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A MESSAGE FROM SPECIAL COUNSEL HENRY KERNER

It is my pleasure to present the Office of Special Counsel’s (OSC) Performance and Accountability Report for fiscal year (FY) 2017. This report marks the beginning of my leadership tenure at OSC, the agency whose noble mission is to protect federal workers while holding government accountable.

OSC provides a safe channel for federal employees to report fraud, serious waste, mismanagement and abuse, and dangers to public health and safety. The agency safeguards federal employee rights, and protects the employment rights of federal employees and returning members of the uniformed services. Overall, OSC protects the public, stands up for taxpayers, and increases the confidence of the public and the federal community in their government. Ensuring accountability is a job I do not take lightly, and I will be working diligently within OSC and with the federal community, Congress, and all stakeholders towards doing this.

FY 2017 marked the fourteenth year the Office of Special Counsel has conducted a financial audit. I am pleased to report very strong results, which include a clean FY 2017 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 solid financial footing is foundational to the agency’s succeeding at its mission. This report also addresses the program outcomes and achievements accomplished during the performance of our mission. We believe it was a successful year by any measure, and look forward to building on this success in the coming year.

Sincerely,

Henry J. Kerner
November 15, 2017
PART 1: MANAGEMENT DISCUSSION AND ANALYSIS

I. About OSC

OSC promotes government accountability, integrity, fairness, and efficiency by providing a safe and secure channel for federal employees to come forward with evidence of waste, fraud, abuse, law breaking, or threats to public health or safety. OSC also protects employees from retaliation.

When Federal Aviation Administration (FAA) air traffic controllers witness dangerous flight protocols, when Department of Veterans Affairs (VA) professionals observe unsafe practices in hospitals and clinics, or when Pentagon procurement officers find significant irregularities in government contracts, OSC acts to ensure that whistleblowers’ claims are heard and acted upon. OSC also protects federal employees from prohibited personnel practices (PPPs), such as retaliation for making disclosures of wrongdoing. In addition, OSC preserves the integrity of the civil service system, ensuring that federal employees do not engage in partisan politics while on duty and are not coerced by their superiors into partisan political activity. OSC also defends returning service members and reservists against employment discrimination and retaliation in their federal jobs.

OSC is an effective investment of taxpayers’ money, returning substantial sums to the federal government by pressing for corrective actions to remedy waste and fraud. Indeed, by providing a safe channel for whistleblowers and their disclosures, OSC can prevent wasteful practices and disasters from ever occurring.

II. Statutory Background

The Civil Service Reform Act of 1978 (CSRA) established OSC on January 1, 1979. Under the CSRA, OSC operated as an autonomous investigative and prosecutorial arm of the Merit Systems Protection Board (MSPB or Board). Pursuant to the CSRA, OSC: (1) receives and investigates complaints alleging PPPs; (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, OSC, when appropriate, files petitions for corrective and or disciplinary action with the Board in PPP and Hatch Act cases.

A decade later, Congress enacted the Whistleblower Protection Act of 1989 (WPA). Under the WPA, OSC became an independent agency within the executive branch, with continued responsibility for the functions described above. The WPA also enhanced protections for employees who allege reprisal for whistleblowing and strengthened OSC’s ability to enforce those protections.
Congress passed legislation in 1993 that significantly amended the Hatch Act provisions applicable to federal and District of Columbia government employees. The 1993 amendments to the Hatch Act did not affect covered state and local government employees.

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

OSC’s 1994 Reauthorization Act expanded protections for federal employees and defined new responsibilities for OSC and other federal agencies. For example, the Reauthorization Act provided that 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, exists, or that action is to be taken. Also, the Reauthorization Act extended protections to approximately 60,000 employees at the VA, and whistleblower retaliation protections were extended to employees of listed government corporations. Further, the Reauthorization Act broadened the scope of personnel actions covered under these provisions. Finally, the Reauthorization Act required that federal agencies inform employees of their rights and remedies under the WPA in consultation with OSC.

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

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

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

III. Organizational Structure

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 his immediate staff are responsible for policy-making and the overall management of OSC, including supervision of each of OSC’s program areas. This encompasses management of the agency’s congressional liaison and public affairs activities, and coordination of its stakeholder outreach program.

Complaints Examining Unit (CEU). This unit is the intake point for all PPP complaints. CEU screens approximately 4,000 such complaints each year. CEU conducts an initial review of complaints to determine if they are within OSC’s jurisdiction, and if so, whether further investigation is warranted. The unit refers qualifying matters to mediation, further investigation, possible settlement, or prosecution. Matters that do not qualify for such referrals are closed.

Investigation and Prosecution Division (IPD). If a PPP complaint merits further investigation and is not appropriate for mediation, it is referred to IPD headquarters or a field office. IPD determines whether the evidence is sufficient to establish that a violation has occurred. If it is not, the matter is closed. If the evidence is sufficient, IPD decides whether the matter warrants corrective action, disciplinary action, or both. If a meritorious case cannot be resolved through negotiation with the agency involved, IPD may bring an enforcement action before the MSPB.

Alternative Dispute Resolution (ADR) Unit. This unit is responsible for mediating appropriate PPP complaints, where both the affected employee and agency consent to mediation. This unit is equipped to negotiate global settlements of OSC and other claims, for example resolving PPP and Title VII discrimination claims stemming from the same personnel action.

Disclosure Unit (DU). This unit receives and reviews disclosures from federal whistleblowers. DU recommends the appropriate disposition of disclosures, which may include referral to the head of the relevant agency to conduct an investigation and report its findings, informal referral to the Office of Inspector General (OIG) of the agency involved, or closure without further action. The unit reviews each agency report of investigation to determine its sufficiency and reasonableness. The Special Counsel then sends the report, along with any comments by the whistleblower, to the President and responsible congressional oversight committees.

Retaliation and Disclosure Unit (RDU). This unit reviews related PPP complaints and disclosures submitted by the same complainant. The unit serves as the single OSC point of contact for both filings, performing a similar function to the CEU, IPD, and DU staff. Where
appropriate, RDU investigates PPP complaints, obtains corrective or disciplinary actions, and refers disclosures for investigation.

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, HAU is responsible for providing legal advice on the Hatch Act to federal, D.C., state, and local employees, as well as to the public at large.

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

Diversity, Outreach, and Training (DOT) Unit. This unit facilitates coordination with and assistance to agencies in meeting the statutory mandate of 5 U.S.C. § 2302(c), which requires that agencies inform their workforces about the rights and remedies available to them under the WPA. OSC administers the Section 2302(c) Certification Program, and provides related training and outreach government-wide. This unit also helps develop and implement diversity and training programs for OSC’s internal staff, in order to meet compliance requirements.

Office of General Counsel. OGC advises on a wide array of matters including employment, appropriations, agency policies and directives, and proposed legislation and regulations. OGC runs OSC’s ethics program, reviews Freedom of Information Act (FOIA) releases and responds to FOIA appeals, and handles defensive litigation for OSC.

Administrative Services Division. This division manages OSC’s budget and financial operations, and oversees the agency’s technical, analytical, records, and administrative needs. Component units are the Budget, Finance and Procurement Branch; Human Capital Office; Administrative Services Office; and the Information Technology (IT) Branch. During FY 2017, the Office of the Clerk was established under the Administrative Services Division. This office leads several functional areas, including FOIA, Privacy Act, Controlled Unclassified Information, and records management.

IV. Performance Highlights

In FY 2017, OSC has continued to see elevated levels of new cases. For the third year in a row, OSC received around 6,000 new matters, a substantial portion of which concerned scheduling and patient care revelations at the VA. While operating with just a modest increase in resources to perform its mission, OSC has skillfully enhanced accountability, integrity, and fairness in the federal workplace.

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 website, and social media. In addition, OSC is increasingly gaining the attention of the federal
community due to the substantial training OSC conducts under the Section 2302(c) Certification Program. As a consequence, we are seeing these elevated case levels.

To manage its rising caseload, OSC has increased productivity across its multiple units. In FY 2017, OSC resolved more than 5,500 cases, 27% higher than five years ago. OSC shattered records in terms of favorable actions obtained in PPP cases, as well as favorable actions for whistleblower retaliation cases more specifically. On the Hatch Act front, OSC issued 37 warning letters and successfully obtained four disciplinary actions against agency officials who committed the violations. OSC also helped 19 service members with their employment and reemployment rights in USERRA cases. Finally, OSC also filed four amicus curiae briefs to clarify the scope of whistleblower protections for federal employees.

### 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.

- 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.

- 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 WPEA, and it is fair and workable. We are awaiting the MSPB’s decision.

- 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.
OSC continues to set records in achieving favorable results. In PPP cases this past year, OSC achieved 320 favorable actions, more than triple the number of an average year. Over FY 2016-17, OSC obtained favorable results in 451 whistleblower retaliation actions, which is also triple the rate of an average two-year span. Further, OSC achieved a record 47 systemic corrective actions in FY 2017, which will result in significant policy changes or larger training efforts aimed at proactively preventing future violations at all of the agencies involved.

OSC also achieved great success in correcting government wrongdoing, with agencies substantiating more than 75 percent of whistleblower disclosures referred by OSC in FY 2017. This resulted in improved public safety, the prevention of fraud and abuse, and recouping significant funds to the U.S. Treasury. 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 USERRA.

Equally important, OSC dramatically increased its training of the federal community to prevent problems from occurring in the first place. OSC conducted 148 outreach events at federal agencies during FY 2017, and also certified 43 agencies under its Section 2302(c) Certification Program, which requires agencies to take specific steps to inform their managers and employees about whistleblower protections and PPPs.

Overall, 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.

V. **OSC’s Notable Successes**

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

A. **PPPs**

1. **Program Overview**

The volume of PPP complaints is substantial and growing. In FY 2017, OSC received more than 3,800 new cases, the third-largest amount received in agency history and a substantial increase over FY 2014 levels. Where appropriate, OSC seeks corrective action, disciplinary action, and systemic relief through informal resolutions or litigation before the MSPB, and is currently achieving an unprecedented number of favorable actions. For some cases, mediation may offer the timeliest and most mutually beneficial outcome.
In FY 2017, OSC gained 320 favorable actions in its cases, an agency record and a 16 percent increase over FY 2016 levels. 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 2017, 236 involved whistleblower retaliation. OSC negotiated 43 stays with agencies to protect employees from premature or improper personnel actions. OSC also obtained fifteen stays or stay extensions from the MSPB and achieved 16 disciplinary actions, upholding accountability and sending a warning about unacceptable conduct.

2. **Notable Successes**

OSC protects federal employees and applicants for federal employment from prohibited personnel practices. The following are examples of recent successes in resolving prohibited personnel practice complaints filed with OSC.

**Whistleblower Retaliation**

- Complainant, a supervisory law enforcement officer, alleged that the agency subjected him to an unwarranted investigation, removed him from his supervisory position, and suspended and reassigned him after he disclosed security concerns about a subordinate employee. With OSC’s assistance, the parties settled the matter wherein the agency agreed to destroy all copies of the investigation, remove any references to it from the complainant’s performance appraisal and personnel materials, adjust the complainant’s performance appraisal to reflect actual work, and promise not to consider the investigation or its findings in any future personnel actions.

- Complainant alleged he received a lowered appraisal and was placed on administrative duties after reporting administratively uncontrollable overtime abuse to OSC. OSC sent a detailed letter, akin to a PPP report, requesting that the agency take appropriate action. With OSC’s assistance, the parties entered into a settlement agreement, which included compensatory damages, back pay, attorney’s fees, rescission of letters of counseling, and an increased performance appraisal rating.

- Complainant, a supervisor, alleged that she was subjected to a hostile work environment, suffered a reduction in responsibilities, and received a lowered performance appraisal in retaliation for her disclosures of widespread corruption and mismanagement at the agency where she worked. With OSC’s assistance, the parties agreed to full corrective action for complainant as well as disciplinary action in the form of a seven-day suspension for one subject official and a five-day suspension and a demotion for another subject official.

- Complainant, a former director of finance, alleged that she was removed from employment in retaliation for disclosures she made about the agency’s board members’ travel reimbursement documentation and contacts with foreign nations. With OSC’s assistance, the parties entered
into a settlement agreement wherein the agency agreed to rescind the complainant’s removal, change her personnel record to reflect that she resigned, provide her a neutral reference, and pay her back pay, attorney’s fees, and compensatory damages.

