



President's Management Advisory Board

Meeting Materials

*September 7, 2012
12:30-1:30pm EDT*



Today's Participants

PMAB Members

- Greg Brown, Motorola Solutions
- Debra Lee, BET Networks
- Gail McGovern, Red Cross
- Enrique Salem, Symantec
- Liz Smith, Bloomin' Brands
- Ron Williams, Aetna

Administration Members

- Jeff Zients, Director (Acting), OMB
- Scott Winslow, Executive Director, PMAB
- Danny Werfel, Federal Controller, OMB
- Joe Jordan, Administrator-Federal Procurement Policy, OMB
- Dan Tangherlini, Administrator-GSA



Purpose and Agenda for the Meeting

Purpose

- Today's call is a meeting of the full President's Management Advisory Board (PMAB). It is open to the public, in listen-only mode.
- The purpose is for the subcommittees to provide a progress update on their work and present recommendations to the full board for discussion and approval
- The recommendations are intended to support government initiatives and reforms moving forward

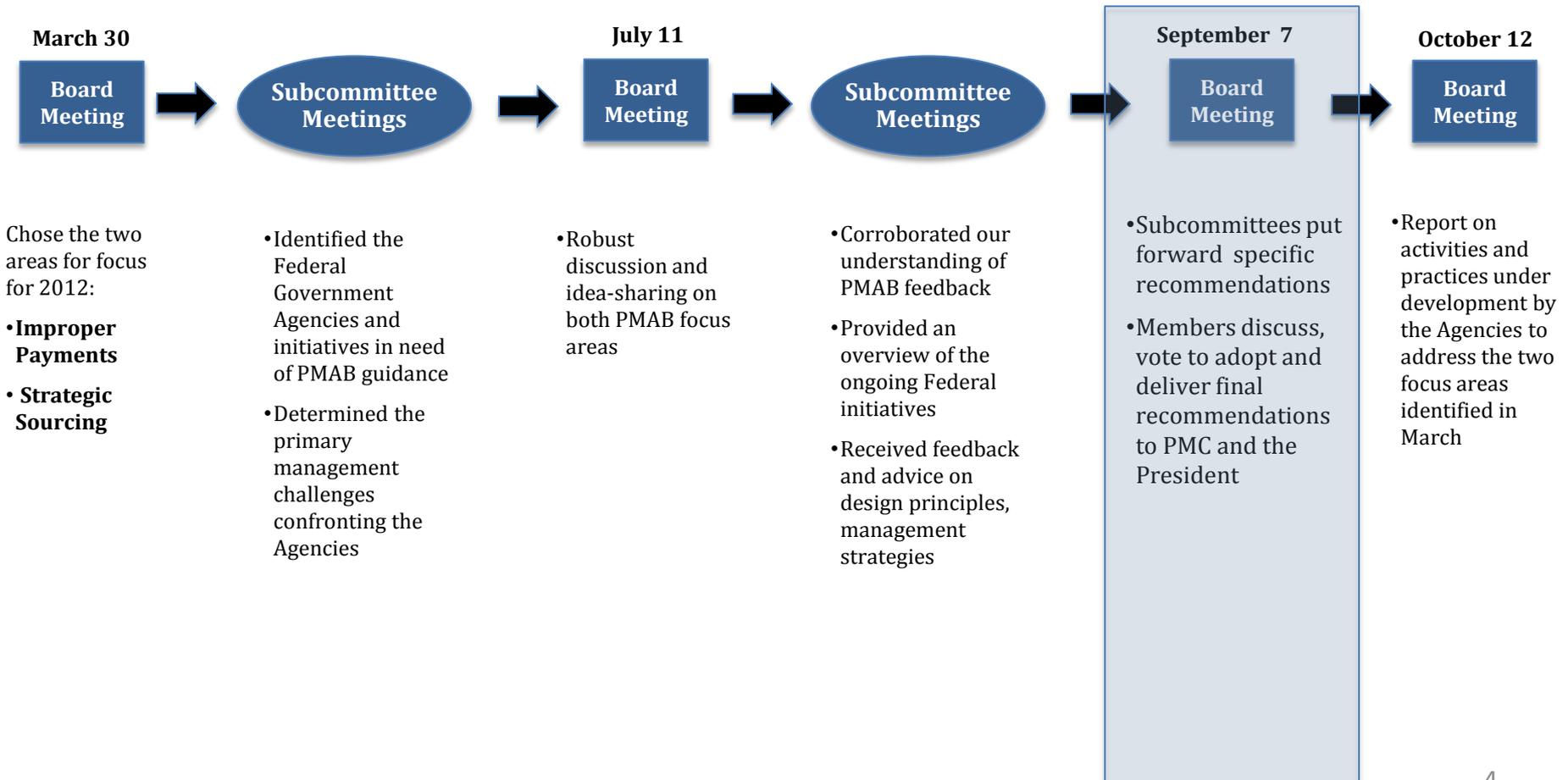
Agenda

- Strategic Sourcing Subcommittee Recommendations and Discussion
- Improper Payments Subcommittee Recommendations and Discussion
- Next Steps



