



THE FEDERAL GOVERNMENT IS
RESULTS-ORIENTED
A Report to Federal Employees

August 2004

THE FEDERAL GOVERNMENT IS RESULTS-ORIENTED

A Report to Federal Employees¹

The Federal Government is results-oriented, with the help of new disciplines and habits departments and agencies are adopting through the President's Management Agenda (PMA).

Federal employees want their departments to be as effective as possible, and the American people expect the Government to achieve results. To be results-oriented managers must ask themselves if the programs they administer are achieving the desired result at an acceptable cost. If the answer is "no" or "we don't know," they must do something about it, such as clearly define the desired outcomes, determine the causes of unsatisfactory performance, construct plans to remedy any problems, develop aggressive timeframes for taking action, and ensure that actions are implemented.

Skeptics certainly question the assertion that the Federal Government is results-oriented, citing a long list of challenges faced by our Nation. But being results-oriented is about delivering results AND also about our having an expectation that costs will be managed, the government will spend the people's money wisely, and that managers will be held accountable for achieving results. It is about having a systematic and deliberate approach to using resources to achieve intended goals. While there are many cases where significant work needs to be done to achieve the results expected by our citizens, there are many other cases where the focus on, or delivery of, results is producing what the American people expect. For example:

- The Veterans Health Administration (VHA) delivers safe, effective, and convenient care comparable to private sector health care to over five million patients annually, using state-of-the-art information technology and care coordination practices. The electronic health record system analyzes past data to generate automatic physician reminders for preventive and follow-up

¹ *This report to all Federal employees summarizes how the Federal Government is focusing on results, the role of the President's Management Agenda, and the keys to future success.*

measures. It also enables patients to interact with physicians from home, improving tracking of patient symptoms. Quality, access to care, satisfaction, and cost-effectiveness data are tracked in real-time and evaluated on a monthly basis. As a result, more than 74 percent of in-patient and out-patient care recipients express satisfaction with their VHA experiences, equal to the satisfaction level of private sector patients with their hospitals.

- The Department of Health and Human Services' (HHS) Health Centers program provides grants to health centers to provide medical care to uninsured, underserved, and vulnerable populations in rural and urban areas. From 2000 to 2003, the program increased the number of people served by 30 percent. The program has a goal to serve 13.2 million people this year, up from 12.4 million in 2003. The long-term goal is to create 1,200 new and expanded health center sites to serve an additional 6.1 million people by 2006.
- The purpose of the National Weather Service is to provide warnings and forecasts in order to protect lives and property. The Service measures the improvement in accuracy of, and lead times for, weather warnings. In 2002, the National Weather Service increased its tornado warning lead time from 10 minutes to 12 minutes and improved its flash flood warning accuracy from 86 percent to 89 percent. It has set goals to improve these and other key indicators of its ability to protect lives and property from destruction as a result of natural disasters.
- Federal Student Aid (FSA) in the Department of Education (ED) makes available more than \$70 billion in grants, loans, and work study each year to help more than nine million postsecondary students pay for college. FSA also manages a portfolio of more than \$320 billion in outstanding direct loans and loan guarantees. Each year, FSA answers 34 million customer service calls, processes over 9.1 million electronic loan applications, and receives over 20 billion hits to its websites. Despite this significant volume, FSA is still able to process web-based student aid applications within 24 hours, and answer calls to 1-800-4FED-AID in less than 5 seconds. A leading survey shows customer satisfaction rates are higher than those of other service companies and financial institutions, including Wells Fargo, Wachovia Bank, and Wal-Mart.

In these instances Federal managers defined the result they desired and then worked aggressively to achieve it. This focus on results is not new,

but what is new is a greater expectation than ever before that managers, line employees, indeed entire agencies, will be held accountable for meeting the goals they set. More than ever before, managers are challenged to clearly define what has to be done, identify who is responsible and who needs to participate, set aggressive yet realistic timeframes to accomplish goals, and then follow up to ensure that plans are executed as promised.

This model was the key to success when in December 2003, the Department of Agriculture (USDA) earned the first clean audit opinion in the Department's 140-year history. USDA overcame this longstanding challenge by setting tangible goals, identifying responsible officials to lead each part of the effort, setting an aggressive schedule for achieving their goals, and monitoring performance to ensure the results were achieved. (See <http://results.gov/agenda/howtheydidit-usda.html>)

The Social Security Administration (SSA) used the same approach to improve the management of its Supplemental Security Income (SSI) program which for years has had problems with overpayments and poor recovery of overpayments. Through the use of very detailed goals, action plans, and assignments of responsibility, SSA conducted more financial reviews, sought legislative authority to verify information about applicants, and established investigative teams. These efforts support SSA's work to minimize improper payments and led to the General Accounting Office taking the SSI program off its high-risk list in 2003.