- Complainant, a FOIA/Privacy Act officer, alleged that the agency proposed her removal in retaliation for her association with a known whistleblower. Complainant had previously processed numerous FOIA requests by that whistleblower who used information obtained through FOIA requests to make disclosures to the press and Congress. With OSC’s assistance, the parties reached a settlement for full corrective action, including performance awards, attorney’s fees, and compensatory damages.

- Complainant, a procurement and acquisitions chief, alleged that the agency reassigned him to a position that is not consistent with his previous position or professional experience in retaliation for his disclosures to the OIG and others about the improper use of funds. With OSC’s assistance, the parties entered into a settlement agreement, which included a lump sum payment to the complainant.

- Complainant alleged that she disclosed that her agency falsified appointment wait times for its new patients. After she received notice of a demotion based on a planned management action to dismantle her program, OSC obtained evidence that the agency’s decision to dismantle her program and demote her lacked reasonable grounds. In the settlement agreement, the agency agreed to maintain the complainant’s position in her program and to provide substantial compensatory damages.

- Complainant alleged that after she reported treatment errors and the misuse of vendor-provided services for personal gain, the agency subjected her to a hostile work environment and threatened her with a performance improvement plan. Based on OSC’s intervention, the agency agreed to provide the employee with a clean record, a lump sum payment of $49,000, and new supervision.

- Complainant alleged that after reporting that the agency where he worked wasted more than $200,000 by sending lab work to contractors for analysis that ultimately delayed the diagnosis of patient medical conditions, the agency interfered with his ability to perform his professional duties. With OSC’s assistance, the parties settled the matter wherein the agency agreed to pay a lump sum payment of $10,400, restore the complainant’s work privileges, change his supervisors, pay him $54,224 in attorney’s fees, and provided him with training opportunities.

- Complainant alleged that after she reported concerns about the inadequate screening of certain travelers at her airport, the agency subjected her to an internal investigation for misconduct that resulted in a suspension. After OSC investigated the matter, the agency agreed to rescind the suspension and remove derogatory information from her personnel file.
• Complainant alleged that he was removed because he declined to accept a directed reassignment after first having disclosed his belief that a local tribe had entered into improper oil and gas lease agreements. Complainant also disclosed that the agency failed to fulfill its oversight responsibilities in the matter. After OSC issued a PPP report, the parties settled the case. In the settlement agreement, the agency agreed to give the complainant a lump sum payment of approximately $70,000, which included full back pay and compensatory damages, place him in a new position, restore his benefits, including 162 hours of annual leave and 108 hours of sick leave, and provide him with a clean employment record.

• Complainant, a union official, alleged that he received a proposed termination after helping other union members file grievances. After finding evidence that the agency proposed his termination based on allegations previously disproved by an internal investigation, OSC concluded that the proposal could not be sustained. In a settlement agreement, the agency agreed to rescind the proposed termination, pay compensatory damages, and reassign him to a new position.

• Complainant, a program director, internally disclosed potential contract fraud and discrimination by a senior agency official. Shortly thereafter, the official proposed complainant’s demotion and suspended her for five days for alleged misconduct and then placed her on a detail with highly reduced duties. OSC negotiated a stay, returning the complainant back to her original position and, in the course of its investigation, uncovered certain evidence of whistleblower retaliation. OSC brokered a settlement agreement in which the agency reduced the proposed demotion and five-day suspension to a letter of reprimand, to be removed from complainant’s file in six months. The agency also agreed to provide leadership training and to facilitate conciliation sessions between the complainant and fellow employees.

• Complainant, a manager, disclosed potential abuses of authority by his supervisors to the OIG. Shortly thereafter, the complainant’s supervisors—who were aware of his disclosures and had made statements of animus— informed him that he would lose his supervisory role pursuant to a reorganization that had taken place nearly four years prior. Although OSC’s investigation revealed that the plan to reassign complainant may have predated the whistleblowing at issue, OSC also learned that complainant had continued to do the same supervisory work for approximately a year and a half after his “reassignment” even though he had lost the title and pay. In a settlement agreement, the agency agreed to pay the complainant a year and a half of back pay for the time he performed supervisory duties without appropriate compensation, put him on a one-year detail with a mutually agreeable supervisor, and guarantee that the complainant would never work under certain leadership for the remainder of his time at the agency.
Improper Selection Practices and Other Violations

- OSC received a referral involving allegations of several possible recruitment violations at an agency. Before the case was referred to OSC, an audit revealed that the agency attempted to use improper criteria to hire only attorneys for six separate non-attorney positions. As agency leaders expressed confusion about how their actions were improper and questions remained about the guidance they received, OSC issued a PPP report to clarify the standards applicable to this type of hiring manipulation. The agency accepted OSC’s findings and agreed to training. OSC published the redacted PPP report in this case to educate the federal community.

- Complainant, a branch head, alleged that his former supervisor influenced him to withdraw from competition for a position at a higher grade level in a different division at the same agency. The supervisor valued the complainant’s work and did not want to lose him to the other division. In exchange for the withdrawal, the supervisor promised that, based on the work the complainant was performing, he would promote him. But the complainant was not promoted as promised. OSC issued a PPP report to the agency requesting corrective action. In a settlement agreement, the agency agreed to award the complainant a promotion and provide him with back pay.

- Complainant, an equal employment opportunity (EEO) specialist, alleged that his supervisor granted an unauthorized advantage to a favored applicant to improve the applicant’s prospects for selection. OSC determined that the supervisor, a member of an interview panel, actively prepared the applicant for the panel interview by providing the panel’s questions and offering sample best answers to advance the applicant’s prospects. Because the supervisor accepted responsibility for his actions, OSC approved the agency’s 14-day suspension of him.

- Complainant, an officer, alleged discrimination when she was removed from her probationary supervisory position after telling her supervisor she was pregnant. With OSC’s assistance, the parties entered into a settlement agreement that included the complainant’s voluntary return to a non-supervisory position and a performance award.

- Two complainants alleged that their agency hired and promoted employees without regard to required experience standards. After OSC’s investigation, the agency corrected this systemic problem by implementing a new plan to bring all existing employees into compliance with applicable qualification standards and to ensure that job-specific requirements would be satisfied in the future.

- Complainant alleged that the subject official, a GS-15 supervisor, engaged in nepotism when she participated in personnel actions involving family members. At the conclusion of OSC’s investigation, the parties agreed that the subject official would move to a non-supervisory
GS-14 position and not seek or accept a position involving supervisory duties with the federal government for one year.

- Complainant alleged that she was discharged because her agency concluded she had failed to maintain her nursing license. OSC showed, however, that the licensing state had a grace period and that she renewed her license within the applicable period. Based on OSC’s investigation, the agency reinstated the employee, removed derogatory information from its records, paid back pay of approximately $195,000, reimbursed her for tuition expenses she incurred for training, forgave debts accrued because of the discharge, provided her with orientation training, and issued a letter attesting to her employment status at the facility.

- Complainant, a manager, alleged that a member of the agency’s human resources department gave him inaccurate information about his EEO and MSPB appeal rights: namely, that he could only appeal to one, and not both. OSC obtained systemic corrective action wherein the agency agreed to train the relevant human resources division on EEO and MSPB appeal rights.

**Stays of Personnel Actions**

- Complainants, two deputy assistant directors, alleged that agency officials met with them and asked if they would withdraw from competition for two assistant director positions. After the complainants did not withdraw, the agency re-announced the vacancies with new qualification requirements that the complainants did not possess. OSC sought a formal stay from the MSPB to prevent the agency from moving forward with the hiring actions pending OSC’s investigation. The MSPB granted OSC’s request and another request to extend the stay. OSC issued a PPP report finding that agency officials improperly asked the complainants to withdraw from competition and recommended the selection of a non-veteran in violation of a veterans’ preference requirement. The agency took action consistent with OSC’s recommendation; officials were disciplined, and OSC conducted PPP training at the agency. OSC also published the redacted PPP report in this case to educate the federal community.

- Complainant, a utility systems operator and union steward, alleged that his tour of duty was changed in retaliation for assisting a coworker with filing claims and complaints with, among others, OSHA, the Department of Labor, and the OIG against their supervisor. OSC filed a formal stay with the MSBP to stay the change in the complainant’s tour of duty. The MSPB granted OSC’s request and another request to extend the stay.

- Complainant alleged that after she reported that management secretly allowed a single employee to complete mandatory on-line training for others and falsified training records, she was subjected to a hostile work environment and eventually fired. OSC obtained a formal stay from the MSPB to return the employee to work. The agency later agreed to stay the termination indefinitely until it completed an internal investigation of the training
irregularities. The agency eventually provided back pay to the complainant for lost wages and removed documentation of the termination from her personnel file.

- Complainant alleged that he was removed during his probationary period after disclosing to OSHA inadequate fall-protection measures and non-compliance with OSHA’s reporting requirements at the agency where he worked. The complainant told OSHA in one case that an employee was hospitalized after suffering an unreported fall. OSC obtained a formal stay from the MSPB that helped the employee avoid the foreclosure of his home.

- Complainant, a physician, alleged that he was terminated during his probationary period in retaliation for reporting patient care concerns to management and the OIG. OSC obtained a formal stay from the MSPB of the termination and obtained extensions of the formal stay while OSC completed its investigation.

- Complainant alleged that she reported an agency official to management and to the OIG for suspected theft. OSC’s investigation determined that the official demoted the complainant to the lowest position available in retaliation for her disclosures. OSC obtained a formal stay of the complainant’s demotion from the MSPB. The agency ultimately agreed to provide the complainant with full corrective action including reinstatement, back pay, and compensatory damages. Based on OSC’s investigation and PPP report, the agency decided to suspend the agency official for 14 days and reassign her. In lieu of accepting the discipline, the official resigned from service.

- Complainant, a law enforcement officer, alleged the agency suspended his law enforcement authority and proposed his removal in retaliation for emails to high-level officials disclosing alleged mismanagement and waste. The proposed removal cites the complainant’s inability to maintain a government credit card—a requirement for his position—but the agency appears to have some discretion regarding how to deal with such situations. OSC obtained an informal stay of the proposed removal while it investigates the matter.

- Complainant, an assistant chief of human resources, alleged that the agency proposed her removal in retaliation for disclosing that the chief financial officer and other high-level officials repeatedly pressured her to qualify the chief financial officer’s husband for a position. OSC obtained an informal stay of the proposed removal and a new supervisor for the complainant.

- Complainant, a senior scientist, alleged that agency management attempted to discredit and suppress his research in response to pressure from industry lobbying efforts and a pending lawsuit. Several weeks after he filed an internal scientific integrity complaint, management advised him that he would lose the supervisory role he held for approximately 14 years. OSC obtained an informal stay of the reassignment pending the conclusion of the investigation. The agency also agreed to further investigate the complainant’s disclosure that management took actions to improperly influence his research.
Mediation

Mediation reduces the amount of time and money required to investigate, litigate, and otherwise resolve a case. Examples of recent OSC successes include the following:

- Complainant alleged significant retaliation for disclosing that the agency was not adhering to applicable audit standards. Through mediation, the parties agreed to place complainant in a new position, which filled a critical agency need and utilized complainant’s skills and expertise. The agency also provided full corrective action, which included raising complainant’s performance rating, removing the letter of counseling and performance improvement plan from the personnel file, restoring the leave taken during the alleged retaliatory period, providing a quality step increase, paying a lump sum, and providing training to all agency supervisors. Additionally, the agency agreed to create a working group to revise the agency’s internal grievance policy.

- Complainant alleged that after making disclosures to management regarding unpaid overtime, abuse of authority, and several employee safety issues, the agency terminated complainant during the probationary period. Through mediation, the parties agreed to change complainant’s termination to a resignation, and to provide back pay and a monetary payment to assist with complainant’s relocation expenses related to obtaining a new position.

