



Modernized Workforce Practices *Are Crucial to Addressing Major Management Challenges*

By Andrew C. Lewis and Jeffrey C. Steinhoff

Following enactment of the landmark Chief Financial Officers (CFO) Act of 1990,¹ the accountability community has moved far beyond the basic accounting, finance, budget, control, reporting and compliance tasks that represented the traditional finance office in 1990. The movement to open government and the linkage of spending to results continue to mature. The legislative framework has since been expanded through companion legislation, such as the Government Performance and Results Act Modernization Act of 1993.² AGA has done its part to raise the bar on accountability and performance reporting through training, research and the Certificate of Excellence in Accountability Reporting program (CEAR).³

Reflecting on the many accomplishments, we stand at the threshold of

another unprecedented opportunity to recast our profession through explosive advances in technology. We are being further propelled through artificial intelligence (AI) and unbounded access to data to turn into information. Essential to continued success will be building a workforce for the future. Three of the top 10 federal occupations — investigation, accounting and budget, and information technology — represent almost 20% of the federal workforce.⁴ So, the broad accountability community is well represented.

This article highlights the most significant management and performance challenges facing the federal government and explores the workforce management challenges for which attaining and retaining the best workforce remains formidable for the nation's largest employer with a workforce of 2.3 million.⁵

Significant Management and Performance Challenges Abound

As we prepare for the future of government in the 21st century, addressing the current, and often longstanding, management and performance challenges is paramount. Many of these challenges have been priority focus areas for multiple administrations. They have been prioritized in the respective President's Management Agenda and the subject of legislation and increased congressional oversight.

However, the magnitude of what is left to do is staggering and holds back the federal government in being ready to tackle new, complex issues of the future, such as emerging technologies, regulatory requirements, and new legislative programs and initiatives. Management and performance challenges also destroy public trust and waste substantial resources.⁶ There is a need for broad transformation and consideration of what the federal government does and how it operates.

The Reports Consolidation Act of 2000⁷ mandates that each federal agency inspector general (IG) must annually identify and report on the most serious management and performance challenges facing their agency. **Figure 1** summarizes our analysis of the most recent reports across the 24 CFO Act and other significant agencies.⁸ We identified 12 themes for which at least five agency challenges were identified.

As shown in **Figure 1**, the top five themes included 536 of the 660 management and performance challenges reported by the IGs.

- 1. Workforce Management** – Nearly 90% of the agencies face challenges in workforce staffing, resource management and workforce efficiency, with many facing multiple challenges.
- 2. Program and Grant Oversight** – 94% struggle with program or grant programs, with the most common issues including management and governance, post-award monitoring, and design and implementation.

Figure 1. Themes of IG Most Significant Management and Performance Challenges: CFO Act and Other Significant Agencies (Most Recent Available – FY 2023 or FY 2024)



3. Fraud, Waste and Abuse – Nearly 80% face persistent issues in dealing with fraud, waste, abuse, and improper payments.

4. Cybersecurity – Nearly 75% are not sufficiently equipped to address cybersecurity challenges, including cyber-maturity, innovation and technology integration.

5. Data Integrity and Management – Federal agencies are some of the largest brokers of data and information in the United States, but do not commonly have the systems and controls that enable them to manage, protect and utilize data to inform decision-making.

At #1, aspects of workforce management were reported 191 times, representing 29% of the total challenges. The remainder of this article highlights workforce management, given its pivotal role in managing the performance and

cost of government and its impact on the other management challenges.

Workforce Demographics Tell a Story

Today, the federal government faces hiring and retention challenges in building its future workforce. Technology continues to change how organizations do their work and the skill sets needed. Concerns over long-term fiscal sustainability and lagging customer service are also driving change.⁹ The Partnership for Public Service emphasized the importance of having employees with the necessary skills to address present and emerging challenges through an environment that attracts and retains top talent. From the Partnership's "Profile of the 2023 Federal Workforce:"¹⁰

Succession Planning: Succession planning is essential to be ready for anticipated retirements and normal attrition. In 2008, 10.4% of federal

workers were under 30 years old, which dropped to 6.6% in 2020. While rising to 7.4% in 2023, the national average was 19.8%. Meanwhile, federal workers 60 years and older rose from 10.3% to almost 14% in 2020 and went to 14.7% in 2023.