New Disciplines and the President's Management Agenda

The President's Management Agenda was launched in August 2001 as a strategy for improving the management and performance of the Federal Government. It focuses on the areas where deficiencies were most apparent and where the Government could begin to deliver concrete, measurable results. The PMA includes five Government-wide initiatives and 10 program-specific initiatives that apply to a subset of Federal agencies. The PMA is helping departments and agencies adopt new disciplines to ensure their focus on results is effective and enduring.

The five key Government-wide areas are:

- ***Strategic Management of Human Capital***—having processes in place to ensure the right person is in the right job, at the right time, and is not only performing, but performing well;

- **Competitive Sourcing**—regularly examining commercial activities performed by the government to determine whether it is more efficient to obtain such services from Federal employees or from the private sector;
- **Improved Financial Performance**—accurately accounting for the taxpayers’ money and giving managers timely and accurate program cost information to inform management decisions and control costs;
- **Expanded Electronic Government**—ensuring that the Federal Government’s \$60 billion annual investment in information technology (IT) significantly improves the government’s ability to serve citizens, and that IT systems are secure, and delivered on time and on budget; and
- **Budget and Performance Integration**—ensuring that performance is routinely considered in funding and management decisions, and that programs achieve expected results and work toward continual improvement.

For each initiative, the PMA established clear, Government-wide goals or Standards for Success (<http://results.gov/agenda/standards.pdf>). Agencies then developed and implemented detailed, aggressive action plans to achieve those goals. Most importantly, agencies have been held publicly accountable for adopting these disciplines. To that end, a simple grading system of red, yellow, and green was developed. Each quarter, agencies are rated on their status in achieving the overall goals for each initiative and on their progress in implementing their action plans. The Government-wide scorecard reporting on individual agency progress is published quarterly at <http://results.gov/agenda/scorecard.html>. The most recent scorecard follows.

Executive Branch Management Scorecard

	Current Status as of June 30, 2004					Progress in Implementing the President's Management Agenda				
	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration
AGRICULTURE	Yellow ↑	Yellow	Red	Yellow	Yellow ↑	Green	Yellow	Green	Green	Green
COMMERCE	Yellow	Yellow	Red	Yellow	Yellow	Green	Yellow	Green	Green	Green
DEFENSE	Yellow	Green ↑	Red	Red	Yellow	Yellow	Green	Yellow	Yellow	Green
EDUCATION	Yellow	Yellow	Green	Yellow	Yellow ↑	Green	Red	Green	Yellow	Green
ENERGY	Green ↑	Green	Green ↑	Yellow	Yellow	Green	Green	Green	Green	Green
EPA	Yellow	Yellow ↑	Green	Green ↑	Yellow	Green	Green	Green	Green	Green
HHS	Yellow	Green	Red	Red	Yellow ↑	Green	Green	Green	Green	Green
HOMELAND	Red	Yellow	Red	Red	Red	Green	Green	Green	Red	Green
HUD	Yellow ↑	Red	Red	Red	Red	Green	Green	Green	Green	Green
INTERIOR	Yellow ↑	Yellow	Red	Yellow ↑	Red	Green	Yellow	Yellow	Green	Green
JUSTICE	Red	Yellow	Red	Yellow ↑	Red	Green	Green	Green	Green	Green
LABOR	Green	Yellow ↑	Yellow	Yellow	Green ↑	Green	Green	Green	Green	Green
STATE	Green ↑	Red	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green
DOT	Green ↑	Green ↑	Red	Green ↑	Green ↑	Green	Green	Green	Green	Green
TREASURY	Red	Yellow	Red	Red	Red	Green	Green	Yellow	Yellow	Yellow
VA	Yellow ↑	Red	Red	Yellow	Yellow	Green	Red	Yellow	Yellow	Green
AID	Red	Red	Red	Yellow	Yellow	Green	Yellow	Green	Green	Green
CORPS	Yellow	Red	Red	Red	Red	Green	Green	Yellow	Green	Yellow
GSA	Yellow	Yellow	Red	Red	Red	Yellow	Green	Green	Green	Yellow
NASA	Green	Yellow	Red	Yellow	Green	Green	Green	Yellow	Green	Green
NSF	Yellow	Red	Green	Green	Yellow	Green	Red	Green	Green	Green
OMB	Yellow	Red	Red	Red	Red	Green	Red	Green	Green	Red
OPM	Green ↑	Green	Yellow	Green	Yellow	Green	Green	Green	Green	Green
SBA	Yellow	Yellow	Red	Green ↑	Green ↑	Green	Yellow	Green	Green	Green
SMITHSONIAN	Red	Red	Red	Red	Red	Yellow	Red	Yellow	Yellow	Yellow
SSA	Green ↑	Yellow ↑	Green	Yellow	Green ↑	Green	Green	Green	Green	Green

