Assessment of the Comptroller of the Currency's Strategic Planning Process

OIG-00-CA-002 January 20, 2000

Office of Evaluations/GPRA

Office of Inspector General

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United States Department of the Treasury

OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 20, 2000

MEMORANDUM FOR JOHN D. HAWKE, JR., COMPTROLLER
OFFICE OF THE COMPTROLLER OF THE CURRENCY

FROM: Dennis S. Schindel
Assistant Inspector General for Audit

SUBJECT: Assessment of the Office of the Comptroller Of the Currency's Strategic Planning Process

The attached report presents our analysis of the Office of the Comptroller of the Currency's (OCC) Strategic Planning Process. The objective of our review was to determine the consistency of OCC's strategic planning process with the goals and requirements set forth in the Government Performance and Results Act of 1993, and to provide suggestions for possible improvement.

Our analyses are summarized in the Overview and explained in further detail in the Evaluation Results section of the report. Our suggestions to assist OCC with its strategic planning are summarized at the end of the report.

We received your written comments in response to the draft report. We are pleased to note that OCC concurs with the general thrust of our specific suggestions for improvement and will carefully consider each as they design additional improvements in OCC planning during 2000. In addition we are pleased that OCC has already taken steps to strengthen its strategic planning function along the lines of our suggestions.

It is the Office of Inspector General's (OIG) policy and practice to make our reports available to the public. In that vein we note that you did not identify any information in the report that would need protection under the Freedom of Information Act.

We appreciate the comments received and included them where appropriate throughout the report. We would also like to extend our appreciation to your managers and staff for their cooperation and courtesies extended to our staff during this assessment.

If you wish to discuss this report, you may contact me at (202) 927-5400 or a member of your staff may contact Andrew J. Pasden, Jr., Director, Office of Evaluations/GPRA, at (202) 283-1607.

Attachment

cc: Under Secretary for Domestic Finance

Nancy Killefer
Assistant Secretary for Management/Chief Financial Officer

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OVERVIEW

This report presents the results of our assessment of the Office of the Comptroller of the Currency's (OCC) strategic planning process for Calendar Years 1997 – 2002. We reviewed the process for consistency with the Government Performance and Results Act (the Results Act) of 1993 and to identify areas for possible improvement. This review was included in the Office of Inspector General's (OIG) Annual Audit Plan for Fiscal Year 1999.

Our assessment revealed that OCC Strategic Planning Process is continually evolving, with recent emphasis on performance measures and annual performance plan development. OCC has devoted significant preliminary effort toward design of a more effective strategic planning process. However, as acknowledged by OCC executive management, continuity of effort and Results Act implementation has been uneven, and hampered by resource restrictions, the planning staff's collateral duties, and executive management changes.

OCC's strategic planning process is dynamic and responds to financial markets and the global economy. OCC must be able to proactively analyze and communicate new risks imposed by advancements in bank technology to their supervisors.

Recently, OCC initiated a planning and performance measurement framework consistent with implementing the Results Act. However, it requires sustained staff effort and a more balanced approach to implementation, performance management, and accountability. OCC clearly devoted a substantial amount of time to its strategic planning efforts resulting in some significant underpinnings for the planning process. For example, OCC has implemented an internal Quality Assurance program, supportive of the Results Act implementation. OCC has also coordinated with other regulatory members with respect to Y2K compliance, and developed proactive thinking in anticipation of banking legislative/modernization reform.

Despite the positive accomplishments, OCC still needs an automated standardized management information system. OCC districts' reporting is still a cumbersome process. There is a need for integrated systems and improvements concerning the reliability

and validity of data. Initially, OCC's inexperience and lack of an institutionalized planning and performance measurement framework impeded OCC's compliance with the Department's Annual Performance Plan. Recently, OCC provided for the development of sub-component level performance plans and for their alignment with the Annual Performance Plan.

Even though OCC has devoted an extensive amount of time and effort to its strategic planning process, we encourage OCC to work with other agencies to develop more outcome related performance measures.