- Complainant, a law enforcement officer, alleged that after raising concerns to management regarding investigations initiated without following agency procedures, the agency removed complainant’s supervisory duties, lowered the performance evaluation, and geographically reassigned complainant. Through mediation, the parties identified a new position for complainant. The agency agreed to issue a favorable announcement of the reassignment to help rehabilitate complainant’s reputation at the agency. The agency also agreed to pay attorney’s fees, restore leave taken during the retaliatory period, and extend the deadline for complainant to challenge the performance evaluation through the regular agency process.

- Complainant alleged that after providing testimony in an OIG investigation and disclosing regulatory violations to senior management, the agency substantially changed complainant’s duties and issued a reassignment, lowered two performance ratings, and issued a letter of counseling. Through mediation, the parties agreed to reassign complainant to a preferred position, increase the performance ratings, restore leave, remove negative documents from the personnel record, pay attorney’s fees, and provide compensatory damages.

- Complainant, a senior healthcare professional, alleged that the agency changed the job duties and issued a proposed termination in retaliation for raising health and safety concerns and filing a complaint with OSC. Through mediation, the parties agreed to terms allowing for retirement and reasonable attorney’s fees. Given the complexity of the issues, the quick resolution helped the parties avoid lengthy litigation and move forward without further distractions.
B. **Whistleblower Disclosures**

1. **Program Overview**

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

Over the last few years, the agency has handled record numbers of disclosures from federal whistleblowers. OSC received nearly 3,500 whistleblower disclosures in FY 2016 and FY 2017 combined. In FY 2017 specifically, OSC sent 66 whistleblower disclosure reports to the President and Congress. In 50 of those cases, agencies substantiated wrongdoing referred by OSC.

Many substantiated disclosures result in enormous and direct financial returns to the government. However, the real measure of OSC’s financial contribution is preventive; by providing a safe channel for whistleblower disclosures, OSC helps address 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. In past years, OSC substantiated allegations that Department of Defense (DoD) Commissary workers improperly inspected meat and poultry, posing a danger to public health and safety. OSC has handled previously dozens of disclosures from courageous FAA employees who blew the whistle on systemic failures in air traffic control and the oversight of airline safety.

2. **Notable Successes**

OSC is authorized to refer whistleblower disclosures of wrongdoing in five areas: (1) violations of a law, rule, or regulation; (2) gross mismanagement; (3) gross waste of funds; (4) abuse of authority; and (5) substantial and specific danger to public health or safety. In FY 2017, examples of OSC successes involving whistleblower disclosures include the following:

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

- **Failure to Properly Manage Dental Consultations for Veterans.** OSC referred to the Secretary of VA allegations that the chief of Dental Services at VA Montana Health Care System, Billings, Montana, required dentists to use paper forms to refer veterans to non-VA dental providers and failed to enter consultations into the Computerized Patients Records System (CPRS) in violation of VA policies and directives. He also disclosed that, because the chief denied non-VA dental consultations for remote veterans, they were often required to travel great distances to receive care. The VA substantiated the whistleblower’s allegations. In response to the findings, the VA confirmed that dentists no longer use unapproved paper
consult forms and enter all referrals into CPRS. The VA also confirmed that all dental providers received training regarding the non-VA dental care consultation requirements, an Administrative Investigation Board (AIB) was convened to review payments for dental procedures, and that an audit of consultations was conducted. Finally, the chief stepped down from his supervisory role.

- **Understaffing, Inadequate Patient Care, and Manipulation of Patient Wait Times.** OSC referred to the VA Secretary allegations that the Cheyenne VA Medical Center, including the Fort Collins and Greeley Multi-Specialty Outpatient Clinics (MSOC) in Colorado, was critically understaffed and unable to provide adequate care to patients; the Fort Collins and Greeley facilities did not properly schedule patient appointments in several clinics and manipulated patient appointments to reflect misleading wait times; numerous telehealth carts were purchased but left unused for several months; and employees changed patient appointment data before an internal VA investigation to conceal the scheduling improprieties. The VA substantiated three of the allegations. First, the VA found that the Fort Collins MSOC was critically short-staffed, but determined there was no evidence of inadequate or delayed patient care. The VA recommended the Fort Collins MSOC maintain appropriate staffing levels, which it has since March 2016. Second, the VA found that management directed manipulation of patient-desired appointment dates, which resulted in misleading wait time data, and patients experienced long wait times for initial evaluations at the Audiology Clinic. In response, the VA educated and trained medical staff and randomly audits appointments. In the Audiology Clinic, an audiologist now reviews all consults and directs the medical staff on appropriate scheduling; the clinic also hired a fifth audiologist and reduced the wait time for an audiology appointment. Third, the VA concluded that it had purchased numerous telehealth carts that went unused for several months. A comprehensive inventory review resulted in the distribution of carts with excess carts redistributed to other VA locations. The VA confirmed that it is now following the appropriate policy for receiving, inspecting, and processing nonexpendable equipment.

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

- **Understaffing at Medical Facility and Risks to Patients.** OSC referred to the VA Secretary allegations that the Martinsburg, West Virginia-based Martinsburg VA Medical Center—including the Fort Detrick Community Based Outpatient Clinic (CBOC), in Frederick, Maryland—had chronic deficiencies in support staffing that impeded patients’ access to care and that primary care providers used templates to generate clinic notes that included false and misleading information. The VA substantiated that leadership failed to address chronic staffing deficiencies at the CBOC, which adversely affected patients’ access to care and resulted in risks to patients. The VA confirmed that the staffing levels at the CBOC did not comply with VA requirements and were inadequate. The VA also substantiated that one provider had documented examinations for a patient that had not occurred. In response to the findings, the VA took extensive corrective actions and confirmed that the staffing levels are now in compliance with VA requirements.
• **Inadequate Training for Veterans Crisis Line Personnel.** OSC referred to the VA Secretary allegations that the Canandaigua VA Medical Center, in Canandaigua, New York, retained 35 unqualified Veterans Crisis Line responders and that newly-hired employees were not properly trained before they are allowed to interact with veterans in crisis. The VA substantiated both allegations, but asserted that due to prior experience, extensive training, and quality assurance monitoring, there was no substantial and specific danger to public health or safety. However, the whistleblowers noted that the VA’s conclusions were disputed by several VA OIG investigations and reports that indicated that the training and quality assurance monitoring relied upon by the VA to justify these actions is seriously deficient. OSC determined that while the reports meets all statutory requirements, the findings appear unreasonable.

• **Failure to Follow Regulations on Proper Transport of Ammunition.** OSC referred to the Secretary of the Army allegations that shipping records, including the weight of ammunition transported on vehicles, were not properly maintained at the Army Directorate of Training Sustainment, Supply and Service Division, Ammunition Branch, in Fort Benning, Georgia, resulting in a potential risk of harm from the overloading of transport vehicles. The Army substantiated the allegations that transport vehicles carrying ammunition were routinely overloaded and that the Army was not retaining or recording physical shipping papers in accordance with federal regulations. In response, the Army instituted new policies, training programs, additional safeguards, and internal control measures to ensure vehicles transporting live ammunition throughout Fort Benning are not overloaded.

• **Failure to Process Request for VA Benefits.** OSC referred to the VA Secretary allegations that the Veterans Benefits Administration, Oakland VA Regional Office, failed to properly process a large number of informal requests for benefits and formal benefits applications, dating back to the mid-1990s. The VA did not find evidence of a backlog of informal claims. However, the VA noted that a previous OIG investigation had substantiated similar allegations, and confirmed that staff had not processed a “substantial amount” of claims dating back to the mid-1990s. The VA noted that because of management’s poor recordkeeping, it could not verify the existence or location of documents, such as a log or spreadsheet, demonstrating the specific number of unprocessed claims, nor could it locate a significant concentration of these files in storage cabinets. Notwithstanding, the VA concluded that veterans did not receive accurate or timely benefit payments due to poor management oversight and inadequate training. The VA reported that staff were trained in December 2015 and quality control reviews were finished in May 2016. Because the VA did not find evidence of malfeasance or intent to cause harm, no disciplinary actions were taken. OSC determined that the report met all statutory requirements; however, the corrective actions were found to be unreasonable in light of the serious instances of mismanagement detailed at the VA.
Violation of Law, Rule or Regulation and Abuse of Authority

- Improper Access of Employee Medical Records. OSC referred to the VA Secretary allegations that VA employees at the VA Pacific Islands Health Care Center in Honolulu, Hawaii, improperly accessed medical records. The VA partially substantiated the allegations, finding that six of the 16 accesses identified by the whistleblower were determined to have been improper. In response, the VA determined the improper accesses to be “breaches,” as defined by HIPAA, and reported them to HHS. In addition, the VA took appropriate instructional, administrative, and disciplinary action. Four employees and their supervisors were required to complete Privacy and Information Security Training, and one employee was suspended for three days. The VA also initiated a VistA Access Enhancement project, the goal of which is to mitigate anonymous accesses by enhancing middleware security.

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

- Gross Mismanagement of Technology Service. OSC referred to the Administrator of the General Services Administration (GSA) allegations that the agency grossly mismanaged the Technology Transformation Service (TTS), a subcomponent that provides technology and software solutions to federal agencies, by improperly drawing funds from the Acquisition Services Fund without appropriate controls to facilitate legally mandated reimbursement to the fund. According to the whistleblower, TTS has accrued a cumulative net loss of $31.66 million and has not generated any appreciable profit from the technology services it developed. GSA substantiated the allegations in part, concluding that TTS leadership engaged in gross mismanagement and violated the Economy Act. GSA noted that TTS financial forecast models reflected an established pattern of overestimating revenue projections and willfully disregarding losses. Excessive TTS staffing levels also generated significant costs. Specifically, TTS and its predecessor entity continued to accelerate hiring despite the lack of revenue to support the new hires. Staffing levels increased more than 500% after the entity’s inception in 2014, with almost 80% of the employees hired at the GS-14 and GS-15 level. OSC determined that the agency response was unreasonable, as it did not contemplate placing additional management controls on TTS to prevent ongoing mismanagement.

- Intentional Manipulation of Patient Data. OSC referred to the VA Secretary allegations that management at the Louis A. Johnson VA Medical Center in Clarksburg, West Virginia, directed employees in the Emergency Department to intentionally manipulate patient data to artificially reduce reported wait times and the volume of patient visits. The VA concluded that over the last seven years, a Primary Care clinic manager attempted to inappropriately influence nursing staff to place emergency patients in two unofficial clinics used to improperly reduce reported emergency wait times and the number of patient encounters. Affected patients were also improperly coded for medical billing purposes. The VA reported that 602 veterans were charged an incorrect copayment, resulting in a total lost revenue of $21,070 for the clinic. The creation of these unofficial clinics violated VA directives,
prevented an accurate analysis of staff workload, and falsely inflated the clinic’s demand for services. In response, the VA immediately discontinued the practice, developed a process for clinic approvals, and educated leadership and staff on the requirements contained in VA directives. The VA is currently determining how to recoup lost payments. In addition, the Primary Care clinic manager responsible for the creation of these improper clinics received a written counseling for her inappropriate conduct.

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

- Delay in Radiology Examinations. OSC referred to the VA Secretary allegations that the William Hefner VA Hospital in Salisbury, North Carolina, had approximately 3,300 patients waiting for radiology exams, some dating back to 2007. The VA substantiated that there was a backlog of approximately 3,300 pending orders for radiology exams. The VA determined that 34 percent of the appointments in this backlog violated VA policies that require the completion of appointments within 30 days of a provider’s order. The VA concluded that while 15 patients died while waiting for exams, their medical records indicated that no death or adverse clinical outcomes resulted from delays in radiology appointments. In response, the VA reviewed pending radiology exam orders to ensure that patients waiting for care were properly scheduled, and began prioritizing urgent orders for scanning to make unscheduled immediate orders a priority. The VA also ensured that the facility developed a plan to address existing demand for radiology exams, including procuring additional scanning equipment and staff, to ensure that future patients receive timely care.