↑ ↓ Arrows indicate change in status since evaluation on March 31, 2004.

Explanation of Status Scores

Green—Agency meets all the Standards for Success.

Yellow—Agency has achieved intermediate levels of performance in all the criteria.

Red—Agency has any one of a number of serious flaws.

Explanation of Progress Scores

Green—Implementation is proceeding according to plans agreed upon with agencies.

Yellow—Slippage in implementation schedule, quality of deliverables, or other issues requiring adjustment by agency in order to achieve initiative on a timely basis.

Red—Initiative is in serious jeopardy. It is unlikely to realize objectives absent significant management intervention.

Federal departments have made significant progress in adopting the new disciplines of the PMA and meeting its goals. Three years ago, almost none of the agencies was satisfactorily managing their people, programs, costs, and investments in information technology: 110 of the 130 “scores” (26 agencies each working on five separate initiatives) were red. Only two scores were green, reflecting that the overall goals had been achieved in those areas. Today only 49 of the 130 scores remain red, while 27 are green, or desired, and 54 are yellow, or significantly improved.

As of June 30, 2004, the Department of Transportation (DOT) has earned four green status scores and three agencies have each earned three green status scores: the Department of Energy (DOE), the Office of Personnel Management (OPM), and SSA. ED, DOE, the Department of Labor (DOL), the Environmental Protection Agency (EPA), OPM, and SSA do not have any red scores. These agencies’ accomplishments demonstrate that all the goals of the PMA can be achieved with the commitment and sustained effort of management and employees.

The improvement in scores reflects significant changes in the basic ways that departments and agencies operate. Below is a summary of the accomplishments to date in each area:

- ***Strategic Management of Human Capital*** (Attachment A): Federal agencies have put in place the key tools for managing their workforces. Ninety-two percent of the agencies have strategies for ensuring that they are developing future leaders. Ninety-two

percent have identified skills gaps in critical occupations and 77 percent are working to reduce or eliminate them. In addition, 65 percent of agencies have performance evaluation systems that more clearly define what is expected of each employee and how they are performing relative to those expectations.

DOE, DOL, Department of State, DOT, National Aeronautics and Space Administration (NASA), OPM, and SSA have established the desired human capital processes to earn them green status scores.

- **Competitive Sourcing** (Attachment B): Agencies spent \$88 million in out-of-pocket costs in FY 2003 to study their commercial activities. These same agencies project that the more than 660 assessments completed last year will yield \$1.1 *billion* in savings over the next 3 to 5 years. This translates to annualized savings of roughly \$12,000 for every position studied, regardless of whether the work is being performed by the Government or by the private sector. Agencies are working to apply competition in the most strategic manner possible, such as by reorganizing inefficient in-house operations, grouping related activities to generate private sector interest, and aligning competitive sourcing and human capital efforts to close competency and skills gaps. With experience, the return on investment will only get better. For more detail, the complete report can be found at http://results.gov/cs_omb_647_report_final.pdf.

DOD, DOE, HHS, DOT, and OPM have established desired competitive sourcing capabilities necessary to earn green status scores.

- **Improved Financial Performance** (Attachment C): With new financial management disciplines, departments are preparing their audited financial statements sooner after the end of the fiscal year than anyone would have thought possible a few years ago. The number of auditor-identified material weaknesses, which represent significant risks to financial reporting, has been reduced, and USDA and the US Agency for International Development received clean audit opinions for the first time in their history. A complete report on overall cost management can be found at <http://results.gov/agenda/ManagingCostReport.pdf>.