We offer several suggestions for how OCC can improve their strategic planning process. We acknowledge in this report that OCC's executive leadership has changed recently, providing an opportunity to improve the planning process' ability to address OCC's mission, and we applaud that some new initiatives have already begun.

BACKGROUND

OCC was established to regulate the National Banking System by an Act of Congress on February 25, 1863, and was created as a bureau in the Department of the Treasury. Headed by the Comptroller, who is appointed for a five-year term by the President with the advice and consent of the Senate, and headquartered in Washington, DC, the bureau consists of six district offices. OCC operates on a calendar year basis and its operations are funded primarily by national bank assessments. At the end of 1997, OCC had approximately 2,766 employees nationwide.

The OCC charters, regulates, and supervises national banks to ensure a safe, sound, and competitive national banking system that supports the citizens, communities, and economy of the United States. As the administrator of nationally chartered banks, OCC oversees the execution of laws relating to national banks and promulgates rules and regulations governing the operations of national banks. It is responsible for chartering, regulating, and supervising the national banking system, and federally licensed branches and agencies of foreign banks. Responsibilities include, but are not limited to:

- issuing rules and regulations governing national bank operations;
- approving or denying applications for new bank charters, branches, capital or other changes in corporate or banking structure;
- examining the banks; and
- taking supervisory action against banks, which do not conform to laws and regulations or which otherwise engage in unsound banking practices.

Among these and other activities (e.g., analyzing international banking issues, and overseeing supervisory activities relating to bank risks, financial derivatives and market activities), OCC also strives continually to strengthen the banking industry. The four fundamental pillars supporting OCC's mission and setting the direction, in which the agency must go to carry out its mission are:

1) ensure bank safety and soundness to advance a strong national economy;

2) foster competition by allowing banks to offer new products and services to their customers as long as banks have the expertise to manage the risks effectively and to provide the necessary consumer protections;

3) improve the efficiency of bank supervision and reduce burden by streamlining supervisory procedures and regulations; and

4) ensure fair access to financial services for all Americans by enforcing the Community Reinvestment Act and fair lending laws, encouraging national bank involvement in community development activities, and assuring fair treatment of bank customers and compliance with the consumer protection laws.

In addition to the banks it regulates, OCC's customers and stakeholders include the public, which seeks fair and equal access to credit and other financial services; the Administration; and Congress and the oversight committees responsible for banking and financial issues.

Recent legislative changes could potentially expand the lines of business permissible for national banks and may require revised supervisory initiatives to address new powers or organizations. New banking legislation, if passed by Congress, may lead to organizational and procedural changes in OCC program areas that may result in new internal control risks and/or place new burdens on OCC internal control systems.

The Government Performance and Results Act of 1993

The framework for strategic planning and performance based budgeting for Federal Government agencies is set forth by the Results Act. It is intended to improve the quality and delivery of Federal Government services and holds Federal agencies accountable for program results by emphasizing goal setting, customer satisfaction, and the measurement of results. It requires Federal agencies to develop five-year strategic plans describing their overall goals and objectives, annual performance plans containing quantifiable measures of their progress, and performance reports to the Office of Management and Budget (OMB) and the Congress describing their success in meeting those standards and measures. Along with content requirements for an agency Strategic Plan, the Results Act requires agencies to:

1) consult with Congress and solicit and consider the views and suggestions of entities potentially affected by or interested in the strategic plan, and

2) revise and update a strategic plan at least once every 3 years.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of our review was to determine the consistency of the OCC's strategic planning process for Calendar Years 1997 - 2002 with the Results Act and to identify areas for possible improvement. We performed our review from March 1999 through June 1999 in accordance with the President's Council on Integrity and Efficiency Quality Standards for Inspections.