PMAB Calendar Across 2012

PMAB Member Activity





Strategic Sourcing Subcommittee

What We Learned

Through conversations with Deputy Secretaries, Chief Acquisition Officers and other agency leaders, the subcommittee learned of several critical management challenges faced by agencies in their efforts to implement Strategic Sourcing initiatives:

- **Missing or poor data on which to base decisions**
- **Incentives not always aligned**
- **Sub-optimal cross-agency and government-wide collaboration**

The subcommittee gathered leading practices from the private sector through site visits and interviews with CEOs, Chief Procurement Officers and their teams. The subcommittee's recommendations are informed by industry practice and designed to help further the following Government initiatives:

1. Issuance of OMB policy guidance to communicate government-wide goals, drive utilization of existing vehicles and develop a governance structure for targeting new vehicles and ensuring agency accountability for adoption and usage
2. Deployment of centralized knowledge management tools for collecting prices paid data and standardizing data capture, analysis and display for existing and targeted commodities
3. Creation of a strategic sourcing playbook to collect and share a set of best practices for targeting, creating and monitoring strategic sourcing initiatives



Strategic Sourcing Subcommittee *Recommendations*

1. Ensure that government-wide policy directives include the following key attributes:

- Mandate the use of government-wide strategic sourcing vehicles where appropriate
- Set ambitious, government-wide goals for creation and adoption of vehicles
- Assign accountable senior official within each agency

2. Enhance data collection and utilization in the decision-making process

- Determine the right level of data needed for effective analysis and conclusions
- Consider the use of requests for information on cost data from the vendors as a pre-requisite to solicitations
- Develop and employ standardized performance tracking and reporting

3. Design an effective communication strategy to ensure that the message is understood at all levels of the organization

- Syndicate the message top-down and bottom-up through both written communication and collaborative events (e.g. town hall, video conferences) and validate that the message was properly received
- Celebrate all successes, even the small ones, early and often
- Engage agency's senior-most leaders by highlighting progress through the President's Management Council



Improper Payments Subcommittee

What We Learned

Through conversations with Deputy Secretaries, Chief Financial Officers and other agency leaders, the subcommittee learned of several critical management challenges faced by agencies in their efforts to lower the Federal Government's Improper Payment rates:

- **No central data source for payment and award decisions**
- **Information arrives too late to impact payment decisions**
- **Sub-optimal collaboration across Federal and state governments**

The subcommittee gathered leading practices from the private sector through site visits and interviews with CEOs, Data analytics experts and their teams. The subcommittee's recommendations are informed by industry practice and designed to help the government reduce improper payments through the following Government initiatives:

1. Creation and implementation of a state-led Center of Excellence at the Department of Labor's Unemployment Insurance (UI) program to coordinate state and Federal UI efforts to identify and eliminate payment errors and fraudulent activity
2. Enhance the usage and effectiveness of the Treasury Department's Do Not Pay initiative, which is a centralized data matching tool that allows Agencies to screen payments to identify those payments that might be made in error before the funds are ultimately disbursed
3. Develop and integrate predictive data analytics into the Do Not Pay initiative to allow Agencies to identify and preempt fraud as well as uncover and correct operational mistakes



Improper Payments Subcommittee *Recommendations*

General

- Focus and prioritize on a subset of the government wide improper payments challenges and develop pilot approaches on topics that address root causes of improper payments
- Establish effective governance and oversight structures to create a strong “tone at the top”
- Establish meaningful incentives and deterrents at the organizational and individual level, which could include contingency based incentives for third-parties, incentives for whistleblower hotlines, and recognition of internal control best practices
- Develop a communications plan to ensure all stakeholders understand their responsibilities and consequences for improper payment error and fraud
- Analyze relative risk among different types of programs and payment activities, and tailor actions based on the highest value opportunities
- Create a dedicated team of internal and external specialists in fraud prevention and detection. Use of third party experts in areas such as forensic auditing, data base/analytic research, and error/fraud audits can be very valuable
- Centralize data and use real time analytics in order to take timely action while information is hot

Specific Next Steps for the UI initiative

- Identify a small number of states that will serve as “early adopters.”
- Work with “early adopters” to:
 - determine responsible offices and individuals within state governments for UI program integrity and their reporting relationships to the Governor
 - identify current and potential new incentives or deterrents in place for reducing UI errors
 - identify examples of new data analytics that would have high ROI for state error reduction efforts
 - solicit ideas and explore early implementation strategy for a shared data architecture among multiple states



Next Steps

- President's Management Council and Agencies to consider PMAB recommendations and solicit details as necessary
- Agencies to pursue initiatives in Strategic Sourcing and Improper Payments topic areas
 - Engage industry experts through conference calls to share best practices, as needed
- Next in-person full board PMAB meeting: October 12