ED, DOE, EPA, National Science Foundation (NSF), and SSA have established the desired financial management disciplines to earn green status scores.

- **Expanded E-Government** (Attachment D): The Federal Government is managing its IT more professionally as a resource for improving results. Seventy percent of the Federal Government's IT systems are secure, versus 26 percent three years ago; so there is greater integrity in the data housed in these systems. Seventy-two percent of agencies have mechanisms in place to validate performance relative to cost, schedule and performance goals for their IT investments; about half of those agencies meet at least 90 percent of their cost and schedule goals. The Federal Government has also made great strides in expanding the availability and use of electronic services for citizens. For more information about the 24 E-Government projects see <http://whitehouse.gov/omb/egov/>.

EPA, DOT, NSF, OPM, and Small Business Administration (SBA) have achieved the desired IT goals and earned green scores.

- **Budget and Performance Integration** (Attachment E): The Federal Government is systematically assessing its programs to identify opportunities for improving program effectiveness. To date, more than 600 Federal programs have been assessed (approximately 60 percent of the total). Of those assessed, 65 percent have defined and are tracking clear outcome goals to measure their results and 67 percent have efficiency measures in place to manage costs. For each program assessed, agencies are identifying areas where performance could be improved and taking the necessary actions to achieve better results.

DOL, DOT, NASA, SBA, and SSA have achieved the goals in this area and earned a green score.

A disciplined focus on results is also being applied to program initiatives. In these areas, an agency or group of agencies is working to improve the management and delivery of services in a particular program area. Clear

expectations, detailed action plans, and accountability for performance are being used to:

- *Ensure that faith-based and community organizations have the same access to Federal grants as other organizations*—Agencies have identified the barriers to participation in Federal programs and are working to eliminate them. They are increasing outreach to faith-based and community organizations and testing innovative ways to improve program services by involving faith-based and community organizations.
- *Accelerate the refurbishment of military housing through partnerships with the private sector*—The Department of Defense (DOD) is on track to eliminate its inventory of inadequate housing by 2007. To date DOD in its efforts to improve the quality of family housing has awarded 32 public-private projects involving 61,642 units.
- *Enhance the quality, performance, and relevance demonstrated by Federal programs in research and development*—Agencies are now applying objective criteria to all their research and development investments to increase the effectiveness of applied research and the overall impact of the research portfolio.
- *Eliminate fraud and error in student aid programs*—The Department of Education (ED) is administering student aid more efficiently and effectively by better accounting for program dollars, pursuing legislation to allow for income verification, and strengthening oversight of schools, lenders and other financial partners. Last year, ED re-negotiated its loan servicing contract in order to improve service and reduce taxpayer costs; this new contract has the potential to save \$1 billion over the next 10 years.
- *Strengthen the overall management of the Department of Housing and Urban Development (HUD)*—HUD is working to reduce erroneous payments, assure tenants have acceptable living conditions, and combat abusive lending practices. For instance, through enhanced monitoring, assistance, and enforcement actions, HUD increased the percentage of public housing units that meet acceptable housing quality standards from 70 percent in FY 2000 to 87.1 in FY 2002.
- *Encourage innovation in States' use of their Medicaid funding to provide health insurance coverage to more people*—To date, HHS has

approved 19 State demonstration projects that explore alternative methods to leverage Federal and private health insurance to reduce the number of uninsured people.

- *Ensure that Federal overseas staffing is based on current needs and is efficiently deployed*—Agencies are annually reviewing their overseas staffing and associated costs to ensure that they appropriately support foreign policy priorities and that they are cost-justified.
- *Improve service delivery to members of the military and veterans through improved coordination between the Departments of Veterans Affairs' (VA) and DOD's programs and systems*—VA and DOD are coordinating to share medical records, medical facilities and staff, IT systems, and the purchasing of pharmaceutical and medical supplies so that services are provided in a seamless and cost-effective manner.
- *Strengthen real property management and optimize the use of Federal property*—To ensure that the \$300 billion in real property that the Federal Government owns is used efficiently to support agency missions, each department has designated a Senior Real Property Officer to be responsible for the agency's real property assets. A Federal Real Property Council was created to develop Government-wide standards for how properties should be inventoried, maintained, secured, operated, and assessed for relevance to the agency's mission. The Council will then ensure that asset management plans are implemented and property is managed professionally.
- *Eliminate improper payments*—Based on recent audit estimates, Federal agencies make more than \$35 billion in improper payments each year. This new initiative will have agencies measure their improper payments on an annual basis, develop improvement targets and corrective actions, and track the results annually to ensure the corrective actions are effective.