We analyzed internal and external documents and other information related to OCC's strategic planning process including prior years' strategic plans. This included the OCC strategic plan, Budget Mapping Methodology, Program Policy Manual, Quality Assurance Program, and 1995 process design and implementation materials. We also analyzed current operational and implementation plans, materials related to internal process coordination and strategic management activities. We assessed activities related to internal and external customer/stakeholder involvement and communications, environmental scanning, use of program evaluations, Congressional consultations, and feedback and reporting. We reviewed activities related to customer service, interagency coordination of crosscutting issues, performance management, and the degree of executive management involvement and process integration throughout the organization.

We assessed OCC's planning process against criteria, including Departmental, OMB, and General Accounting Office (GAO) policy, process and plan development guidance and requirements. The "Steps and Practices" described in GAO's Executive Guide: "Effectively Implementing the Government Performance and Results Act" provided a key basis for comparative analysis.[1] Department of the Treasury, OIG, Chief Financial Officers (CFO), National Performance Review, and other relevant reports, audits and materials were used for our assessment. We also reviewed OCC Budget, Annual Performance Plan and Report submissions to the FY 1999 Departmental budget and FY 2000 Congressional budget.

We coordinated our assessment with GAO and considered its Discussion Paper: "Managing for Results: Strengthening Management Practices", which was in draft during our analysis but has since been issued in final. GAO completed it in response to the House Committee on Banking and Financial Services request for GAO to study performance management and measurement best practices that might be helpful to federal banking institution regulatory agencies.[2] We consulted and coordinated our analysis with OIG auditors within the Banking Issue Area.

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[1] U.S. GAO Comptroller General of the United States, Executive Guide, "Effectively Implementing the Government Performance and Results Act," (GAO/GGD-96-118), June 1996.

[2] The Federal banking institutions regulatory agencies include the Federal Deposit Insurance Corporation, the Federal Reserve Board, the National Credit Union Administration, the OCC, and the Office of Thrift Supervision.

EVALUATION RESULTS

When assessed against the Result's Act and GAO delineated criteria, we found that:

OCC's Strategic Planning Process Has Made Progress, But Needs Improvement

According to OCC's CY 1997-2002 Strategic Plan, the initiative to measure OCC's overall performance began about 1995 with the "Comptroller's Priorities" which attempted to establish clear goals to accomplish OCC's mission. Thereafter, the Executive Committee established seven "Comptroller's Objectives" for 1997. Teams were established to develop projects supporting the Comptroller's 1997 objectives. The OCC continued to establish annual priorities, with projects sponsored by senior management and ad hoc teams created as needed, in 1998 and 1999. During this time, resource restrictions, the planning staff's collateral duties, and executive leadership changes affected continuity of planning and implementation.

In 1995, OCC tasked the Mission Direction Organizational Review Team (ORT) to recommend a revision to its strategic planning process. The ORT[3] report set forth recommendations and a comprehensive implementation plan designed to achieve more formal and timely planning process support for all 1996 strategic goals. The ORT report identified management concerns for implementing a new process and provided helpful recommendations, such as:

a) Build upon existing internal planning components,
b) Identify responsibilities and process owners, desired process outcomes, and Results Act requirements,
c) Outline future considerations, costs-benefits and timetables,
d) Provide for barrier and existing aid analysis, and
e) Develop a communications plan.

The ORT report established the need to develop written guidance to:

[3] The June 1, 1995 Final Report of the Organizational Review Team.

coordinate strategy development; align budgeting and staff planning; establish a Management Information System (MIS) to monitor achievement; and provide for systematic feedback through quarterly project status, budget and performance reviews. The report also identified needs: for a quality assurance process; to hold an annual management conference; to establish a comprehensive evaluation process; to articulate a clear vision and values; and for continuous senior management commitment and follow-through. However, implementation was uneven, hampered by resource restrictions, the planning staff's collateral duties, and changes in executive leadership.

The Acting Comptroller, between April 1998 and December 1998, strengthened internal planning, performance measurement and accountability reporting. The new Comptroller continues to promote enhanced Results Act implementation.