- Delay in Scheduling Specialty Care Appointments. OSC referred to the VA Secretary allegations that the Phoenix VA Health Care System engaged in widespread misconduct with respect to patient scheduling, resulting in patient deaths while waiting for specialty care appointments. The VA substantiated the allegations in part. The VA reported that on a daily basis, an average of 1,100 patients waited longer than 30 days for appointments. The VA explained that there were especially significant wait times for psychotherapy appointments, with patients waiting an average of 75 days. The VA stated that while leadership did not approve the improper cancellation of backlogged appointments, the VA cancelled 3,862 patient appointments across all service lines. The VA explained that 12 of the 59 patients may have experienced a delay in care that could have caused possible or actual harm. After reviewing the allegations concerning patients who died waiting for specialty consultations, the VA OIG concluded that in 62 of the 294 consultations, care was improperly delayed. Of these 62 consultations, delays in receiving requested care may have caused patient harm in one instance, where a patient never received an appointment for a cardiology exam that could have prompted further definitive testing and interventions “that could have forestalled his death.” In response, the VA updated its consultation policies, communicated and developed review processes to ensure the proper management of consultations, evaluated the care of patients who died waiting for appointments, and made appropriate disclosures to families.
• Inadequate Training of Mental Health Counselors and Failure to Staff Emergency Room Positions. OSC referred to the VA Secretary allegations that the Phoenix VA Health Care System failed to monitor and provide suitable care and treatment for veterans presenting to the emergency room with suicidal ideation; failed to provide adequate training for mental health counselors and social workers managing veterans with suicidal ideation; failed to monitor patients presenting to the emergency room after 4:00 pm while under the influence of drugs or alcohol, particularly those with substance abuse problems; failed to adequately staff social work positions in the Emergency Department; required employees to work excessive overtime; provided inadequate support to staff to handle patient deaths; discontinued a counseling program without providing follow-up services to participants; and improperly accessed an employee’s medical records. The VA substantiated some of the allegations. For example, the VA found that it had failed to adequately monitor and provide suitable care and treatment for veterans who presented to the emergency room with suicidal ideation. The VA further found that some patients had eloped as a result of its failure. The VA notes that prior to OSC’s referral, it had redesigned both the physical space and facility practices to reduce the elopement of patients with suicidal ideation. In addition, patients now dress in hospital gowns or pajamas instead of their own clothing, and each suicidal patient has a 1:1 observer. The VA also found that one employee’s medical records had been improperly accessed, but the improper access was inadvertent and management took appropriate action upon learning of the access, including advising all employees of appropriate medical record access procedures.

Gross Mismanagement and Substantial and Specific Danger to Public Health or Safety

• Mismanagement Resulting in Excessive Delay of Joint Replacement Procedures. OSC referred to the VA Secretary allegations that management at the Memphis VA Medical Center failed to send patients needing full-joint replacement to private providers on a fee basis, resulting in a year-long wait time for joint replacement procedures, and that patients were placed on prescription drugs for pain management, which had a negative effect on their health. The VA substantiated the allegation that there was a year-long wait for joint replacements in the past, but found that the current wait time for these procedures is appropriate (six to eight weeks). The VA did not substantiate that the prior extended wait times were a result of the facility’s failure to send patients to private providers on a fee basis. While the VA substantiated the allegation that patients waiting for total joint replacements receive prescriptions for pain management, it found that patients are also referred to their primary care manager for additional pain treatment, which is standard medical practice. In response to these findings, the VA retrained staff on the use of electronic wait lists, improved notification to patients on their healthcare options, and increased its staffing at the facility.
Violation of Law, Rule or Regulation and Substantial and Specific Danger to Public Health or Safety

- Failure to Follow Procedures for Narcotic Prescription Refills. OSC referred to the VA Secretary allegations that the Ambulatory Care Department, Sam Rayburn Memorial Veterans Center in Bonham, Texas, routinely prescribed and refilled narcotics prescriptions without following proper procedures. Although the VA did not substantiate the allegations, the investigation resulted in significant corrective action. For example, the VA reviewed the electronic health records of patients of two providers who were prescribed opioids and benzodiazepines concomitantly, and revised a memorandum to conform to VA directives requiring completion of a signature consent form. The VA also is in the process of developing a comprehensive pain management and long-term opioid use program that includes an opioid oversight process.

- Failure to Address Flood Risks at Nuclear Power Plants. OSC referred to the Chairman of the Nuclear Regulatory Commission (NRC) allegations that the agency failed to require the Oconee Nuclear Station in South Carolina and 18 other nuclear power stations to take appropriate measures to protect against the risk of flooding in the event of upstream dam failures. NRC found that it had acted appropriately and within the scope of its oversight authority to ensure that the public is adequately protected from the risk of flooding at nuclear power plants located downstream from dams. NRC concluded that the risks to public health and safety from dam-related flooding are very small. NRC found that at each of the 19 sites identified, plants are implementing strategies to mitigate the effects of potential external floods. Despite NRC’s assurances, the whistleblower and other subject matter experts concurring with him remained concerned about the investigative findings, including NRC’s assessment of the risk of flooding at nuclear power plants located downstream from dams. OSC found the report reasonable, but recommended that NRC carefully consider the whistleblower’s and his subject matter expert’s concerns and utilize their expertise, particularly with respect to the assessment of the flood barrier height for Oconee Nuclear Station.

C. Hatch Act

1. Program Overview

OSC aims to reduce prohibited political activities by: (1) educating and warning employees about unlawful partisan political activity; and (2) bringing disciplinary actions against federal employees who violate the Hatch Act. To achieve these goals, this year OSC responded to 1,300 requests for advice, issued 24 warning letters, and obtained ten corrective actions and four 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.
2. **Notable Successes**

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

**Political Activity in the Workplace and Use of Official Authority**

- OSC conducted an extensive investigation into allegations that U.S. Postal Service (USPS) officials violated the Hatch Act by colluding with the National Association of Letter Carriers (NALC) to endorse and support certain candidates during the 2016 election. Although OSC found no evidence that USPS officials worked with NALC to choose candidates to endorse, OSC identified systemic Hatch Act violations at USPS that resulted in an institutional bias in favor of NALC’s endorsed candidates. Specifically, USPS allowed carriers to use “union official” Leave Without Pay—which was almost always granted—for campaign activities, which in turn conferred a special benefit on NALC’s endorsed candidates. Further, a USPS headquarters official disseminated lists of participating carriers down to field office managers, who interpreted the communication as a directive to release the carriers, even on short notice and despite operational concerns from local managers. In a July 14, 2017 report, OSC recommended that USPS take corrective action to neutralize this bias and asked USPS to devise a corrective action plan. Chairman Ron Johnson of the U.S. Senate Committee on Homeland Security and Governmental Affairs convened a hearing on July 19, 2017, at which the then-Acting Special Counsel testified. USPS provided a timely corrective action plan, and OSC will continue working with USPS as it implements the plan.

- OSC investigated allegations that a White House employee violated the Hatch Act when, in his official capacity, he posted a political tweet to his personal Twitter account. The tweet at issue called for the defeat of a candidate in a partisan primary election and, thus, constitutes political activity under the Hatch Act. Because the employee’s personal account almost exclusively contained tweets and photographs about the official activities of the President and the Vice President, it gave the impression that he was acting in his official capacity when he used this account to post the tweet at issue. OSC concluded that the employee violated the Hatch Act when he posted the tweet on an account that repeatedly invoked his official position at the White House. We informed the White House Counsel’s Office about our findings and advised that the employee should not tweet about official matters on his personal account and that he should remove the pictures that created the impression that his personal account was an official one. In response, the employee promptly removed the content that raised Hatch Act concerns.
Political Activity in the Workplace and Solicitation

- OSC filed a disciplinary action complaint with the MSPB alleging that a Department of Commerce employee violated the Hatch Act when he sent several partisan political emails while on duty and assisted candidates running for local and state office. He also invited more than 100 individuals to attend an annual Republican Party fundraiser and asked them to send him a check if they wanted to attend. OSC and the employee subsequently reached a settlement agreement whereby the employee agreed to accept a 50-day suspension without pay. An MSPB administrative law judge approved of the agreement, and the case is closed.

Political Activity in the Workplace

- OSC entered into a settlement agreement with a Secret Service employee who violated the Hatch Act by tweeting at least 12 partisan political messages during a three-month period while on duty and in the federal workplace. The employee engaged in this prohibited political activity despite receiving guidance regarding the Hatch Act and its application to social media use. As part of the settlement, the employee agreed to accept a 10-day suspension without pay.

- OSC settled a case involving a VA employee who, on at least 14 occasions over a seven-month period, sent partisan political emails to her VA coworkers. She engaged in this activity while she was on duty and in her VA workplace, and she admitted that she engaged in this activity despite being aware of the Hatch Act and receiving periodic Hatch Act reminders from the VA. As a penalty for her violations, the employee agreed to accept a five-day suspension without pay.

- OSC entered into a settlement agreement with a Tennessee Valley Authority (TVA) employee who violated the Hatch Act by sending two partisan political emails to employees who were under his technical supervision. The employee engaged in this activity while on duty and in the federal workplace. As part of the settlement, the employee agreed to accept a three-day suspension without pay.

Candidacy

- OSC filed a disciplinary action complaint with the MSPB alleging that a National Oceanic and Atmospheric Administration (NOAA) employee violated the Hatch Act when he ran as a candidate in the 2014 and 2016 elections for a seat in the U.S. House of Representatives. Despite OSC and NOAA’s repeated warnings that the Hatch Act prohibited him from being a candidate in a partisan election while he is a federal employee, he refused to come into compliance. An MSPB administrative law judge concluded that the employee’s violations warranted removal from federal service. The employee appealed the decision to the Board, where it is still pending.
Advisory Opinions

- OSC responded to more than 1,300 requests for advisory opinions under the Hatch Act—many related to whether federal employees could engage in certain types of political activity during the 2016 presidential election cycle. OSC also proactively issued formal Hatch Act guidance on the status of whether President Trump is a candidate for the 2020 presidential election to better inform federal agencies and workers on their rights and responsibilities in the federal workplace.

D. USERRA Enforcement Program

1. Program Overview

OSC continues to assist reservists and National Guard members who face obstacles in their federal civilian jobs due to their military service. OSC receives referrals of USERRA cases for prosecution from the Department of Labor, which investigates these cases. OSC received 17 new cases in FY 2017, and negotiated corrective actions for four complainants. OSC also provided technical assistance to both DoD and the Peace Corps in modifying incompatible USERRA-related regulations.

2. Notable Successes

OSC protects the civilian employment rights of federal workers who are veterans or serve in the National Guard and Reserves by enforcing USERRA. Examples of recent OSC successes under USERRA include the following case resolutions:

- A federal air marshal recalled to Air Force Reserve duty for almost two years did not receive the same pay raises and performance awards as his co-workers. He was also unable to use his paid military leave to cover part of that service, instead being forced to use vacation time. With OSC’s assistance, the reservist received two retroactive pay raises, a cash award, and three weeks of restored vacation time.

- A U.S. Postal Service (USPS) postmaster recalled to active duty as a Navy reservist for three months did not receive a performance award like her peers. OSC intervened on the reservist’s behalf and persuaded the USPS to issue her a retroactive award in the same amount she would have received had she not been absent for military duty.

- A police officer for the U.S. Army had to use 36 hours of annual leave (instead of his paid military leave) to attend military training with the National Guard. After OSC explained to the Army that service members are permitted under USERRA to choose what (if any) paid leave to use to cover military service, the agency agreed to restore his annual leave.

- A Federal Emergency Management Agency (FEMA) employee was deployed with the Navy Reserve for almost one year. During her absence, FEMA continued charging her premiums
for her federal employee health insurance benefits, even though she had elected military healthcare coverage. When she was unable to resolve the issue on her own, she filed a USERRA complaint, which was referred to OSC. At OSC’s request, FEMA agreed to fully reimburse her for the mischarged premiums.

VI. Systems, Controls, and Legal Compliance

Management control activities carried out by OSC include periodic reviews of agency administrative and program elements to ensure that: obligations and costs comply with applicable laws and funds; property and other assets are safeguarded; revenues and expenditures are properly recorded and accounted for; and programs are efficiently and effectively carried out in accordance with management policy. During FY 2017, 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 were summarized in the agency’s Federal Information Security Management Act (FISMA) Report, submitted to OMB in October 2017. FY 2015 was the first year OSC conducted an external IG metrics audit of the FISMA, and this was continued again in FY 2016 and FY 2017. OSC submitted the IG section of the report for the second time. Overall, OSC has intensified its 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 2017. In addition, a Committee on IT was established this year to help receive end user guidance in terms of program needs and requirements, as well as to provide operational feedback to the IT team.

