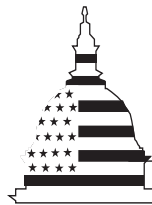


July 1999

# MANAGING FOR RESULTS

## Opportunities for Continued Improvements in Agencies' Performance Plans



G A O

Accountability \* Integrity \* Reliability

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G A O

Accountability \* Integrity \* Reliability

United States General Accounting Office  
Washington, D.C. 20548

General Government Division

B-283190

July 20, 1999

The Honorable Dick Armey  
Majority Leader  
House of Representatives

The Honorable Dan Burton  
Chairman  
Committee on Government Reform  
House of Representatives

The Honorable Fred Thompson  
Chairman  
Committee on Governmental Affairs  
United States Senate

The Government Performance and Results Act of 1993 (Results Act) seeks to shift the focus of government performance and accountability away from a preoccupation with activities to a focus on the results or outcomes of those activities. The Results Act requires agencies to produce annual performance plans to clearly inform Congress and the public of the annual performance goals for agencies' major programs and activities, the measures that will be used to gauge performance, the strategies and resources required to achieve the performance goals, and the procedures that will be used to verify and validate performance information.

High-performing organizations consistently strive to ensure that their organizational missions and goals drive day-to-day activities.<sup>1</sup> Thus, the performance improvements expected under the Results Act will not occur merely because an agency has issued an annual performance plan. Rather, performance improvements occur when agencies transform their organizational cultures so that achieving results becomes the driving concern of daily operations and when agency managers and external decisionmakers use results-oriented plans and the planning and management processes that underpin them to inform decisions.

Congress clearly has shown its interest in agency performance planning to better inform its decisions. As you requested, this report provides

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<sup>1</sup>See, for example, Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

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summary information based on our review and evaluation of the fiscal year 2000 performance plans of the 24 agencies covered by the Chief Financial Officers (CFO) Act. (The CFO Act agencies are listed in figure 2.) As agreed with your offices, our first objective was to summarize our observations on the extent to which the agencies' plans include three key elements of informative performance plans: (1) clear pictures of intended performance, (2) specific discussions of strategies and resources, and (3) confidence that performance information will be credible. For each of these elements, we characterized each agency's plan in one of four ways, based on the degree to which the plan contains informative practices associated with that element. These practices, drawn from Results Act requirements, related guidance, and the more informative features of the fiscal year 1999 performance plans, are identified in our published work.<sup>2</sup>

Thus, to address the first element concerning the degree to which the plan provides a clear picture of intended performance, we characterized each plan in one of four ways: (1) provides a clear picture of intended performance across the agency, (2) provides a general picture, (3) provides a limited picture, or (4) provides an unclear picture. To address the second element, on the extent to which a plan includes specific discussions of strategies and resources, we characterized each plan as (1) containing specific discussions of strategies and resources, (2) general discussions, (3) limited discussions, or (4) no discussions. To address the third element on the extent to which a plan provides confidence that performance information will be credible, we characterized each plan as providing (1) full confidence, (2) general confidence, (3) limited confidence, or (4) no confidence.

Our second objective was to identify the degree of improvement the fiscal year 2000 performance plans represent over the fiscal year 1999 plans. Based on our analysis, we determined the level of improvement in agencies' plans by using one of four characterizations: (1) much improvement; (2) moderate improvement; (3) little, if any, improvement; (4) no improvement. Appendix I provides additional information on our scope and methodology.

We briefed congressional offices during a 3-month period beginning in March 1999 on our observations on individual agencies' plans. Appendixes II through XXV contain the abbreviated text of our observations and

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<sup>2</sup>Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers (GAO/GGD/AIMD-99-69, Feb. 26, 1999) and The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans, Versions 1 (GAO/GGD-10.1.20, April 1998).

include Internet addresses for the complete text of our observations and agencies' comments on those observations.

## Results in Brief

On the whole, agencies' fiscal year 2000 performance plans show moderate improvements over the fiscal year 1999 plans and contain better information and perspective. However, key weaknesses remain, and important opportunities exist to improve future plans. Figure 1 highlights the major strengths and key weaknesses that were most common among agencies' fiscal year 2000 performance plans and that need to be addressed in future plans.

**Figure 1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plans**

### Major Strengths

- Results-oriented goals and quantifiable measures are frequently used to address program performance.
- Use of baseline and trend data to identify past performance is widespread.
- Program strategies are often discussed in relation to the achievement of performance goals.