Over the past several years, OCC acted on some aspects of the 1995 ORT report. For example, OCC implemented an internal Quality Assurance (QA) Program, supportive of Results Act implementation. OCC coordinated with Federal Financial Institutions Examination Council (FFIEC) members with respect to Y2K compliance, and developed proactive thinking in anticipation of Banking legislative/modernization reform. An OCC mission and vision statement, developed with employee input, also was completed.

Despite these positive accomplishments, OCC still must integrate and standardize an MIS nationwide. MIS reporting has been initiated within the Bank Supervision Operations component allowing National MIS Summary Reports to be produced on a quarterly basis for Executive Committee use. National MIS includes quantitative data on bank supervision operations responsive to GPRA performed measures. Another MIS, the OCC Project Tracking System, tracks project milestones and completions by senior management sponsor, priority and, if applicable, OCC strategic objective. Additional data responsive to GPRA measures is contained in other systems such as the Corporate Applications Information System. However, the reporting is a cumbersome process, predicated on non-integrated systems, and where reliability and validity of data needs to be improved.

Other aspects of the 1995 ORT report, as translated from a recent OCC expansive planning framework restructuring effort, were captured for future action in sub-component level performance plans and resulted in their 1997 Results Act five-year strategic plan. The current Comptroller stated his support for the five year plan and demonstrated his commitment to effectively implement the Results Act. Revision of the OCC Strategic Plan is being coordinated with Departmental, OMB, and Congressional stakeholders, with provision to achieve greater customer/stakeholder involvement (e.g., provide for broader customer/stakeholder comment on its draft strategic plan through publication in the Federal Register).

For the past three years, and continuing under the new Senior Deputy Comptroller (SDC) for Administration/CFO, OCC has focused on performance measures and annual performance plan development. OCC has submitted its CY 1999 Annual Performance Plan and initial Performance Report for CY 2000. The initial CY 1999 submission was submitted late to OMB because OCC initiated and completed an agency-wide review of strategic objectives and revision of GPRA measures.

Initially, OCC's inexperience and lack of an institutionalized planning and performance measurement framework impeded OCC's compliance with the Department's Annual Performance Plan. Going forward, OCC plans to filter Results Act data requests through component area executive/special assistants.

OCC now provides for the development of sub-component level performance plans and for their alignment with the Annual Performance plan. Planning officials indicated that staffs who are responsible for reporting on the measures contained in these plans, and staff with whom the data reside, are rapidly gaining experience. Both through internal action directives, and consistent with 1995 ORT recommendations, outcome measures are preferred over output and milestone measures. However, OCC has mostly output measures. Output measures do not sufficiently hold managers and employees accountable for supporting long-term goals, allowing current initiatives to remain in tact regardless of whether they fully support the long-term direction of the agency. OCC now plans to coordinate with staff in each department to clean up output measures and get down to the "vital few".

While indicating they are pleased with OCC's efforts and progress, Congressional staff expressed continuing disappointment with OCC's lack of "outcome" performance measures. They are concerned that OCC has not achieved the level of results-oriented performance measurement proficiency as has other FFIEC member agencies and may lack sufficient controls to ensure that performance measure data are reliable.

OCC's Present Results Act Process Has Important Structural Components

OCC has initiated a planning and performance measurement framework consistent with implementing the Results Act (e.g., Results Act related training, wider organizational visibility, and more uniform top-level leadership and involvement). We observed the following:

- Ground rules for planning are administered by the SDC for Administration/CFO, who also synthesizes performance-oriented products and oversees planning related policies, processes and systems. Standardized formats (e.g., performance plan, strategic goal, performance goal, performance activity, performance measures, external factors, and crosscutting activities) are used to achieve uniformity and alignment between organizational and operational level performance plans.

- OCC documented and also assessed its strengths through extensive use of focus groups and identified both strengths (things it is doing well) and weaknesses (areas in need of improvement). Weaknesses needing improvement include:

  - improving the process for ensuring MIS is appropriate, timely, works properly, and supports new policies;
  - integrating information systems;
  - improving the reliability and capacity to extract information from OCC data bases; and
  - providing better training when implementing new technology.