2. Financial Audit. OSC underwent its fourteenth annual financial audit in FY 2017. The auditors reported no material weaknesses this year or in any prior fiscal years. The FY 2017 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. Risk Management Program. OSC established an agency risk management council in FY 2017, and developed a risk charter, profile and risk register. We have since conducted quarterly council meetings to review the agency’s risks.

4. FOIA Program. The agency’s FOIA operations were assessed this year.

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 of 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 18 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 Risk Management, Internal Controls and Internal Control over Financial Reporting

OSC’s management is responsible for managing risks, as well as establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act (FMFIA). OSC conducted its assessment of internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, “Management’s Responsibility for Enterprise Risk Management and Internal Control.” Based on the results of this evaluation, OSC can provide reasonable assurance that, as of September 30, 2017, 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 18 report from IBC, as well as the year-end roll forward assertion letter, and reviews them to assist in assessing internal controls over financial reporting. OSC has not discovered any significant issues or deviations in its financial reporting during FY 2017 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.

Henry Kerner
Special Counsel
November 15, 2017
VIII. Management Challenges

OSC is experiencing sustained demand for its services. In FY 2017, OSC again received nearly 6,000 new matters. To put this in perspective, case volumes OSC has seen in the past three years are 50 percent higher than the levels just five years prior, 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 VA cases focused on improving quality care for veterans and assisting doctors and other health care providers facing retaliation.

As in years past, the primary challenge OSC faces is successfully processing the high volume of cases while judiciously using agency resources. 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. Receiving up to 6,000 new cases per year has become the agency’s new normal, and OSC is struggling to keep pace with demand. Despite reaching record efficiencies, OSC is now facing its largest case backlog ever. We are at the limit in our capacity, and need resources commensurate with the growing demand in order to prevent the backlog of cases from increasing substantially in coming years.

In FY 2017, OSC’s case backlog reached a new record level of nearly 2,600 cases. Whistleblower disclosures in particular have increased significantly, with OSC receiving 1,780 in FY 2017, the second highest level in agency history. OSC recognizes that as our case backlog continues to rise, it may further increase case processing times and in turn discourage whistleblowers and complainants from coming forward. We believe the taxpayer will lose if government inefficiencies go unchecked because federal workers stop coming to OSC with their disclosures.

However, OSC is focused on the challenge of managing its caseload efficiently. OSC is constantly seeking new strategies and creative methods for improving our work processes and efficiency. OSC reorganized its internal structure to respond more efficiently to the types of cases OSC is receiving, creating the Retaliation and Disclosure Unit (RDU). RDU handles cases OSC receives in which a complainant files both a whistleblower disclosure and a related whistleblower retaliation complaint. The creation of RDU has reduced the number of OSC staff working on an individual complainant’s case while simultaneously eliminating the need for coordination between separate investigators of related retaliation and disclosure complaints. This approach to resolving mixed cases has resulted in significant efficiency gains, and the agency continues to look for new and more creative ways to work efficiently and effectively.
In a related effort, OSC has adopted periodic reviews of our case processing data in order to identify weaknesses, improve performance, and get results. OSC understands that data-driven, periodic review of our internal business processes and program performance is a necessary step toward improving our efficiency and saving taxpayer dollars, as is analyzing the results, asking tough questions, and proposing improvements. OSC has sought to find time to conduct these periodic reviews and execute work process changes without pulling so many staff from their casework that our backlog balloons. Nonetheless, considering the huge demand for OSC’s services and the limited fiscal resources available to us, OSC recognizes that maximizing our program units’ efficiency is critical to successfully fulfilling our mission.

Finally, OSC has invested in our IT infrastructure, seeking to modernize our case management system and communication networks. When fully complete, this should make it easier for the public to submit cases to OSC and allow our attorneys to share information and work together more efficiently. Our end goal is to automate as many work processes as possible so that overall case processing times start to decrease. Moreover, as these IT projects move from the development and production phases into the maintenance phase, OSC will be able to strategically shift our limited resources to other areas, which will likewise yield productivity gains.

Notably, our sister agency the MSPB does not currently have a quorum. This affects OSC’s cases before the Board, impacting the Board’s decision-making ability and limiting our ability to proceed with certain matters of law.

Regardless of the challenges that lie ahead, OSC remains committed to identifying opportunities to improve our work processes and operate more efficiently and effectively. We believe this will allow us to successfully fulfill our mission by better streamlining government, reducing waste, fraud, and abuse, promoting public health and safety, and saving valuable taxpayer dollars.

**IX. Comments on Final FY 2017 Financial Statements**

**Financial Highlights**

**Consolidated Balance Sheet**

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

OSC’s balance sheets show total assets of $2,745,000 at the end of FY 2017. This is a decrease of $397,000, compared to OSC’s total assets of $3,142,000 for FY 2016. Fund Balances with Treasury comprise 92 percent of OSC’s assets.

Total Liabilities for OSC increased by $193,000 from $2,520,000 in FY 2016 to $2,713,000 in FY 2017, an increase of 7 percent. The three largest components of Total Liabilities are
Unfunded Leave ($1,228,000), Federal Employee and Veteran Benefits ($414,000), and Accrued Funded Payroll ($566,000).

**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 2017, OSC’s Net Position on its Balance Sheets and the Statement of Changes in Net Position was $32,000, a decrease of $590,000 as compared to the FY 2016 ending Net Position of $622,000. This decrease is due primarily to a decrease in Total Unexpended Appropriations for FY 2017.

**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 2017, OSC received a $24,750,000 appropriation. OSC ended FY 2017 with an increase in total budgetary resources of $661,000, or 3 percent, above FY 2016. Most of this change is attributable to a $631,000 increase in the amount of appropriations OSC received in FY 2017.

**Consolidated Statement of Changes in Net Position**

The Consolidated Statement of Changes in Net Position represent the change in the net position for FY 2017 and FY 2016 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 decreased last year by $590,000 as compared to FY 2016.
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 $1,140,000, with accumulated depreciation of $911,000 and a 2017 Net Book value of $229,000. (Note 4 to Principal Financial Statements)

OSC had $505,000 more in Total New Obligations and Upward Adjustments this year; $24,779,000 in FY 2017 as compared to $24,274,000 in FY 2016. (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 decreased by $141,000, from $883,000 in FY 2016 to $742,000 in FY 2017. 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).
PART 2: PERFORMANCE SECTION

I. New FY 2017-2022 Strategic Plan and Corresponding Goals

The Performance Section presents detailed information on the annual performance results of programs related to OSC’s primary statutory enforcement responsibilities.

OSC developed a new Strategic Plan that became effective in FY 2017. According to the Strategic Plan, OSC’s mission is to safeguard employee rights and hold government accountable. To do so, OSC identified three overarching strategic goals:

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

Each goal has three to six specific objectives aimed at implementing the larger strategic goals. Each objective, in turn, relates to one of OSC’s enforcement authorities or programs or improving OSC as an organization. Specific performance metrics are provided to measure OSC’s success in the identified areas. A complete copy of OSC’s Strategic Plan for FY 2017 – FY 2022 can be found in Appendix I.

Below are OSC’s performance results showing the agency’s results against the targets in our Strategic Plan. In some cases—particularly for new or revised metrics—OSC needs to establish a baseline of data in order to set realistic targets for future years. Some items on the table are indicated as data points to assist in showing data trends as they impact performance outcomes. Data points are not performance metrics as OSC does not control the outcomes.

Below are Goal Tables listing each of OSC’s Performance Measures for the FY 2017 goals. The metrics they contain correspond to the appropriate Budget-Related Goals. Several of the metrics have explanatory notes that follow the Goal Tables, and these notes are assigned the same number that correspond to its respective metric number listed in the table.

In FY 2017, OSC successfully met or partially met 40 out of 52 goals, or 77 percent of its goals, while another 24 goals were not applicable this year. Because OSC has continued to see high levels of new cases in FY 2017, we consider this to be a successful performance in the face of difficult resource allocation decisions to achieve these goals.

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

Strategic Goal 1 has six objectives:

Objective 1: Fairly and promptly investigate and prosecute cases.
Objective 2: Obtain timely and effective relief in cases.
Objective 3: Enhance strategic use of enforcement authority.
Objective 4: Provide 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.

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

A. Goal Table 1A details the data points and performance metrics for OSC’s work investigating, litigating, and resolving PPP complaints. In FY 2017 OSC met 7 out of 10 goals in FY 2017.

Generally, OSC’s Strategic Plan contemplates a standing working group to improve efficiency of case handling in allegations of PPPs, Hatch Act cases, and USERRA complaints with a broad mandate to look at intake, workflow, investigative, prosecutive, and resolution processes. In its first year, the working group focused on prohibited personnel practices. The working group gathered data on OSC efficiency and effectiveness over the past several years and identified innovation that correlated with improved efficiencies. The working group also considered both internal and external catalysts, including OSC statistical data on workload and performance, organizational and operational changes, leadership, budget, public perception, and legislative changes. The working group is completing a report summarizing the information gathered and its conclusions.
### Goal Table 1A: Goals 1-14

**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

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Formation of working group to improve efficiency of case handling procedures in FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Number of PPP complaints received</td>
<td>Data-point</td>
<td>3,784</td>
<td>Data-point</td>
<td>Data-point</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Number of whistleblower retaliation complaints received</td>
<td>Data-point</td>
<td>1,899</td>
<td>Data-point</td>
<td>Data-point</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Number of whistleblower retaliation complaints closed within 240 days</td>
<td>Baseline</td>
<td>1,305</td>
<td>Baseline</td>
<td>Baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Average age of PPP complaints at closure</td>
<td>Baseline</td>
<td>131</td>
<td>Baseline</td>
<td>Baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Number of PPP complaints filed with MSPB</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Number of successful PPP prosecutions before MSPB</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Number of PPP complaints mediated</td>
<td>30</td>
<td>37$^8$</td>
<td>33</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Number of PPP complaints mediated resulting in settlement</td>
<td>18</td>
<td>32</td>
<td>20</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Number of informal stays obtained</td>
<td>25</td>
<td>34</td>
<td>25</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Number of formal stays and related extensions obtained</td>
<td>4</td>
<td>16</td>
<td>4</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Number of individual corrective actions obtained</td>
<td>203</td>
<td>190$^{12}$</td>
<td>206</td>
<td>206</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Number of systemic corrective actions obtained</td>
<td>28</td>
<td>47</td>
<td>30</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Number of disciplinary actions obtained</td>
<td>15</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Goal Table 1A Explanatory Notes**

8: This amount represents the number of completed mediations out of a total of 66 cases that entered mediation in FY 2017.

12: This metric was revised. Total favorable actions in PPP cases include informal stays, formal stays (including extensions), individual and systemic corrective actions, as well as disciplinary actions.
actions. OSC’s historical average for total favorable actions in PPP cases is 186. The recent favorable action average for the past three years is higher at 251, with OSC obtaining 276 favorable actions in FY 2016. The FY 2017 and FY 2018 targets for Metric 12 (individual corrective actions obtained) of the new strategic plan are therefore revised to 203 and 206 respectively. This revision reflects the more accurate and appropriate targets of 275 anticipated total favorable actions in FY 2017 and 276 in FY 2018, and is consistent with OSC’s historical trends for PPP cases.

**B. Goal Table 1B** details the data points and performance metrics for OSC’s work investigating, litigating, and resolving Hatch Act complaints. OSC met two out of four goals in FY 2017. Metric 15 is a data-point and for metric 16 baseline is being established.

### Goal Table 1B: Goals 15-21

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

**Objective 1: Fairly and promptly investigate and prosecute cases**

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Hatch Act complaints received</td>
<td>Data-point</td>
<td>253</td>
<td>Data-point</td>
<td></td>
<td>Data-point</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of Hatch Act complaints closed within 240 days</td>
<td>Baseline</td>
<td>63%</td>
<td>Baseline</td>
<td></td>
<td>Baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Hatch Act complaints filed with MSPB</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of successful Hatch Act prosecutions before MSPB</td>
<td>100%</td>
<td>N/A</td>
<td>100%</td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Hatch Act warning letters issued</td>
<td>25</td>
<td>37</td>
<td>20</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of corrective actions obtained</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of disciplinary actions obtained</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td></td>
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</tbody>
</table>
C. **Goal Table 1C** details the data points and performance metrics for OSC’s work investigating, litigating, and resolving USERRA complaints. During FY 2017, OSC met one out of three metrics. OSC completed 79% of USERRA legal reviews within 60 days and obtained 6 corrective actions.