### Key Weaknesses

- Attention to mission-critical management challenges and program risks is not consistent.
- Coordination of crosscutting program areas needs additional effort.
- Presentations of how agencies' human capital and management resources and strategies will be used to achieve results are insufficient.
- Confidence that performance data will be credible is limited.

Source: GAO analysis based on agencies' fiscal year 2000 performance plans.

Figure 2 shows how we characterized each of the agencies on the three elements of informative performance plans that we examined.

Figure 2: Characterization of CFO Act Agencies' Fiscal Year 2000 Performance Plans

Cabinet departments	Picture of intended performance			
	Clear	General	Limited	Unclear
Agriculture		●		
Commerce		●		
Defense			●	
Education		●		
Energy			●	
Health and Human Services			●	
Housing and Urban Development		●		
Interior		●		
Justice		●		
Labor	●			
State			●	
Transportation	●			
Treasury			●	
Veterans Affairs		●		
Agencies				
Environmental Protection Agency		●		
Federal Emergency Management Agency		●		
General Services Administration	●			
National Aeronautics and Space Administration			●	
National Science Foundation		●		
Nuclear Regulatory Commission		●		
Office of Personnel Management		●		
Small Business Administration		●		
Social Security Administration	●			
U.S. Agency for International Development		●		

Source: GAO analysis based on agencies' fiscal year 2000 performance plans.

Figure 2: (Continued)

Specificity of strategies and resources				Degree of confidence that performance information will be credible			
Specific	General	Limited	Incomplete	Full	General	Limited	No
	•					•	
	•					•	
	•					•	
	•				•		
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Overall, the plans provide general pictures of intended performance across the agencies suggesting that important opportunities for continued improvements still remain to be addressed. For example, while all of the plans include baseline and trend data for at least some of their goals and

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measures—which is important to understanding an agency’s progress over time in achieving results—inconsistent attention is given to resolving mission-critical management challenges and program risks. These management challenges and program risks continue to seriously undermine the federal government’s performance and to leave it vulnerable to billions of dollars in waste, fraud, abuse, and mismanagement.

Agencies also could provide clearer pictures of intended performance by providing greater attention to crosscutting program issues. Coordinating crosscutting programs is important because, as our work has suggested, mission fragmentation and program overlap are widespread across the federal government. In that regard, most agencies’ plans show some improvement in their recognition of crosscutting program efforts. However, few plans attempt the more challenging tasks of discussing planned strategies for coordination and establishing complementary performance goals and common or complementary performance measures. Continued progress on this issue is important because, in program area after program area, we have found that unfocused and uncoordinated crosscutting programs waste scarce funds, confuse and frustrate program customers, and limit overall program effectiveness. Crosscutting programs by definition involve more than one agency, and coordination therefore requires the ability to look across agencies and ensure that the appropriate coordination is taking place. Given the Office of Management and Budget’s (OMB) position in the executive branch, its leadership is particularly important in addressing this issue.

Agencies’ discussions of how resources and strategies will be used to achieve results show mixed progress. Some individual agencies show progress in making useful linkages between their budget requests and performance goals, while other agencies are not showing the necessary progress. Opportunities also remain to more directly explain how programs and initiatives will achieve goals, and little progress is being made in linking management resources and strategies, such as the use of information technology, to results. Notable by their absence are discussions of how agencies plan to strategically develop their human capital to achieve results. This suggests that one of the critical components of high-performing organizations—the systematic integration of human capital planning and program planning—is not being adequately addressed across the federal government.

The continuing lack of confidence that performance information will be credible is also a source of major concern. Many agencies offer only



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limited indications that performance data will be credible. Also, agencies generally do not identify actions that they are taking to compensate for the lack of quality data, nor do they discuss the implications for decisionmaking of the lack of quality data. The inattention to ensuring that performance data will be sufficiently timely, complete, accurate, useful, and consistent is an important weakness in the performance plans. Ultimately, performance plans will not be fully useful to congressional decisionmakers unless and until this key weakness is resolved.

In crafting the Results Act, Congress understood that effectively implementing management changes of the magnitude envisioned under the Act would take several years, although each year should see marked improvements over the preceding ones. Sustained and committed leadership within agencies, OMB, and Congress will be critical to making additional progress in Results Act implementation. Accordingly, we recommend that the Director of OMB ensure that agencies' future annual plans make additional improvements by addressing continuing weaknesses in the plans' clarity of intended performance, discussions of strategies and resources, and confidence in the credibility of performance information. We also suggest that Congress, building on its recent and ongoing use of performance plans to help inform its own decisionmaking, use agencies' annual plans as a basis for augmented oversight.