- OCC's strategic level approach to Human Resources management (e.g., contingent workforce, salary and benefits,

and diversity action initiatives) is another important component. Employee and managerial level performance appraisal systems are aligned, which facilitates teamwork and cross-organizational and Departmental mission alignment. Also, a recent consultant study for OCC executive level management recommended use of a performance appraisal system designed to emphasize the executive level accountability consistent with enhanced Results Act implementation.

- External factors regarding analysis, forecasting, and program evaluation are accomplished primarily by the SDC for Economic & Policy Analysis (E&PA), who oversees OCC's economic research, risk analysis, data analysis, and evaluation programs. E&PA, along with other OCC program components, routinely complete studies and presentations on the "Condition of the Banking Industry/System." The SDC for Administration and CFO prepares the "State of the Agency" used by the Executive Committee for decision-making. We observed the following:

  - OCC is also increasing resources devoted to analyzing bank risk models. We did not assess the validity and reliability of these models. However, consistent with GAO "best practices," output from computer models is used extensively for analytical, planning, and management decision making within OCC.

  - The 1995 ORT report called for the QA Advisory Team to perform an annual evaluation of OCC's planning process, but it was not completed. However, recent benchmark experiences by QA program officials, GAO's "Best Practices" study, and the OIG assessment facilitated baseline documentation of OCC's planning process and corrective action planning. An essential component is performing a systematic review and evaluation of the strategic planning process.

  - OCC plans to use expanded organizational review teams in its planning and budgeting areas to enhance continuous improvement. GAO and Treasury OIG audits will be used to assist OCC in the evaluation of its programs. Recent Departmental program assessments may also be used to supplement bureau program evaluation efforts.

- OCC officials expressed difficulty in determining what kinds of assessments (i.e., program evaluations) should be shown in their updated strategic plan. Some GAO reports can assist OCC in this matter.[4]

- The National Performance Review goals are supported by OCC's annual performance goals. OCC is also considering ways to improve capital investment planning (e.g., OCC could systematically measure gaps between actual and target plan execution). OCC has implemented the following:

  - The Executive Committee has approved a Bank Information System reinvention project.

  - Bank web sites are surveyed for best practices (such as, benchmark "Op-out" provisions).

  - Surveys designed to enhance operational efficiency have also been conducted by outside contractors in the areas of cultural audit, performance management, and pay and benefits systems enhancement.

  - The role of the OCC QA program also includes "business process reviews," in which QA can help a unit prepare flow charts, evaluate resource needs, or develop or refine performance standards and measures. At this point, the QA program has been put into place for Bank Supervision Operations; although behind the original schedule, QA components for other core processes are planned.[5]

  - Surveys are used to systematically assess customer satisfaction of banking industry customers (e.g., upon the completion of each examination) and public feedback obtained by way of an OCC "ombudsman," complaints hotline, and community outreach initiatives.

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[4] Managing for Results: Regulatory Agencies Identified Significant Barriers to Focusing on Results by US General Accounting Office (GAO/GGD-97-83), June 1997.
Managing for Results: Analytic Challenges in Measuring Performance by US General Accounting Office (GAO/HEHS/GGD-97-138), May 1997.
Program Evaluation: Agencies Challenged by New Demand for Information on Program Results, US General Accounting Office (GAO/GGD-98-53), April 1998.

[5] Success was dependent on the implementation of the planning process recommended by the ORT Direction/Mission Project Team.

- OCC engages in scenario-based planning in some areas (e.g., revenue and expenses forecasts are based on "baseline, optimistic, pessimistic" scenarios and delineated assumptions for Executive Committee examination). Efforts are exerted to align stakeholder and customer projections and expectations with various possible outcome/performance levels. Computer-based modeling, simulation and trend analysis is performed extensively throughout OCC.