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 Number of USERRA referrals received</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23 Number of USERRA merit referrals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Number of USERRA non-merit referrals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Percent of USERRA referrals closed within 60 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 Number of USERRA offers of representation before MSPB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27 Number of USERRA corrective actions obtained (formally and informally)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
D. **Goal Table 2** details OSC’s efforts to enhance its strategic enforcement authority, as it related to the third objective under Strategic Goal 1. OSC met three out of three goals in FY 2017.

OSC recognizes that, in some circumstances, the best way to effectively make systemic improvements to the federal workplace is by collaborating with other federal agencies in meaningful ways. Historically, OSC has had natural partnerships with some of its sister agencies, including the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB), and the Equal Employment Opportunity Commission (EEOC).

In FY 2017, OSC engaged in 10 inter-agency efforts involving systemic improvements to the federal workplace. For example, OSC continued coordination efforts with the EEOC under its Memorandum of Understanding (MOU), renewed in 2014. Under the MOU, the agencies work to better protect federal workers from discrimination and retaliation, reduce duplication of efforts between the two agencies, and determine whether and when to seek disciplinary action against agency officials for egregious EEO violations. These efforts help to address discrimination and retaliation in a more holistic and systemic manner.

In addition, OSC planned a hosted a Whistleblower Retaliation Roundtable attended by the Departments of Labor, EEOC, and several agency Offices of Inspectors General (OIGs). During the program, the attendees discussed how to better balance protecting whistleblowers with ensuring government accountability, ways to evaluate allegations of retaliatory investigations by agencies, and methods for ombudsmen at agencies to enhance coordination efforts for systemic improvements to the federal workplace.

A complete list of OSC’s inter-agency efforts is below:

1. CIGIE Working Group (OSC, Integrity Committee, OIGs)
2. Employer Support of the Guard and Reserve (ESGR) USERRA Roundtable (DOL, DOJ, DOD, ESGR, OSC)
3. LGBT Civil Rights Working Group (DOJ, EEOC, DOL, OSC, etc.)
4. OSC-EEOC MOU (OSC, EEOC)
5. Shared Administrative Services Working Group (OSC, MSPB, FLRA, OGE)
6. Small Agency Council EEO, Diversity, and Inclusion Committee (small agencies)
7. United National Convention Against Corruption (State Department, DOJ, OSC, etc.)
8. VA Special Project and Coordination Meetings (OSC, VA)
9. Whistleblower Protection Advisory Committee (DOL, OSC, etc.)
10. Whistleblower Retaliation Roundtable (OSC, DOL, OIGs, EEOC, etc.)
**E. Goal Table 3** details the Hatch Act advisory opinions provided by OSC, as contemplated by OSC fourth objective under Strategic Goal 1. In FY 2017, OSC met one goal out of one possible.

**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

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Number/percent of informal telephonic advisory opinions issued within 3 days of inquiry</td>
<td>Baseline</td>
<td>100%</td>
<td>Baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Percent of informal email advisory opinions issued within 5 days of inquiry</td>
<td>95%</td>
<td>100%</td>
<td>95%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33 Number/percent of formal written advisory opinions issued within 60 days of inquiry</td>
<td>Baseline</td>
<td>75%</td>
<td>Baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 Revised Hatch Act regulations by FY 2018</td>
<td>N/A</td>
<td>N/A</td>
<td>Met</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Goal Table 3 Explanatory Notes**

For metrics 31 and 33, baseline is being established. Metric 34 is not applicable this fiscal year.

**F. Goal Table 4** details OSC’s training and outreach efforts pursuant to OSC’s fifth objective under Strategic Goal 1. OSC met three goals out of three in FY 2017.
<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of agencies/components contacted regarding the 2302(c) Certification Program</td>
<td>70</td>
<td>127(^{35})</td>
<td>35</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of agencies/components registered for the 2302(c) Certification Program</td>
<td>Baseline</td>
<td>24</td>
<td>Baseline</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of agencies/components certified and recertified for the 2302(c) Certification Program</td>
<td>Baseline</td>
<td>43(^{37})</td>
<td>Baseline</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average time for agencies/components to complete the certification after registration for the 2302(c) Certification Program</td>
<td>9 months</td>
<td>8.35 months</td>
<td>6 months</td>
<td>9 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of training and outreach activities, broken down by program area and geographic location</td>
<td>Baseline</td>
<td>148(^{39})</td>
<td>Baseline</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Methods to survey effectiveness of training and outreach activities by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
<td></td>
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</tbody>
</table>

**Goal Table 4 Explanatory Notes**

35: 2017 result equals the number of agencies and agency components contacted regarding the Section 2302(c) Certification Program. The total number of communications to these agencies or components equals 892 calls or emails, which illustrates the high volume of our outreach efforts. 37: Number of agencies and agency components certifying/recertifying for the Section 2302(c) Certification Program will vary in response to the three-year recertification cycle. For example, we expect lower figures in FY 2018, because most agencies have already certified and are not yet due for recertification. Thus, we anticipate increased numbers in FY 2019 due to agencies recertifying at the end of the three-year cycle.
39: Number of trainings will increase and decrease in each fiscal year based on a number of factors, including, for instance, (1) the almost 75% increase in Hatch Act trainings we have observed during election years; and (2) an increase in Section 2302(c) trainings based on years in which a higher percentage of agencies are due for recertification at the end of the three-year cycle, creating a “lumpy forecast.” Whistleblower disclosure trainings are held in conjunction with PPP trainings and counted separately.

<table>
<thead>
<tr>
<th>Program Area</th>
<th>Total</th>
<th>Inside DC Area</th>
<th>Outside DC Area*</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP</td>
<td>86</td>
<td>57</td>
<td>29</td>
</tr>
<tr>
<td>Whistleblower Disclosures</td>
<td>25</td>
<td>23</td>
<td>2</td>
</tr>
<tr>
<td>Hatch Act</td>
<td>34</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>USERRA</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

*Trainings held outside the D.C. area occurred in Idaho, Virginia, Florida, South Carolina, Maryland, Georgia, New York, Minnesota, Missouri, Louisiana, Kentucky, and Macedonia.

G. **Goal Table 5** details OSC’s communications with stakeholders and the public, consistent with the sixth objective under Strategic Goal 1. OSC met two out of four goals in FY 2017. OSC issued a total of 20 press releases in FY 2017.

**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**

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>41  Number of press releases issued</td>
<td>25</td>
<td>20</td>
<td>25</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42  Types and frequency of digital media used to share information</td>
<td>250</td>
<td>153</td>
<td>275</td>
<td>275</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43  Number of meetings with stakeholder groups</td>
<td>4</td>
<td>10</td>
<td>4</td>
<td>TBD</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>44  Proposal for the establishment of a regularly-held conference on whistleblowing in the federal workplace by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Partially Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
<td></td>
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</tbody>
</table>
**Goal Table 5 Explanatory Notes**

44: Building on the successes of past Whistleblower Retaliation Roundtable discussions, OSC representatives met with stakeholders and began brainstorming ideas for the proposal of the establishment of a regularly-held conference on whistleblowing in the federal workplace. We paused our efforts at developing a formal proposal for budgetary reasons. When OSC is able to identify appropriate funds to establish a regular conference, OSC will resume such efforts.

III.  **Strategic Goal 2, Goal Tables 6-8 – Ensure government accountability.**

Strategic Goal 2 has three objectives:

- 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.

These objectives directly relate to OSC’s investigations of whistleblower disclosures. Similar to prior fiscal years, OSC continues to receive historically high numbers of new disclosures. OSC will continue its commitment to providing a safe, confidential channel for federal employees to report evidence of fraud, waste, abuse, or threats to public safety. OSC is in the process of development of a new electronic filing form that is designed to improve convenience and enhance the whistleblower reporting experience.

A.  **Goal Table 6** relates to the first objective under Strategic Goal 2 and details OSC’s efforts to ensure government accountability by providing a safe, confidential and secure reporting channel for stakeholders and the public. In FY 2017 OSC has received 1,777 new whistleblower disclosures. OSC met two out of three goals in FY 2017.

Established as a strategy to achieve Objective 1, Goal 2 of the strategic goals identified in OSC’s 2017 Strategic Plan, OSC’s Whistleblower Reporting Experience Working Group seeks to develop actionable methods to assess and improve whistleblower reporting experiences. The working group has established a FY 2018 action plan to address six key areas over the course of the next fiscal year: (1) external communications regarding whistleblower reporting; (2) outreach efforts regarding whistleblower reporting; (3) internal coordination with OGC and Clerk; (4) coordination with IT on Form 14 implementation and integration with eCMS; (5) internal staff communications; and (6) internal processes to improve the whistleblower reporting experience. The working group has formed smaller teams of two members each, tasked with exploring each of the identified key areas. At the conclusion of the fiscal year, the working group will present a report on the implementation of interim measures to improve whistleblower reporting experiences, along with recommendations for future action based on its assessments. As an initial step, the working group will establish an internal email address for inquiries, ideas, and concerns about the whistleblower reporting experience.
**Goal Table 6**

**Goal 2: Ensure government accountability**

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

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 New electronic form by FY 2017, and refine as appropriate</td>
<td>Met</td>
<td>Not Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46 Number of whistleblower disclosures received</td>
<td>Data-point</td>
<td>1,777</td>
<td>Data-point</td>
<td>Data-point</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>47 Number of whistleblower disclosures that also allege related retaliation</td>
<td>Data-point</td>
<td>81</td>
<td>Data-point</td>
<td>Data-point</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>48 Number of whistleblower disclosures referred to agencies for investigation</td>
<td>50</td>
<td>59 formal / 10 informal</td>
<td>50</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>49 Working group for assessment and improvement of whistleblower reporting experiences (including use of new electronic form) by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
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</tbody>
</table>

**Goal Table 6 Explanatory Notes**

45: New electronic form will be implemented and released in FY 2018.

B. **Goal Table 7** relates to the second objective under Strategic Goal 2 and details OSC’s efforts to ensure government accountability by providing timely and appropriate outcomes for referred whistleblower disclosures. For Goal Table 7 OSC met one out of one goals in FY 2017.
## Goal Table 7

**Goal 2: Ensure government accountability**

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

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Percentage of referred whistleblower disclosures that are substantiated by agencies</td>
<td>Data-point</td>
<td>59% formal / 50% informal</td>
<td>Data-point</td>
<td>Data-point</td>
<td>Data-point</td>
<td>Data-point</td>
<td>Data-point</td>
<td>Data-point</td>
<td>Data-point</td>
<td>Data-point</td>
</tr>
<tr>
<td>51 Number of cases with favorable outcomes—both corrective and disciplinary actions—achieved through formal and informal resolution of whistleblower disclosures</td>
<td>Baseline</td>
<td>10 disciplinary / 58 corrective</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
</tr>
<tr>
<td>52 Timeliness of OSC’s communication to the President and Congress after receiving an agency investigation report and whistleblower’s comments</td>
<td>Baseline</td>
<td>TBD</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
<td>Baseline</td>
</tr>
<tr>
<td>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</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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</tbody>
</table>

**Goal Table 7 Explanatory Notes**

51: FY 2017 Formal referrals with disciplinary action – 10
   FY 2017 Informal referrals with disciplinary action – 0
FY 2017 Formal referrals with corrective action – 54
FY 2017 Informal referrals with corrective action – 4

C. **Goal Table 8** related to the third objective under Strategic Goal 2 and details OSC’s efforts to enhance awareness of outcomes of referred whistleblower disclosures. For Goal Table 8, OSC met one out of three goals in FY 2017.