Attrition Rate: The government-wide attrition rate in 2023 was 5.9%. About 2.8% represented retirements, and 3.1% quit. The quit rate for those under 30 years old was 9%. The attrition rate for those with less than 5 years of service was 7.4%, whereas for those with five to nine years of service and 10-19 years of service, the attrition rates were 4.1% and 3.4%, respectively. The attrition rate for those with 20-29 years of service and over 30 years of service climbed to 7.2% and 13.3% in 2023, respectively, driven by baby boomer retirements, which are expected to continue.

Time to Hire: The time to hire increased from 97 days in 2021 to 101 days in 2023. Private sector hiring typically ranges from 30-45 days.

Workforce Deployment: 70.6% worked in defense and national security agencies.

Occupational Fields: Among the top 10 were investigation at 9.6%, accounting and budget at 5.4% and information technology at 4.6%.

Educational Level: In 2023, 53.8% of the federal workforce held a bachelor's or an advanced degree, which

compares to 40.4% in the overall U.S. workforce.

The Accountant Pipeline Has Appreciably Declined

More than 300,000 accountants and auditors left the profession from 2020 to 2022, a loss of 17% of registered CPAs.¹¹ According to the U.S. Bureau of Labor Statistics, young professionals (25-34 years old) and midcareer professionals (45-54 years old) have departed in large numbers since 2019; often into roles in the financial and technology sectors.¹² Compounding the situation were 2.6 million fewer undergraduate college students over the decade 2013 to 2022 — the largest drop in 50 years. COVID-19 had a demonstrable impact, with a drop of 4.9% from spring 2020 to spring 2021 followed by a 4.7% decrease the next year, accounting for 1.4 million fewer students.¹³

The American Institute of Certified Public Accountants (AICPA) is working to address the underlying challenges and build the pipeline of future CPAs. This includes (1) increasing awareness about the profession and the benefits of an accounting career, (2) dispelling outdated perceptions through messaging that resonates with today's students, (3) developing culture and

business models that provide tools to offer competitive salaries and benefits, career advancement opportunities and compelling work, and (4) partnering with educational institutions to offer internships, scholarships, and other programs to attract accounting students.¹⁴ For example, a strong internship program has long-enabled GAO to attract and retain outstanding accounting students.

Increased Partnerships Across Disciplines Are Essential

Moreover, the required skill sets for accounting professionals have been significantly transformed by advancements in technology. AI promises additional dramatic change. Accountability is no longer primarily the province of traditional accountants, budgeteers and financial analysts. The umbrella encompasses related professions, including data scientists, forensic accountants and investigators, cybersecurity and fraud experts, actuaries, predictive analysts and chief risk officers. For example, attacking fraud requires thinking like fraudsters and going beyond organizational lines to understand impacts and develop partnerships. Not every organization has access to the wide range of talents needed in today's accountability community.



Opportunities for increased partnerships include:

- Shared talent pools of experts that serve programs and operations across and between agencies
- Promotion of healthy partnerships between AI and people
- Greater collaboration between levels of government on common problems, such as attacking fraud
- Priority on identifying areas where one size can fit all or be close enough to work effectively and efficiently
- Greater shared services and expanded Centers of Excellence¹⁵
- Simplification, leading to dramatically reduced red tape
- Enterprise risk management focused on risk and reward to strengthen control while eliminating wasteful practices caused by an unhealthy aversion to risk and change
- Recognition that common sense has a place in decision-making, where rote compliance falls short
- Elimination of duplicative and overlapping programs¹⁶
- Timely, responsive action on auditor recommendations¹⁷



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Recent Initiatives Provide Leading Workforce Practices

There is wide recognition of the need to modernize antiquated workforce practices. Three recent initiatives signal a path forward.