The Focus on Results

All departments and agencies are embracing the PMA's disciplines as regular management practices, which help them better focus on program results and costs. This greater focus on results is also good for the agencies' employees. Agency-specific reports on these changes and how

they are affecting the agencies and their employees can be found at the websites for the departments and agencies listed below.

- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy
- Environmental Protection Agency
- Department of Health and Human Services
- Department of Homeland Security
- Department of Housing and Urban Development
- Department of the Interior
- Department of Justice
- Department of Labor
- Department of State
- Department of Transportation
- Department of the Treasury
- Department of Veterans Affairs
- United States Agency for International Development
- Army Corps of Engineers
- General Services Administration
- National Aeronautics and Space Administration
- National Science Foundation
- Office of Personnel Management
- Small Business Administration
- Social Security Administration

The Keys to Future Success

The Federal Government is working to adopt all the PMA disciplines within the next few years. At that point agencies will be able to ensure that Federal managers have the resources necessary to achieve their goals: a high quality workforce; accurate and timely financial and performance data; and tools to increase effectiveness and efficiency.

Departments and agencies understand that a greater focus on results can help them deliver more services during a time of budget constraints, and can help them redirect funding from less productive activities to higher priority programs and activities. For instance, the projected savings associated with competitive sourcing, fully implemented, are over \$5 billion per year. Eliminating the over \$35 billion in improper payments could produce substantial savings and benefits to the taxpayer while ensuring that government payments are made as intended. In a \$2.4 trillion Federal budget, each percentage point of overall increased effectiveness and efficiency has a value of \$24 billion per year in savings to the taxpayer. An important key to success is making these performance improvements and efficiencies real so that employees see these new disciplines “pay off” in the form of greater service to citizens and available monies being stretched and/or redirected to address high priority needs.

Departments and agencies also understand that their employees are the key to the Federal Government being results-oriented. In focus groups conducted in several agencies,² managers have suggested several key factors to their agencies' continued, successful focus on results:

- *Continue to make achieving results a top priority.* Clearly define success, the action plan to achieve success, the person responsible, and a due date for each required action; and ensure aggressive follow-through.
- *Understand that changing the way departments operate is about managing risk.* Help employees perform smarter and better and understand that they may make mistakes. Provide employees and their managers with better performance and cost information so that the risks they take are appropriate. Use performance information to help individual employees and work groups be more productive by giving them data to better understand why they have or have not been successful.
- *Keep employees informed.* Give them frequent status reports. Explain better the PMA focus on results to all levels of employees, including line employees.
- *Managers and line employees alike must be engaged, and equally important, must be provided clear expectations and the resources necessary to meet those expectations.* Giving employees a chance to be heard will help maximize the chances of success. Recognize that most Federal employees are not afraid to have goals and be held accountable. Also note the pride they have in their departments and their desire to be part of something important. Do it “with them” instead of “to them.”
- *Expect and help managers be better managers of people and projects.* Don't expect managers to do the job themselves. Instead expect them to manage the resources—people, IT, and other resources—to get the job done.
- *Recognize good performance with better feedback, rewards, and recognition.* Critical to this is the ability of managers to better distinguish between good and poor performance.

² USDA, DOE, Department of the Interior, Department of Justice, DOT, HHS, VA, EPA, General Services Administration, and SBA.

- *Use performance measures intelligently.* Ensure that employees and Congress agree with the measures, and regularly review the measures to ensure they lead us toward the right results rather than promoting unintended consequences.
- *Minimize the changes in rules and resource levels.* Develop a plan and stick with it.
- *Make sure the reporting requirements are what is needed and not excessive.*

Department and agency leadership are committed to these operating principles, as is indicated in the current and future activities described in the specific agency reports referred to in the previous section. Leadership understands that they can only adopt the new disciplines and habits, and better focus on results, with their employees' full engagement.

Conclusions, especially for Federal employees

Each Federal department and agency is focused on results, with the assistance of the President's Management Agenda's new disciplines and practices. The PMA now is really the sum of department and agency results agendas—it is Interior's Results Agenda, HHS' Results Agenda, and so forth. Departments and agencies are producing greater results. They are working more productively. They are increasing their focus on desired outcomes using the tools first set forth in the PMA so that they can provide better value for the American taxpayers.

