castle, *Program Assistant, Oakland Field Office*

Bruce Fong, *Associate Special Counsel, Investigation and Prosecution Division, Field Offices*

Greg Giaccio, *Senior Examiner, Complaints Examining Unit*

Bruce Gipe, *Chief Operating Officer, Administrative Services Division*

Sheryl Golkow, *Attorney, Dallas Field Office*

Karen Gorman, *Chief, Retaliation and Disclosure Unit*

Jane Juliano, *Chief, Alternative Dispute Resolution Unit*

Page Kennedy, *Senior Legal Counsel, Immediate Office of the Special Counsel*

Jennifer Li, *Chief Information Officer, Information Technology Branch*

Ana Galindo-Marrone, *Chief, Hatch Act Unit*

Catherine McMullen, *Chief, Disclosure Unit*

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