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
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<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>54 Revamped online public file of whistleblower disclosure cases on website by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Not Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
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<tr>
<td>55 Number of times that favorable outcomes of whistleblower disclosures are disseminated via press releases, social media, etc.</td>
<td>12</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>56 Number of training and outreach events that address whistleblower disclosures</td>
<td>Baseline</td>
<td>86</td>
<td>Baseline</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>57 Plan to enhance the profile of OSC’s Public Servant Award by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td></td>
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</tbody>
</table>

**Goal Table 8 Explanatory Notes**
56: Includes individual presentations covering whistleblower retaliation and/or whistleblower disclosures under 5 U.S.C. § 1213.
IV. **Strategic Goal 3, Goal Tables 9-11 – Achieve organizational excellence.**

Strategic Goal 3 has three objectives:

- **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.

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.

OSC will be a good steward of taxpayer 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.

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.

A. **Goal Table 9** tacks the first objective under Strategic Goal 3 and details OSC’s efforts to achieve organizational excellence by recruiting, developing, and retaining a highly talented, engaged, and diverse workforce. For Goal Table 9, OSC met eight out of eight goals in FY 2017.
**Goal Table 9**
**Goal 3: Achieve organizational excellence**
**Objective 1: Recruit, develop, and retain a highly talented, engaged, and diverse workforce**

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
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<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
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</thead>
<tbody>
<tr>
<td>58 Human Capital Plan</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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<tr>
<td>59 Honors Program</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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<td>60 Improved and</td>
<td>Met</td>
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<tr>
<td>61 Staff training</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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<td>plan by FY 2017, and</td>
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<tr>
<td>62 Mentorship program</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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<td>Met</td>
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<td>by FY 2017, and</td>
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<tr>
<td>63 Ongoing internal</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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<td>cross-training</td>
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<td>opportunities by FY</td>
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<tr>
<td>64 Ongoing employee</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
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<td>engagement efforts,</td>
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<tr>
<td>65 Ongoing work/life</td>
<td>Met</td>
<td>Met</td>
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<td>balance and other</td>
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<td>related benefits, and</td>
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</tbody>
</table>

**Goal Table 9 Explanatory Notes**

59: Honors Program was drafted and approved by the former Special Counsel, but OSC has not put it into action due to questions about our ability to hire Honors Program employees under current fiscal constraints.

61: OSC has developed training plan and policy.

62: The OSC Mentoring Program was developed in response to OSC’s 2016 FEVS results. The official program commenced in May 2017. The overall objective was to establish a formal mentoring program within OSC to promote an employee’s development and ensure positive developmental and organizational outcomes. The program was also designed to allow for a smooth transition for new employees into the OSC; promote an employee’s professional development; share different perspectives; and, encourage a more personal style of leadership within the agency.
The OSC Program stresses the following team operating principles:
- **Simplicity**—Strive to accomplish very challenging and complex work with as simple and straightforward an approach as possible.
- **Balance Employee and Organization Needs**—Do what is right for team and for the agency long-term, while considering employee needs.
- **Sustainability**—Develop an engaged and sustainable team action plan and execute with excellence.
- **Customer Focus**—Gather input from both mentors and mentees and key stakeholders; collaborate with all members to ensure early input, alignment and support for the program, and to facilitate gaining and maintaining support from organization leaders.

The COO serves as the team sponsor and provides visibility and advocacy for team members and provides guidance to team on direction and priorities.

**B. Goal Table 10** relates to the second objective under Strategic Goal 3 and details OSC’s efforts to improve the use of existing technology and deploy new IT systems to enhance organizational operations. For Goal Table 10 OSC met or partially met six out of six goals in FY 2017.

### 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**

<table>
<thead>
<tr>
<th>Description of Target</th>
<th>FY 2017 Target</th>
<th>FY 2017 Result</th>
<th>FY 2018 Target</th>
<th>FY 2018 Result</th>
<th>FY 2019 Target</th>
<th>FY 2019 Result</th>
<th>FY 2020 Target</th>
<th>FY 2020 Result</th>
<th>FY 2021 Target</th>
<th>FY 2021 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>66 Transition to electronic case management system by FY 2017, and reassess regularly; Going live with the records in the eCMS by FY 2018; Incorporate business process by FY 2019</td>
<td>Met</td>
<td>Partially Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
</tr>
<tr>
<td>67 100% deployment of mobile access to network program resources by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>Partially Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
</tr>
<tr>
<td>68 100% data encryption by FY 2017, and reassess regularly; A – encryption of data at rest; B – encryption of data in transit</td>
<td>Met</td>
<td>A – Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
<td>Met</td>
</tr>
</tbody>
</table>
Goal Table 10 Explanatory Notes
67: OSC is currently at 75% deployment of mobile access to network program resources.
68: FY 2017 target was partially met. Data was encrypted on tablets and laptops, but not on e-mail transmissions. This result was limited by budget resources. OSC plans to implement encryption on data in transit by FY 2018. Achieving this target is contingent on available budget resources.
71: In fiscal year 2017, OSC has met the goal of maintaining IT staff of 5% of agency workforce. This includes two contractors that the agency utilized while searching for permanent employees. Meeting this target in future fiscal years will be contingent on availability of budgetary resources.

C. Goal Table 11, consistent with the third objective under Strategic Goal 3, details OSC’s efforts to monitor, evaluate, and improve efficiency and effectiveness of programs and processes. For Goal Table 11, OSC met two out of two goals in FY 2017.
and proceed with evaluation of additional programs and processes regularly thereafter

<table>
<thead>
<tr>
<th>Goal</th>
<th>Description</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Todo</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>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</td>
<td>N/A</td>
<td>N/A</td>
<td>Met</td>
<td>Met</td>
</tr>
<tr>
<td>75</td>
<td>Enhanced method for determining customer satisfaction with programs and processes by FY 2017, and reassess regularly</td>
<td>Met</td>
<td>N/A²</td>
<td>Met</td>
<td>Met</td>
</tr>
<tr>
<td>76</td>
<td>Evaluation and use of customer satisfaction data to improve efficiency and effectiveness of programs and processes by FY 2018, and reassess regularly</td>
<td>N/A</td>
<td>N/A</td>
<td>Met</td>
<td>Met</td>
</tr>
</tbody>
</table>

**Goal Table 11 Explanatory Notes**
75: This metric was not applicable in FY 2017 due to pending legislative changes.
PART 3: FINANCIAL SECTION
CFO Letter

November 15, 2017

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 2017 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.

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 Kammann
Chief Financial Officer
U.S. Office of Special Counsel
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INDEPENDENT AUDITOR’S REPORT

FINANCIAL STATEMENTS:

  Balance Sheet

  Statement of Net Cost

  Statement of Changes in Net Position

  Statement of Budgetary Resources

NOTES TO FINANCIAL STATEMENTS
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, 2017 and 2016, and the related statement of net cost, statement of 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 2017 and 2016 financial statements of OSC based on our audits. We conducted our audits 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. 17-03, Audit Requirements for Federal Financial Statements. Those standards and OMB Bulletin No. 17-03 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 risk 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, 2017 and 2016, and its net costs, changes in net position, and budgetary resources for the year then ended, in conformity with generally 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, 2017, 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’s 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. 17-03. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers’ Financial Integrity Act of 1982.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit the attention by those charged with governance.
Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OSC’s fiscal year 2017 financial statements are free of material misstatements, we performed tests of OSC’s 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. 17-03. 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. 17-03.

**Purpose of the Other Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by Government Auditing Standards section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of OSC’s internal control or on compliance. This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering in internal controls and compliance with laws and regulations which could have a material effect on OSC’s financial statements. Accordingly, this communication is not suitable for any other purpose.

Allmond & Company, LLC

November 10, 2017
Landover, MD
Office of Special Counsel  
Balance Sheet  
As of September 30, 2017 and 2016  
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance With Treasury (Note 2)</td>
<td>2,513</td>
<td>2,867</td>
</tr>
<tr>
<td><strong>Total Intragovernmental</strong></td>
<td>2,513</td>
<td>2,867</td>
</tr>
<tr>
<td>Assets With the Public</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable, Net (Note 3)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>General Property, Plant, and Equipment, Net (Note 4)</td>
<td>229</td>
<td>272</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$2,745</td>
<td>$3,142</td>
</tr>
</tbody>
</table>

| **Liabilities**       |       |       |
| Intragovernmental     |       |       |
| Accounts Payable      |       |       |
| Employer Contributions and Payroll Taxes Payable (Note 5) | 163   | 145   |
| Unfunded FECA Liability (Note 5) | 97    | 106   |
| **Total Intragovernmental** | 260   | 270   |
| Liabilities With the Public |       |       |
| Accounts Payable      | 207   | 77    |
| Federal Employee and Veteran Benefits (Note 5) | 414   | 401   |
| Accrued Funded Payroll (Note 5) | 566   | 562   |
| Employer Contributions and Payroll Taxes Payable (Note 5) | 26    | 25    |
| Unfunded Leave (Note 5) | 1,228 | 1,185 |
| Commitments and Contingencies |       |       |
| Contingent Liabilities (Note 5, 7) | 12    | -     |
| **Total Liabilities** | $2,713 | $2,520 |

| **Net Position**      |       |       |
| Unexpended Appropriations - Other Funds | 1,550 | 2,040 |
| Cumulative Results of Operations - Other Funds | (1,518) | (1,418) |
| **Total Net Position** | $32   | $622  |
| **Total Liabilities And Net Position** | $2,745 | $3,142 |

The accompanying notes are an integral part of these statements.
Office of Special Counsel  
Statement of Net Cost  
For the Years Ended September 30, 2017 and 2016  
(dollars in thousands)  

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross costs (Note 9)</td>
<td>$25,579</td>
<td>$24,701</td>
</tr>
<tr>
<td>Less: Total Earned Revenue (Note 9)</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cost of Operations</strong></td>
<td><strong>$25,551</strong></td>
<td><strong>$24,701</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
Office of Special Counsel  
Statement of Changes in Net Position  
For the Years Ended September 30, 2017 and 2016  
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cumulative Results of Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>(1,418)</td>
<td>(1,432)</td>
</tr>
<tr>
<td>Beginning Balances, as Adjusted</td>
<td>(1,418)</td>
<td>(1,432)</td>
</tr>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>24,709</td>
<td>23,832</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Non Exchange):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imputed Financing (Note 8)</td>
<td>742</td>
<td>883</td>
</tr>
<tr>
<td>Total Financing Sources</td>
<td>25,451</td>
<td>24,715</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>(25,551)</td>
<td>(24,701)</td>
</tr>
<tr>
<td>Net Change</td>
<td>(100)</td>
<td>14</td>
</tr>
<tr>
<td><strong>Cumulative Results of Operations</strong></td>
<td>$ (1,518)</td>
<td>$ (1,418)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unexpended Appropriations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>$ 2,040</td>
<td>$ 2,004</td>
</tr>
<tr>
<td>Beginning Balances, as Adjusted</td>
<td>2,040</td>
<td>2,004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Received</td>
<td>24,750</td>
<td>24,119</td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>(24,709)</td>
<td>(23,832)</td>
</tr>
<tr>
<td>Other Adjustments</td>
<td>(531)</td>
<td>(251)</td>
</tr>
<tr>
<td>Total Budgetary Financing Resources</td>
<td>(490)</td>
<td>36</td>
</tr>
<tr>
<td>Total Unexpended Appropriations</td>
<td>$ 1,550</td>
<td>$ 2,040</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>$ 32</td>
<td>$ 622</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
Office of Special Counsel
STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2017 and 2016
(dollars in thousands)