It is not surprising that Federal employees want their departments to be as effective as possible. They want to do a good job, but they need to know what a "good job" is, i.e., what is expected of them. They want and deserve to have information about how they fit in to the pursuit of their agency's mission. They want their programs focused on the right outcomes and they want to maximize the results that their programs aim to achieve. They want to be productive, accountable, and challenged. They want to serve their country and also want to grow professionally.

Federal employees are results-oriented. They are making sure their agencies are result-oriented, too.

Attachment A. AGENCIES ARE USING KEY WORKFORCE MANAGEMENT TOOLS

Department/Agency	Leadership Succession Plans in Place	Critical Talent Gaps in Mission Critical Occupations		SES Appraisal Plans Linked to Mission Goals	Agencies Provide Clear Indications that Appraisal Systems Make Meaningful Distinctions
		Identified	Reduced or Eliminated		
AGRICULTURE.....	Yes	Yes	In Progress	Yes	Yes
COMMERCE.....	Yes	Yes	Yes	Yes	No
DEFENSE.....	Yes	Yes	No	No	No
EDUCATION.....	Yes	Yes	In Progress	No	Yes
ENERGY.....	Yes	Yes	Yes	Yes	Yes
EPA.....	Yes	Yes	In Progress	Yes	Yes
HHS.....	Yes	Yes	In Progress	Yes	Yes
DHS.....	No	Yes	No	No	No
HUD.....	Yes	Yes	No	Yes	Yes
INTERIOR.....	Yes	Yes	In Progress	Yes	No
JUSTICE.....	Yes	Yes	No	Yes	No
LABOR.....	Yes	Yes	Yes	Yes	Yes
STATE.....	Yes	Yes	Yes	Yes	Yes
DOT.....	Yes	Yes	Yes	Yes	Yes
TREASURY.....	Yes	Yes	In Progress	No	No
VA.....	Yes	Yes	In Progress	Yes	Yes
AID.....	Yes	No	No	Yes	Yes
CORPS.....	Yes	Yes	Yes	Yes	Yes
GSA.....	Yes	Yes	In Progress	Yes	No
NASA.....	Yes	Yes	Yes	Yes	Yes
NSF.....	Yes	Yes	In Progress	Yes	No
OMB.....	Yes	Yes	In Progress	Yes	Yes
OPM.....	Yes	Yes	Yes	Yes	Yes
SBA.....	Yes	Yes	In Progress	Yes	Yes
SMITHSONIAN.....	No	No	No	No	No
SSA.....	Yes	Yes	Yes	Yes	Yes

"In Progress" indicates agencies are implementing programs to reduce gaps.

Attachment B. COMPETITIVE SOURCING HELPS AGENCIES REDUCE COST OF THEIR COMMERCIAL ACTIVITIES

Summary of FY 2003 Competitive Sourcing Activity¹

Department/Agency	Number of Competitions Completed	Number of FTEs Assessed	In-House Provider Selected (Based on FTEs)	Incremental Costs of Conducting Studies (in millions)	3-5 Year Net Anticipated Savings (in millions)
AGRICULTURE.....	400	3,589	100%	\$4.7	-\$3.6
COMMERCE.....	5	315	100%	\$1.5	\$10.0
DEFENSE.....	78	9,253	81%	\$67.9	\$732.7
EDUCATION.....	0	0	NA	NA	NA
ENERGY.....	3	180	96%	\$1.4	\$35.4
EPA.....	3	38	100%	\$0.0 ²	\$0.0 ²
HHS.....	52	2,333	99%	\$6.0	\$246.0
DHS.....	0	0	NA	NA	NA
HUD.....	0	0	NA	NA	NA
INTERIOR.....	84	502	99%	\$1.0	\$3.3
JUSTICE.....	1	153	100%	\$1.0	\$10.5
LABOR.....	0	0	NA	\$0.0	NA
STATE.....	1	9	0%	\$0.0	\$0.3
DOT.....	6	213	100%	\$1.0	\$8.1
TREASURY.....	17	164	91%	\$0.7	\$0.3
VA.....	1	276	0%	\$1.7	\$45.3
AID.....	0	0	NA	NA	NA
CORPS.....	0	0	NA	NA	NA
GSA.....	5	168	100%	\$0.3	\$6.2
NASA.....	1	7	100%	\$0.0	\$0.0
NSF.....	0	0	NA	NA	NA
OMB.....	0	0	NA	NA	NA
OPM.....	1	180	100%	\$0.3	\$10.1
SBA.....	3	190	58%	\$0.0 ²	\$1.2
SMITHSONIAN.....	0	0	NA	NA	NA
SSA.....	1	25	100%	\$0.1	-\$0.1
GOVERNMENT-WIDE.....	662	17,595	89%	\$87.6	\$1,105.6