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## Background

A critical component of high-performing organizations, as envisioned by the Results Act, is the dynamic and complementary process of setting a strategic direction, defining annual goals and measures, and reporting on performance. As required by the Results Act, agencies are to prepare annual performance plans that establish the connections between the long-term goals outlined in their strategic plans and the day-to-day activities of managers and staff. To be useful, annual performance plans should answer three core questions:

- To what extent does the agency have a clear picture of intended performance?
- Does the agency have the right mix of strategies and resources needed to achieve its goals?
- Will the agency's performance information be credible?

At the request of Congress and to assist agencies in their efforts to produce useful performance plans, we issued guides on assessing annual plans.<sup>3</sup> We

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<sup>3</sup> Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking, Version 1 (GAO/GGD/AIMD-10.1.18, February 1998) and GAO/GGD-10.1.20, April 1998.

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subsequently reviewed the fiscal year 1999 performance plans for the CFO Act agencies.<sup>4</sup> We also issued reports on fiscal year 1999 plans that identified practices that can improve the usefulness of plans and approaches used to connect budget requests with anticipated results.<sup>5</sup>

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## Fiscal Year 2000 Plans Provide General Pictures of Agencies' Intended Performance

A majority of agencies' fiscal year 2000 plans give general pictures of intended performance across the agencies, with the plans of the Department of Labor, Department of Transportation (DOT), the General Services Administration (GSA), and the Social Security Administration (SSA) providing the clearest overall pictures.

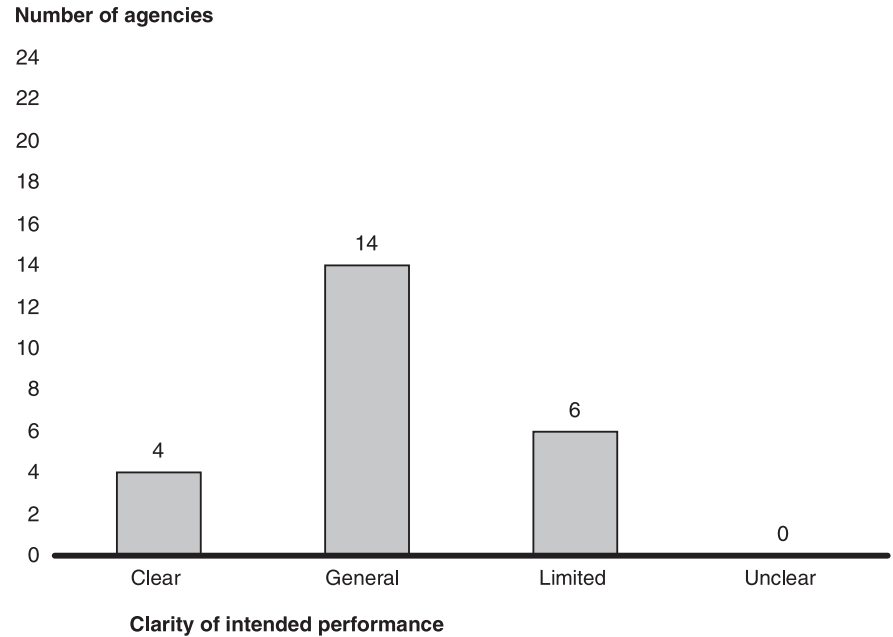
To assess the degree to which an agency's plan provides a clear picture of intended performance across the agency, we examined whether it includes (1) sets of performance goals and measures that address program results; (2) baseline and trend data for past performance; (3) performance goals or strategies to resolve mission-critical management problems; and (4) identification of crosscutting programs (i.e., those programs that contribute to the same or similar results), complementary performance goals and common or complementary performance measures to show how differing program strategies are mutually reinforcing, and planned coordination strategies. Figure 3 shows the results of our assessment of the 24 agencies. We categorized each agency's plan based on the degree to which it collectively addressed the four practices presented above.

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<sup>4</sup>Managing for Results: An Agenda To Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AIMD-98-228, Sept. 8, 1998).

<sup>5</sup>GAO/GGD/AIMD-99-69, February 26, 1999 and Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans With Budgets (GAO/AIMD/GGD-99-67, Apr. 12, 1999). See also Performance Budgeting: Initial Agency Experiences Provide a Foundation to Assess Future Directions (GAO/T-AIMD/GGD-99-216, July 1, 1999).

**Figure 3: Clarity of Agencies' Intended Performance**



Source: GAO analysis based on agencies' fiscal year 2000 performance plans.