- Recent OCC initiatives, which should enhance its planning process, include: (1) planning framework restructuring efforts, (2) focusing direction of a new SDC for Administration/CFO, (3) hiring a permanent internal communications manager, (4) using new technical insights and basis for continued incremental progress on previously identified requirements, and (5) implementing results of GAO's "Best Practices" study. However, as evidenced by shortfalls in the 1995 OCC planning effort, it is important to sustain continuity during implementation.

Meaningful Input Has Been Obtained From OCC Customers/Stakeholders

The Results Act stresses the need for meaningful customer and stakeholder involvement in the agency strategic planning process. Many OCC customers and stakeholders, both internal and external, provided input to its strategic planning process. OCC Customer (e.g., banks), Stakeholder (e.g., Departmental, Congressional), and employee input was obtained and continues to be acquired through various means.

During our interviews, we understood that OCC, along with other FFIEC member agencies, meets quarterly with the major bank trade organizations. On September 17 and 18, 1996, OCC managers met with the Comptroller and the Executive Committee to discuss the agency's mission and vision for the future, including seven specific objectives for 1997. The Comptroller and the Executive Committee developed 1997 performance objectives after more than 20 focus group meetings with OCC employees and managers in June and July of 1997.

The consumer group representatives stated that they had ample access to OCC at various levels. OCC's CY 1999 Annual Performance Plan calls for "OCC to work through financial services trade associations and public interest meetings (outreach programs) to ensure the issues and concerns of the banking industry and its customers and communities are considered." Consumer group representatives said that OCC provides them good opportunities to express their concerns. However, OCC is slow to act on their articulated concerns. Consumer representatives said they were not provided an opportunity to comment on the OCC Strategic Plan and expressed a need to provide input into the OCC's strategic planning process and on OCC performance.

Systematic Progress Reporting and Tracking at OCC Headquarters

OCC identified a clear need for a more integrated organizational automated MIS. However, OCC does not currently have an integrated organizational automated MIS to enhance its performance measurement ability. We believe an effective MIS would support the strategic plan implementation, enhance continuous performance measurement and action tracking, real-time decision making and management control. It would also facilitate daily coordination of implementation activities and monitoring of plan related tasks. Information could be readily available and management reports could be produced systemically to support accountability for objectives and provide information for customers and stakeholders. Differences between actual and planned performance could be better analyzed and areas targeted for realistic goals.

A long-term OCC goal is to have an integrated network-based MIS. Recently, OCC started to enhance its data warehousing capability, information and performance reporting. These enhancements are contained in OCC's new Examiner View system that will be operational within selected field offices by the end of CY 1999. OCC managers are consistent with GAO's Best Practices for Results Act implementation because they use performance information from manual and non-integrated information systems to identify performance gaps and to facilitate management decision-making.

Interagency Coordination of Crosscutting Issues Have Been Established, But Can Be Improved

OCC has devoted an extensive amount of time and effort to its strategic planning process. OCC works with each of the FFIEC's six task forces to carry out interagency objectives and activities. Recently, customers and stakeholders complimented OCC and FFIEC on their Y2K coordination. Also, OCC participates with foreign supervisors to ensure those foreign banks and their supervisors are fully aware of mutual banking related issues and remedial actions.

In addition, OCC indicated that it will "Work with Financial Crimes Enforcement Network (FinCEN) on new techniques to identify high risk banks." The performance measure is: "New arrangements between OCC and Treasury/FinCEN for identifying high risk banks are in place." FinCEN officials informed us that they have discussed this measure with OCC officials. However, recent discussions are in the preliminary stages, but no timetables of outcome measures were established.

Improvements to OCC Strategic Planning Process

As noted earlier, OCC was actively engaged in generic planning related activities, but has only recently established an agency-wide strategic planning process tailored to GPRA requirements. This existing process has, as reflected in OCC's annual performance plans, been good at identifying needs and strategies for organizational and internal process improvement. However, continuity of effort and planning resources management is required to strengthen an integrated strategic planning and budgeting within the organization.

We identified that OCC's efforts toward an integrated planning and budgeting process, with aspects of activity based costing, were unwieldy. Conversely, OCC clearly established its need to achieve more "integrated budgeting and planning processes" as an annual performance goal.