I. Ensuring Excellence: A Guide for Cultivating Healthy High-Performing Agencies. In 2019, the National Academy for Public Administration (NAPA) identified the 12 most significant public administration issues, or “Grand Challenges,” which included Challenge 2: *Modernizing and Reinvigorating the Public Service*. NAPA noted a long struggle to build a workforce that can deliver critical public services, pointing to “laborious and time-consuming hiring practices, limited salary flexibilities, and promotion rules that value longevity over expertise and performance.”¹⁸

In September 2024, NAPA issued the *Ensuring Excellence*, providing a playbook of “concrete strategies and evidence-based practices.” Resource links and case examples from government organizations are included throughout to help agencies continually assess and improve organizational health and performance. NAPA called for:

1. Bold visions tied to the mission and promoted organization-wide
2. Supportive environments focused on psychological safety and inclusion

3. Effective employee communication and engagement

4. Institutionalized culture of continuous learning

The guide detailed five strategies, which included 15 actions for agency leaders and eight actions for operational unit managers. For example, one of six actions for Strategy 1, *Strengthening Organizational Health Requires a Bold Vision that is Tied to the Mission and Promoted Throughout the Organization*, is for leadership to work across organizational divisions to increase cooperation and collaboration to achieve better results.

II. Workforce for the Future: Playbook for Implementing Strategies to Enable a Federal Workforce that is Inclusive, Agile and Engaged, with the Right Skills to Enable Mission Delivery.

Issued by the Office of Personnel Management (OPM) in February 2024, the playbook supports OPM’s vision for an inclusive, agile and engaged workforce of the future centered on five areas: policy and resources; research and evaluation; training and technical assistance; data analytics; and stakeholder engagement. Included are 12 plays to implement the strategies.

1. Strategic Workforce Planning
2. Strategic Recruitment
3. Skills-based Hiring
4. Pooled Hiring
5. Integration of AI Technology

6. Organizational Health

7. Employee Health and Well-Being

8. Data Driven Workforce Decisions

9. Career Pathing and Employee Development

10. Early Career Talent

11. Fostering an Inclusive Work Environment

12. Inclusive Outreach Strategy

Each play frames why it matters, the current and future state, promising practices and agency examples, tools and resources, a call to action and metrics to consider. For example, the current state of *Strategic Recruitment* is largely posting vacancies on USAJOBS¹⁹ without conducting strategic recruitment activities and routinely using official job titles, hoping applicants with the right skills will find them and apply. The future state entails using ongoing, proactive and strategic recruitment tactics to increase interest in positions, with plain language and descriptive job titles improving applicant’s ability to find jobs that meet their skills, resulting in more qualified and fewer unqualified applicants. The call to action includes:

- Shifting from passive to proactive recruitment strategies.
- Using plain language job titles.

- Creating social media campaigns to reach larger audiences.
- Maximizing use of cross-agency scalable hiring practices, such as pooled or shared hiring certifications.

III. Improving the Federal Hiring Experience: Memorandum (M)-24-16. Burdened by an extensive, complex hiring process, hampering recruitment and onboarding, federal agencies hire over 350,000 personnel every year after processing over 22 million applications.²⁰ Issued on August 14, 2024, by the Director of the Office of Management and Budget (OMB) and the Acting OPM Director, *M-24-16* is targeted to better competing for talent by identifying critical steps to:

Strengthen enterprise level strategic workforce planning, recruitment, hiring and data analytics, taking advantage of the scale of the federal workforce. This includes strategic workforce planning and prioritization, such

as defining and socializing annual and ongoing hiring objectives and strategies; strategic recruitment and outreach; expanded access to hiring across agencies, such as pooled hiring; and data collection, use and investment in human resources (HR) information systems.

Design and build an improved applicant experience. The applicant experience is to be prioritized. For example, agencies are to clearly communicate to applicants and develop application processes that are user-friendly, accessible, equitable, transparent, efficient and responsive. Applicants should receive timely communication about their application status at each stage of the hiring process, including application acceptance, determination of qualifications and selection (or non-selection) or cancellation of the hiring announcement. Onboarding new hires is to be expedited, including

streamlined coordination across HR and various administrative functions.

Strengthen the hiring manager experience. Strong partnerships between hiring managers, who need the right talent in the right roles, and HR are essential. For example, hiring managers should work with HR to identify subject matter experts who can improve and support the qualification processes. This would include supporting HR in identifying and assessing technical skills and tasks for position descriptions and job announcements. Also, hiring managers would be given more control in designing hiring processes to meet specific talent needs.

Enhance the HR professionals experience. Build personnel systems and support that enable HR to better do its job by minimizing burden (red tape), and equip HR with improved data, tools, access and guidance. For



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example, empowered talent teams would enable strategic recruitment and innovative hiring actions, such as shared hiring teams. Investing in modern, standardized human capital systems would enable HR to complete routine tasks more efficiently, while expediting administrative elements.