<table>
<thead>
<tr>
<th>Budgetary resources:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unobligated balance brought forward, October 1</td>
<td>$ 614</td>
<td>$ 882</td>
</tr>
<tr>
<td>Unobligated balance brought forward, October 1, as adjusted</td>
<td>614</td>
<td>882</td>
</tr>
<tr>
<td>Recoveries of prior year unpaid obligations</td>
<td>686</td>
<td>119</td>
</tr>
<tr>
<td>Other changes in unobligated balance</td>
<td>(529)</td>
<td>(232)</td>
</tr>
<tr>
<td>Unobligated balance from prior year budget authority, net</td>
<td>771</td>
<td>769</td>
</tr>
<tr>
<td>Appropriations (discretionary and mandatory)</td>
<td>24,750</td>
<td>24,119</td>
</tr>
<tr>
<td>Spending authority (discretionary and mandatory)</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Total budgetary resources</td>
<td>$ 25,549</td>
<td>$ 24,888</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status of budgetary resources:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New obligations and upward adjustments (Note 10):</td>
<td>$ 24,779</td>
<td>$ 24,274</td>
</tr>
<tr>
<td>Unobligated balance, end of year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apportioned</td>
<td>195</td>
<td>140</td>
</tr>
<tr>
<td>Unapportioned</td>
<td>575</td>
<td>474</td>
</tr>
<tr>
<td>Total unobligated balance, end of year</td>
<td>770</td>
<td>614</td>
</tr>
<tr>
<td>Total budgetary resources</td>
<td>$ 25,549</td>
<td>$ 24,888</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in obligated balance:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid obligations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid obligations, brought forward, October 1 (gross)</td>
<td>$ 2,253</td>
<td>$ 1,966</td>
</tr>
<tr>
<td>New obligations and upward adjustments</td>
<td>24,779</td>
<td>24,274</td>
</tr>
<tr>
<td>Outlays (gross)</td>
<td>(24,603)</td>
<td>(23,868)</td>
</tr>
<tr>
<td>Recoveries of prior year unpaid obligations</td>
<td>(686)</td>
<td>(119)</td>
</tr>
<tr>
<td>Unpaid obligations, end of year (gross)</td>
<td>1,743</td>
<td>2,253</td>
</tr>
<tr>
<td>Memorandum (non-add) entries:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligated balance, start of year</td>
<td>$ 2,253</td>
<td>$ 1,966</td>
</tr>
<tr>
<td>Obligated balance, end of year</td>
<td>$ 1,743</td>
<td>2,253</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Authority and Outlays, Net</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget authority, gross (discretionary and mandatory)</td>
<td>$ 24,778</td>
<td>$ 24,119</td>
</tr>
<tr>
<td>Actual offsetting collections (discretionary and mandatory)</td>
<td>(30)</td>
<td>(19)</td>
</tr>
<tr>
<td>Recoveries of prior year paid obligations (discretionary and mandatory)</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Budget authority, net (discretionary and mandatory)</td>
<td>$ 24,750</td>
<td>$ 24,100</td>
</tr>
</tbody>
</table>

| Outlays, gross (discretionary and mandatory)              | $ 24,603 | $ 23,868 |
| Actual offsetting collections (discretionary and mandatory) | (30) | (19) |
| Outlays, net (discretionary and mandatory)                | 24,573  | 23,849 |
| Agency outlays, net (discretionary and mandatory)         | $ 24,573 | $ 23,849 |

The accompanying notes are an integral part of these statements.
OFFICE OF SPECIAL COUNSEL
Washington, D.C.

Notes to Principal Financial Statements
As of and for the Years Ended
September 30, 2017 and 2016
Office of Special Counsel  
Notes to Principal Financial Statements  
as of and for the Years Ended September 30, 2017 and 2016

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 145 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Useful Life (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>10</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>5</td>
</tr>
<tr>
<td>Hardware</td>
<td>5</td>
</tr>
<tr>
<td>Software</td>
<td>2</td>
</tr>
</tbody>
</table>

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 2017 and 2016 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, 2017 and 2016 were:

(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriated Funds (general)</td>
<td>$ 2,513</td>
<td>$ 2,867</td>
</tr>
<tr>
<td>Total Fund Balance with Treasury</td>
<td>$ 2,513</td>
<td>$ 2,867</td>
</tr>
</tbody>
</table>

Status of Fund Balance with Treasury

<table>
<thead>
<tr>
<th>Unobligated Balance:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Available</td>
<td>$ 195</td>
<td>$ 140</td>
</tr>
<tr>
<td>Unavailable</td>
<td>575</td>
<td>474</td>
</tr>
<tr>
<td>Obligated Balance Not Yet Disbursed</td>
<td>1,743</td>
<td>2,253</td>
</tr>
<tr>
<td>Total Status of Fund Balance with Treasury</td>
<td>$ 2,513</td>
<td>$ 2,867</td>
</tr>
</tbody>
</table>

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, 2017 and 2016 were as follows:

(dollars in thousands) | 2017 | 2016
--- | --- | ---
Accounts Receivable from the Public: Billed: Current | $ 3 | $ 3
Total Accounts Receivable | 3 | 3
Accounts Receivable from the Public, Net | $ 3 | $ 3

NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment account balances as of September 30, 2017 and 2016 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 | 2017 Net Book Value
--- | --- | --- | --- | ---
CIP | $ 1 | $ - | $ - | $ 1
Office Equipment | 5 yrs | 651 | (573) | 78
Leasehold Improvements | 10 yrs | 488 | (338) | 150
Total | $ 1,140 | $ (911) | $ 229 |
NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on OSC’s Balance Sheet as of September 30, 2017 and 2016 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

<table>
<thead>
<tr>
<th>(dollars in thousands)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded FECA Liability</td>
<td>97</td>
<td>106</td>
</tr>
<tr>
<td>Total Intragovernmental</td>
<td>97</td>
<td>106</td>
</tr>
<tr>
<td>Public Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Employee and Veteran Benefits</td>
<td>414</td>
<td>401</td>
</tr>
<tr>
<td>Unfunded Annual Leave</td>
<td>1,228</td>
<td>1,185</td>
</tr>
<tr>
<td>Contingent Liabilities</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities Not Covered by Budgetary Resources</td>
<td>$ 1,751</td>
<td>$ 1,692</td>
</tr>
<tr>
<td>Total Liabilities Covered by Budgetary Resources</td>
<td>962</td>
<td>828</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$ 2,713</td>
<td>$ 2,520</td>
</tr>
</tbody>
</table>

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 2017 and 2016 were approximately $97 thousand and $106 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 2017 and 2016 were approximately $414 thousand and $401 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; at lease renewal a 5% increase is estimated. 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 and the Detroit lease is through November 2020. 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. OSC has clauses in all its contracts whereby it can vacate space with 120 days written notice.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,163</td>
</tr>
<tr>
<td>2019</td>
<td>2,192</td>
</tr>
<tr>
<td>2020</td>
<td>2,260</td>
</tr>
<tr>
<td>2021</td>
<td>2,284</td>
</tr>
<tr>
<td>2022</td>
<td>2,334</td>
</tr>
<tr>
<td><strong>Total Future Lease Payments</strong></td>
<td><strong>$11,233</strong></td>
</tr>
</tbody>
</table>

**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.

**Probable Likelihood of an Adverse Outcome**

As of September 30, 2017 OSC is subject to pending cases where an adverse outcome is probable; $12,000 is booked on the balance sheet for these contingent liabilities. As of September 30, 2016 OSC was not subject to potential liabilities where an adverse outcome was probable.

As of September 30, 2017 OSC is subject to pending cases where an adverse outcome is reasonably possible, and potential losses were assessed at $490,504. As of September 30, 2016 OSC was subject to a potential liability where an adverse outcome was reasonably possible and potential losses ranged from $10,000 to $100,000.
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, 2017 and 2016, respectively, imputed financing from OPM were approximately $742 thousand and $883 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)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigations and Enforcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernmental Costs</td>
<td>$8,496 $8,712</td>
<td></td>
</tr>
<tr>
<td>Public Costs</td>
<td>17,055 15,989</td>
<td></td>
</tr>
<tr>
<td>Total Investigations and Enforcements</td>
<td>$25,551</td>
<td>$24,701</td>
</tr>
<tr>
<td>Intragovernmental Earned Revenue</td>
<td>$28</td>
<td>$</td>
</tr>
<tr>
<td>Total Intragovernmental Earned Revenue</td>
<td>$28</td>
<td>$</td>
</tr>
</tbody>
</table>

NOTE 10.  APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

New obligations and upward adjustments reported on the Statement of Budgetary Resources for the years ended September 30, 2017 and 2016 consisted of the following:

(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Obligations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category B</td>
<td>$24,779</td>
<td>$24,274</td>
</tr>
<tr>
<td>Total New Obligations and Upward Adjustments</td>
<td>$24,779</td>
<td>$24,274</td>
</tr>
</tbody>
</table>


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 FY17 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in Feb 2018 and can be found at the OMB website: [http://www.whitehouse.gov/omb](http://www.whitehouse.gov/omb). The 2017 Budget of the United States Government, with the
actual column completed for 2016, 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, 2017 and 2016, undelivered orders amounted to approximately $780 thousand and $1,425 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, 2017 and 2016 are as follows:
## Reconciliation of Net Cost of Operations (Proprietary) to Budget

For the Years Ended September 30, 2017 and 2016

<table>
<thead>
<tr>
<th>(dollars in thousands)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources Used to Finance Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Obligations and Upward Adjustments</td>
<td>$24,779</td>
<td>$24,274</td>
</tr>
<tr>
<td><strong>Budgetary Resources from Offsetting Collections</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spending Authority from Offsetting Collections</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collected</td>
<td>(30)</td>
<td>(19)</td>
</tr>
<tr>
<td>Recoveries of Prior Year Unpaid Obligations</td>
<td>(686)</td>
<td>(119)</td>
</tr>
<tr>
<td><strong>Other Financing Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imputed Financing Sources</td>
<td>742</td>
<td>883</td>
</tr>
<tr>
<td><strong>Total Resources Used to Finance Activity</strong></td>
<td>24,805</td>
<td>25,019</td>
</tr>
<tr>
<td><strong>Resources Used to Finance Items Not Part of the Net Cost of Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budgetary Obligations and Resources Not in the Net Cost of Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Undelivered Orders</td>
<td>645</td>
<td>(303)</td>
</tr>
<tr>
<td>Current Year Capitalized Purchases</td>
<td>(1)</td>
<td>(56)</td>
</tr>
<tr>
<td><strong>Components of Net Cost which do not Generate or Use Resources in the Reporting Period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues without Current Year Budgetary Effect</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Non-Federal Receivables</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Other Financing Sources Not in the Budget</td>
<td>(742)</td>
<td>(883)</td>
</tr>
<tr>
<td><strong>Costs without Current Year Budgetary Effect</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>43</td>
<td>72</td>
</tr>
<tr>
<td>Future Funded Expenses</td>
<td>35</td>
<td>12</td>
</tr>
<tr>
<td>Imputed Costs</td>
<td>742</td>
<td>883</td>
</tr>
<tr>
<td>Other Expenses Not Requiring Budgetary Resources</td>
<td>24</td>
<td>(45)</td>
</tr>
<tr>
<td><strong>Net Cost of Operations</strong></td>
<td>$25,551</td>
<td>$24,701</td>
</tr>
</tbody>
</table>
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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  1. Protect and promote the integrity and fairness of the federal workplace.
  2. Ensure government accountability.
  3. Achieve organizational excellence.

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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 VA, 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 D.C. 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 1978, 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 a sweeping reform of the civil service system. 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, D.C., 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, D.C. 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 FOIA, 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 taxpayer 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

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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:

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

OSC’s Mission states: “Safeguarding Employee Rights, Holding 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.

**USERRA Enforcement**
- 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).

**Objective 3: Enhance strategic use of enforcement authority.**

*As a small agency responsible for safeguarding the merit system in a broad sector of the federal community, OSC strives to maximize the impact of its enforcement actions and deter future violations. In addition to seeking corrective and/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.*

**Strategies:**
- 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.

**Data Points and Metrics:**
- 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.

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

*OSC is in a unique position to provide Hatch Act advice to federal, D.C., 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.

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

**Data Points and Metrics:**
- 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, D.C., 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, D.C., 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, listservs, 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 taxpayer 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 midterm elections as well as the early commencement of the presidential election cycle, 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
Appendix III: OSC Strategic Planning Team

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

Members
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
Clarissa Pinheiro, Chief, Investigation and Prosecution Division, Headquarters
Nick Schwellenbach, Senior Communications Specialist, Immediate Office of the Special Counsel
Martha Sheth, Team Leader, Complaints Examining Unit
Chris Tall, Chief, Detroit Field Office
Rachel Venier, Chief, Investigation and Prosecution Division, Headquarters
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The U.S. Office of Special Counsel (OSC) is an independent investigative and prosecutorial agency and operates as a secure channel for disclosures of whistleblower complaints and abuse of authority. Its primary mission is to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices, especially retaliation for whistleblowing. OSC also has jurisdiction over the Hatch Act and the Uniformed Services Employment and Reemployment Rights Act.

Internet Web Site:

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