Also, current external communications initiatives can be linked publicly to OCC planning process improvement objectives (e.g., where stakeholder/customer input is acquired with a clearly stated purpose to help shape OCC policy/strategy formulation).

Finally, current planning initiatives must be better aligned to Congressional stakeholder requirements (e.g., Annual Performance Plans require more outcome-related measures).

SUGGESTIONS

We identified a wide range of suggestions germane to OCC planning process improvement. OCC should:

1. Continue to integrate the planning process into one consolidated approach and achieve more bottom-up involvement. Also, it should comply with GAO Best Practices, Results Act, OMB and Treasury Strategic Management Manual.

2. Provide sufficient resources and a balanced approach to initiative accomplishment to be consistent with the 1995 ORT report regarding its planning process.

3. Consider updating its Budget Process to encompass comprehensive and systematic planning.

4. Incorporate into the organizational communication plan ways to keep customers and stakeholders informed of what happens to their ideas.

5. Survey consumer organizations to gauge their satisfaction with OCC performance (e.g., as done with banks in licensing and QA associated examinations process).

6. Provide for consumer/stakeholder comment on the revised OCC strategic plan and performance related input into the OCC strategic planning process toward more balanced OCC pillar accomplishment.

7. Link executive-management performance appraisal more clearly to Results Act goal accomplishment by having Senior Management/Senior Executive Service equivalent performance evaluations cite progress towards their Results Act goals.

8. Consider greater use of contractor facilitated planning sessions, which is a common practice that can enhance effectiveness when carefully employed.

9. When having off-site planning sessions, ensure that pre-established objectives for the sessions are established and communicated in advance.

10. Consider requiring performance measures sponsors to certify validity and reliability of data, beyond the current requirement in OCC Quality Assurance Program for Bank Supervision Operations.

11. Continue to develop staff expertise in the area of strategic planning and performance measurement.

Management Response and OIG Comment

The Comptroller of the Currency responded to the draft report (Appendix 2). We are pleased to note that this office welcomes our observations, concurs with the general thrust of our specific suggestions, and reports that it has already taken steps to strengthen its strategic planning function along the lines of our suggestions.

The Comptroller did not identify any information in the report that would need protection under the Freedom of Information Act. Accordingly, the OIG's final report is being made available to the public. The OIG welcomes these comments and looks forward to assisting OCC management.

ABBREVIATIONS

Chief Financial Officer	CFO
Economic & Policy Analysis	E&PA
Federal Financial Institutions Examination Council	FFIEC
Financial Crimes Enforcement Network	FinCEN
General Accounting Office	GAO
Management Information System	MIS
Office of Inspector General	OIG
Office of the Comptroller of the Currency	OCC
Office of Management and Budget	OMB
Organizational Review Team	ORT
Quality Assurance	QA
Senior Deputy Comptroller	SDC
The Government Performance and Results Act (GPRA) of 1993	the Results Act

MANAGEMENT RESPONSE

MEMORANDUM

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

To: Dennis S. Schindel, Assistant Inspector General for Audit

From: John D. Hawke, Jr., Comptroller of the Currency

Date: December 16, 1999

Subject: Office of Inspector General (OIG) Draft Report
Strategic Planning

We thank you for the opportunity to review your draft report entitled *Assessment of the Office of the Comptroller of the Currency's Strategic Planning Process* and we welcome the insights it provides into the state of planning in OCC. We also welcome your specific suggestions for improvement and will carefully consider each of your eleven recommendations as we design additional improvements in OCC planning during 2000.

We especially welcome your observation that OCC's strategic planning process has made considerable progress. We also concur with the general thrust of your specific recommendations for further improvements and we have already taken steps to strengthen this function along the lines you suggested. For example, we are moving formal responsibility for OCC planning into the Deputy CFO organization to ensure consistent leadership and staffing and to better align the planning and budget processes.

Again, thank you for the opportunity to review and comment on the draft report.