### Progress Is Being Made in Defining Program Results

All of the fiscal year 2000 plans we reviewed contain at least some goals and measures that address program results. In our assessment of the fiscal year 1999 plans, we identified the lack of comprehensive sets of goals that focused on results as one of the central weaknesses that limited the usefulness of the plans for congressional and other decisionmakers.

While this improvement is still not evident across all agencies, some plans incorporate sets of performance goals and measures that depict the complexity of the results federal agencies seek to achieve. For example, to help achieve improved public health and safety on the highway, DOT has performance goals and measures to reduce the rates of alcohol-related and large truck-related fatalities and injuries and to increase seat belt use, in addition to its goals related to highway fatality and injury rates. The DOT plan also provides helpful information that explains the importance of each goal, the relationship of annual goals to DOT strategic goals, and the relationship of the performance measures to annual goals.

Similarly, the Department of Education's plan contains a set of goals and measures related to a vital issue of growing national concern—that schools should be strong, safe, disciplined, and drug-free. Specifically, Education has performance goals and measures to reduce the prevalence

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of alcohol and drugs in schools, decrease criminal and violent incidents committed by students, and increase the percentage of teachers who are trained to deal with discipline problems in the classrooms. The plan includes explanatory information for each goal and measure. For instance, Education explains that it changed its target level for the percentage of students using marijuana at school because of better than expected reductions in 1998.

However, we still found cases where program results were not clearly defined. For example, the Small Business Administration's (SBA) performance plan's goals and measures continue to generally focus on outputs rather than results. To assess progress in its goal to "increase opportunities for small business success," SBA relies on measures such as an increase in the number of loans made by SBA, the number of clients served, the number of bonds issued, and the amount of dollars invested in small businesses. This is important information, but the plan does not show how these measures are related to increasing opportunities for small businesses to be successful—the key result SBA hopes to achieve.

Sets of performance goals and measures also should provide balanced perspectives on performance that cover the variety of results agencies are expected to achieve. Federal programs are designed and implemented in dynamic environments where mission requirements may be in conflict, such as ensuring enforcement while promoting related services, or priorities may be different, such as those to improve service quality while limiting program cost. Consequently, mission requirements and priorities must be weighed against each other to avoid distorting program performance.

The Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) provides an illustration of an agency that is using a range of goals to reflect the variety of results it seeks to achieve. VHA recognizes that, as it seeks to improve the health status of veterans, it must provide care efficiently. VHA's primary healthcare strategy has three performance goals to be achieved by fiscal year 2002, referred to as the 30-20-10 strategy. With fiscal year 1997 as the baseline, VHA has separate goals that focus on (1) reducing the cost per patient by 30 percent, (2) increasing the number of patients served by 20 percent, and (3) increasing to 10 percent the portion of the medical care budget derived from alternative revenue sources. VHA's ability to fund the costs associated with serving 20 percent more patients than in the past will depend in large part on VHA's success in meeting its goals to decrease the cost per patient and increase revenues from alternative sources.

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Multiyear and Intermediate Goals Can Provide Useful Perspective on Results to Be Achieved

In reviewing the fiscal year 1999 plans, we said that setting multiyear and intermediate goals is particularly useful when it may take years before results are achieved and in isolating an agency's discrete contribution to a specific result.<sup>6</sup> In examining the fiscal year 2000 plans, we found that some agencies have started to incorporate these practices into their performance plans.

For example, the Office of Personnel Management's (OPM) plan includes multiyear goals that provide valuable perspective on its plans over several years. In particular, the plan has an objective for fiscal year 2002 to simplify and automate the current General Schedule position classification system by reducing the number of position classification standards from more than 400 to fewer than 100. The plan shows that OPM projects that it will reduce the number of classification standards to 320 by the end of fiscal year 1999 and further reduce the number to 216 by the end of fiscal year 2000. Reducing the number of classification standards is seen by OPM as important because it will provide federal agencies with added flexibility to better acquire and deploy their human capital.

The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) also includes projected target levels of performance for multiyear goals in its plan. As part of its strategic goal to sustain healthy coasts, NOAA set a target for fiscal year 2002 to increase to 75 the percentage of the U.S. coastline where threats to the habitat have been assessed and ranked. NOAA set a target level of 20 percent in fiscal year 2000 from a baseline of 0 percent in fiscal year 1998.