Final Thoughts

People want a government that operates effectively and efficiently in serving all Americans — one that earns their trust and is high performing. There's a lot of work to do to meet that goal. The federal government must take a hard look at what it does and how it does it. Among the drivers of increased performance and reduced costs are technology; greater partnerships with organizations within agencies, between agencies, branches of the federal government and levels of government; streamlined operations and processes, including eliminating red tape, duplication and overlap; cost-effective risk management; enhanced transparency; and stronger accountability to drive increased performance and lower costs.

Crucial to success are highly-qualified, empowered workforces, supported by well-designed systems and processes and inspirational leadership. Workforce management is a top management challenge in nearly 90% of the CFO Act agencies. As the nation's largest employer, it is imperative to adopt leading workforce practices across the federal government. The three recent initiatives provide a path forward to wholesale change, which is long overdue. As the old adage attests, "You can never cross the ocean until you have the courage to lose sight of the shore." ■

Endnotes

1. Public Law 101-576, 104 Stat. 2848, Nov. 15, 1990.

2. Public Law 111-352, Jan. 4, 2011. GPRAMA amended GPRA, Public Law 103-62, Aug. 3, 1993. For other components of the statutory framework, see Lewis, Andrew C., Derek W. Thomas, and Jeffrey C. Steinhoff. "Creating Greater Value Through the Statutory Performance and Accountability Framework," *Journal of Government Financial Management (Journal)*, Winter 2022.

3. AGA. The CEAR program was established in 1997 to improve accountability through streamlined, effective reporting that clearly demonstrates to taxpayers the federal agency accomplishments and challenges that remain.

4. Byers, Elizabeth and Kennedy Teel. A Profile of the 2023 Federal Workforce — Partnership for Public Service (ourpublicservice.org), July 1, 2024.

5. OPM. "Federal Workforce Data," March 2024 (FedScope — Federal Workforce Data — OPM.gov).

6. Lewis, Andrew C., Marlon D. Perry, Meghan E. Cardigan and Jeffrey C. Steinhoff. "Restoring Public Trust in Government," *Journal*, Summer 2023. Also see, Hitlin, Paul and Nadzeya Shutava. "Trust in Government: A Close Look at Public Perceptions of the Federal Government and Its Employees," Partnership for Public Service, March 23, 2022; and Pew Research Center. "Public Trust in Government: 1958–2024," June 24, 2024.

7. Public Law 106-531, 114 STAT. 2537, Nov. 22, 2000.

8. These reports were from fiscal years 2023 or 2024. An example of "other significant agencies" is IRS. While a component of the Department of the Treasury, which is a CFO Act agency, the IRS is required to prepare its own audited financial statements and has its own IG.

9. Lewis, Andrew C., Marlon D. Perry, and Jeffrey C. Steinhoff. "Will COVID-19 Spending Be a Tipping Point Toward Long-term Fiscal Sustainability?" *Journal*, Fall 2022.

10. See Endnote 4.

11. Ellis, Lindsay. "Why So Many Accountants Are Quitting," *Wall Street Journal*, Dec. 28, 2022. Also see, Hallett, Charles, "CPA Supply No Longer Meets Demand. It's Time for Change," *Journal*, Winter 2024.

12. Ibid.

13. National Student Clearinghouse Research Center. "Undergraduate Enrollment Falls 662,000 Students in Spring 2022 and 1.4 Million During the Pandemic," May 26, 2022.

14. AICPA. "Pipeline Acceleration Plan, Version 4," May 2023; and "Addressing root causes of CPA pipeline issues," Jan. 3, 2024.

15. For example, the federal Pandemic Response Accountability Committee worked across levels of government and demonstrated the value of becoming a continuing asset to fight fraud beyond the Pandemic.

16. GAO. "2024 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits," GAO-24-106915, May 15, 2024.

17. Over 19,000 open auditor recommendations on Dec. 1, 2024: (1) GAO: 5,370, with 495 designation high-priority (Recommendations Database | U.S. GAO) and (2) Federal IGs: 13,825 (Open Recommendations | Oversight.gov).

18. NAPA. "Grand Challenges in Public Administration," Nov. 6, 2019.

19. USAJOBS.gov is the official one-stop source for federal jobs and employment information.

20. Performance.gov. "OMB and OPM Release Guidance to Improve Federal Hiring Experience," Sep. 10, 2024.



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