¹ Data developed by PMA agencies in response to section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199). These data reflect only streamlined and standard competitions completed in FY2003. For additional information on competitions conducted under Circular A-76, see OMB's Report on Competitive Sourcing Results, Fiscal Year 2003, at http://www.results.gov/agenda/cs_omb_647_report_final.pdf.

² Value of less than \$100,000.

NA = indicates not applicable as no competitions were reported.

Attachment C. AGENCIES ARE STRENGTHENING FINANCIAL MANAGEMENT PRACTICES

Information on Recent Audits and Financial System Implementation

Department/Agency	Days to Issue Audited Financial Report		Audit Opinion		Auditor-Identified Material Weaknesses ¹		Integrity Act Weaknesses ²		New Financial System Since 2001 ³
	2001	2003	2001	2003	2001	2003	2001	2003	
	AGRICULTURE.....	150	121	Disclaimer	Unqualified	7	3	32	
COMMERCE.....	150	76	Unqualified	Unqualified	1	0	3	1	✓
DEFENSE.....	150	84	Disclaimer	Disclaimer	15	11	268	41	
EDUCATION.....	150	45	Qualified	Unqualified	1	0	7	0	✓
ENERGY.....	149	76	Unqualified	Unqualified	0	0	13	0	
EPA.....	150	52	Unqualified	Unqualified	0	0	4	0	
HHS.....	149	46	Unqualified	Unqualified	2	2	3	1	
DHS.....	n/a	136	n/a	Disclaimer	n/a	7	n/a	15	
HUD.....	150	80	Unqualified	Unqualified	5	2	3	2	
INTERIOR.....	150	64	Unqualified	Unqualified	6	4	18	11	
JUSTICE.....	150	122	Unqualified	Unqualified	3	1	12	4	
LABOR.....	150	91	Unqualified	Unqualified	0	0	0	0	
STATE.....	150	90	Unqualified	Unqualified	1	0	4	0	✓
DOT.....	150	122	Unqualified	Unqualified	2	4	2	4	✓
TREASURY.....	150	45	Unqualified	Unqualified	2	2	29	9	
VA.....	150	51	Unqualified	Unqualified	6	2	6	3	
AID.....	150	45	Disclaimer	Unqualified	3	3	4	3	
CORPS.....	150	84	Disclaimer	Disclaimer	3	3	3	3	
GSA.....	150	79	Unqualified	Unqualified	0	1	5	3	✓
NASA.....	150	122	Disclaimer	Disclaimer	1	4	1	2	✓
NSF.....	150	48	Unqualified	Unqualified	0	0	0	0	
OPM.....	150	92	Unqualified	Unqualified	0	0	2	0	
SBA.....	150	122	Disclaimer	Disclaimer	1	2	0	3	✓
SMITHSONIAN.....	n/a	n/a	Unqualified	Unqualified	0	0	0	0	✓
SSA.....	81	45	Unqualified	Unqualified	0	0	1	0	✓
AVERAGE DAYS.....	147	81							
TOTAL WEAKNESSES.....					59	51	420	113	

¹ An auditor-identified material weakness is a condition in which the design or operation of the internal control fails to adequately reduce the risk of error, fraud or noncompliance and such failure materially affects the integrity or trustworthiness of the financial statements.

² An integrity act weakness is a material weakness in the agency's systems of internal accounting and administrative control that the head of an agency reports to the President and the Congress. These material weaknesses may or may not be the same as those reported by the independent auditor.

³ New financial systems are indicators of agency compliance with relevant financial management system requirements and an agency's enhanced capability for utilizing accurate and timely financial information to manage operations. In addition to those agencies that have recently updated new systems, 11 agencies are currently implementing new systems or upgrades and should be completed within the next three years.

Attachment D. AGENCIES ARE ACHIEVING RESULTS THROUGH IMPROVED IT PORTFOLIO MANAGEMENT

Department/Agency	IT Funding in FY 2005 Budget (in millions)	Percent of Major IT Investments with Acceptable Justifications¹	Cost/Schedule/ Performance Variance²	Percent of IT Systems Secure³
AGRICULTURE.....	\$1,790	greater than 50%	⁴	4%
COMMERCE.....	\$1,495	100%	less than 10%	93%
DEFENSE.....	\$27,687	greater than 50%	less than 30%	77% ^e
EDUCATION.....	\$581	100%	less than 30%	92%
ENERGY.....	\$2,703	100%	less than 30%	92%
EPA.....	\$462	100%	less than 10%	94%
HHS.....	\$5,117	greater than 50%	⁴	93%
DHS.....	\$4,428	greater than 50%	⁴	50%
HUD.....	\$335	less than 50%	less than 30%	0%
INTERIOR.....	\$799	greater than 50%	less than 30%	21%
JUSTICE.....	\$2,199	greater than 50%	less than 30%	80%
LABOR.....	\$407	greater than 50%	less than 30%	90%
STATE.....	\$831	100% ⁵	less than 30% ⁵	83%
DOT.....	\$2,727	100%	less than 10%	97%
TREASURY.....	\$2,583	greater than 50%	⁴	79%
VA.....	\$1,610	100%	less than 10%	14%
AID.....	\$126	100% ^e	less than 30% ^e	80%
CORPS.....	\$277	0%	⁴	⁶
GSA.....	\$506	100%	⁴	77%
NASA.....	\$1,904	100%	less than 10%	99%
NSF.....	\$84	100%	less than 10%	95%
OPM.....	\$132	100%	less than 10%	98%
SBA.....	\$36	100%	less than 10%	97%
SMITHSONIAN.....	\$69	0%	⁴	25%
SSA.....	\$809	100%	less than 30%	100%
GOVERNMENT-WIDE..	\$59,697			70%

¹ As with all capital assets, IT investments must be supported by sound justifications. Criteria for acceptable justifications for major IT investments is available in circular A-11, Section 300 and includes 10 elements such as Risk Management, Security, Project Management, etc. Estimates as of June 30, 2004.

² IT investment justifications include cost, schedule, and performance goals; this measures variance from these goals. Tracking cost/schedule/ performance variance is a method for measuring project performance. Also called Earned Value Management, it compares the value of work that was planned with what was actually accomplished to determine if cost and schedule performance is as planned. Estimates as of June 30, 2004.

³ Secure IT systems are operational systems that have been certified and accredited. Appropriate security and privacy controls have been identified, implemented, and tested. This data was taken from the quarterly FISMA update.

⁴ Information provided by agencies was insufficient for analysis. Generally, either no baseline or a variance greater than 30 percent.

⁵ Estimates as of March 31, 2004.

⁶ The Corps reports IT security status through the Department of Defense.

Attachment E. AGENCIES ARE ESTABLISHING CLEAR PROGRAM GOALS AND MEASURING EFFICIENCY

Information on Programs Reviewed Using the Performance Assessment Rating Tool (PART)¹

Department/Agency	Percent of Total Program Dollars	Percent of Programs with Acceptable Performance Measures	Percent of Programs with Efficiency Measures
AGRICULTURE.....	75%	45%	58%
COMMERCE.....	72%	80%	57%
DEFENSE.....	60%	80%	55%
EDUCATION.....	79%	48%	63%
ENERGY.....	81%	100%	87%
EPA.....	62%	83%	72%
HHS.....	60%	70%	50%
DHS.....	62%	44%	64%
HUD.....	81%	65%	15%
INTERIOR.....	37%	59%	49%
JUSTICE.....	58% ²	83%	61%
LABOR.....	85%	90%	100%
STATE.....	35%	76%	100%
DOT.....	97%	100%	100%
TREASURY.....	42%	53%	79%
VA.....	97%	43%	71%
AID.....	56%	67%	100%
CORPS.....	83%	67%	83%
GSA.....	84%	33%	42%
NASA.....	81%	77%	100%
NSF.....	47%	100%	100%
OPM.....	99%	100%	100%
SBA.....	70%	88%	100%
SMITHSONIAN ³	0%	0%	0%
SSA.....	21%	100%	100%
GOVERNMENT-WIDE.....	60%	65%	67%

¹ Estimates as of June 30, 2004.

² Percentage calculated off the number of programs instead of program dollars.

³ No program assessments have been undertaken.