In contrast, the Department of the Treasury's Internal Revenue Service (IRS) provides an example of where multiyear goals could be included in the plan but are not. The plan states that the IRS Restructuring and Reform Act of 1998 requires that 80 percent of all tax and information returns that IRS processes be electronically filed by year 2007. IRS' plan would be more useful if it discussed this mandate along with target levels to show how it plans to achieve this goal over the next 7 years. Congress will likely expect to receive information relating to IRS' progress in the area, particularly since IRS has requested funding for this goal. Treasury officials said that they recognize the shortcomings in IRS' performance measures. As part of its restructuring, IRS is undertaking improvements by developing new performance measures.

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<sup>6</sup>GAO/GGD/AIMD-99-69, February 26, 1999.

A few agencies have recognized that using intermediate goals and measures, such as outputs or intermediate outcomes, can show interim progress toward intended results. For example, the Department of Justice's Drug Enforcement Administration (DEA) has a goal to disrupt and dismantle drug syndicates, but its plan acknowledges that counting the number of cases, arrests, or seizures does not adequately measure the true impact of enforcement efforts. Therefore, addition to those measures, DEA is developing other gauges, such as the ratio of the number of targeted organizations disrupted as a result of DEA involvement in foreign investigations to the total number of targeted organizations. Its plan states that DEA will collect data for this goal in fiscal year 1999.

Similarly, SSA recognizes in its plan that one change needed for its disability program is that disabled beneficiaries must become self-sufficient to the greatest extent possible. As a first step toward its strategic objective to "shape the disability program in a manner that increases self-sufficiency," SSA includes an intermediate goal to increase by 10 percent in fiscal year 2000 the number of Disability Insurance beneficiaries transitioning into trial work periods over time. SSA states that it will develop other goals and measures after an analysis of historical data is completed.

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### Identifying Past Performance Through Baseline and Trend Data Provides a Valuable Perspective on Current Goals

All of the fiscal year 2000 plans we reviewed include baseline and trend data for at least some of their goals and measures. With baseline and trend data, the performance plans provide a context for drawing conclusions about whether performance goals are reasonable and appropriate. Decisionmakers can use such information to gauge how a program's anticipated performance level compares with improvements or declines in past performance.

For example, the DOT plan includes graphs for nearly all goals and measures that show baseline and trend data as well as the targets for fiscal year 1999 and 2000. The graphs clearly indicate trends and provide a basis for comparing actual program results with the established performance goals. The performance goal for hazardous material incidents is typical in that it has a graph that shows the number of serious hazardous materials incidents that occurred in transportation during the period 1988 through 1997. DOT also includes explanatory information that provides a context for past performance and future goals.

In cases where baseline and trend data are not yet available, the more informative performance plans include information on what actions agencies are taking to collect appropriate data and when they expect to

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have them. For example, the Department of Housing and Urban Development (HUD) provides baseline and trend data for many of its goals and measures, if such data are available. If data are not available, the plan discusses when HUD expects to develop the baselines. For example, the performance goal and measure to increase the share of recipients of welfare-to-work vouchers who hold jobs at the time of annual recertification indicates that the baseline for households receiving vouchers in fiscal year 2000 will be determined in fiscal year 2001.

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### Agencies' Plans Lack Consistent Attention to Mission-Critical Management Challenges and Program Risks

The fiscal year 2000 annual performance plans show inconsistent attention to the need to resolve the mission-critical management challenges and program risks that continue to undermine the federal government's economy, efficiency, and effectiveness. These challenges and risks must be addressed as part of any serious effort to fundamentally improve the performance of federal agencies. In our assessment of the fiscal year 1999 performance plans, we observed that the value of the plans could be augmented if they more fully included goals that addressed mission-critical management issues.<sup>7</sup> We noted that precise and measurable goals for resolving mission-critical management problems are important to ensuring that the agencies have the institutional capacity to achieve their more results-oriented programmatic goals.

In assessing the fiscal year 2000 plans, we looked at whether the plans address over 300 specific management challenges and program risks identified by us and the agencies' Inspectors General.<sup>8</sup> Many of these challenges and risks are long-standing, well known, and have been the subject of close congressional scrutiny. They include, most prominently, federal operations that we have identified as being at among the highest risk for waste, fraud, abuse, and mismanagement.

We found that agencies do not consistently address management challenges and program risks in their fiscal year 2000 performance plans. In those cases where challenges and risks are addressed, agencies use a variety of approaches, including setting goals and measures directly linked to the management challenges and program risks, establishing goals and measures that are indirectly related to the challenges and risks, or laying out strategies to address them. Figure 4 illustrates the distribution of these various approaches among the management challenges and program risks we identified.

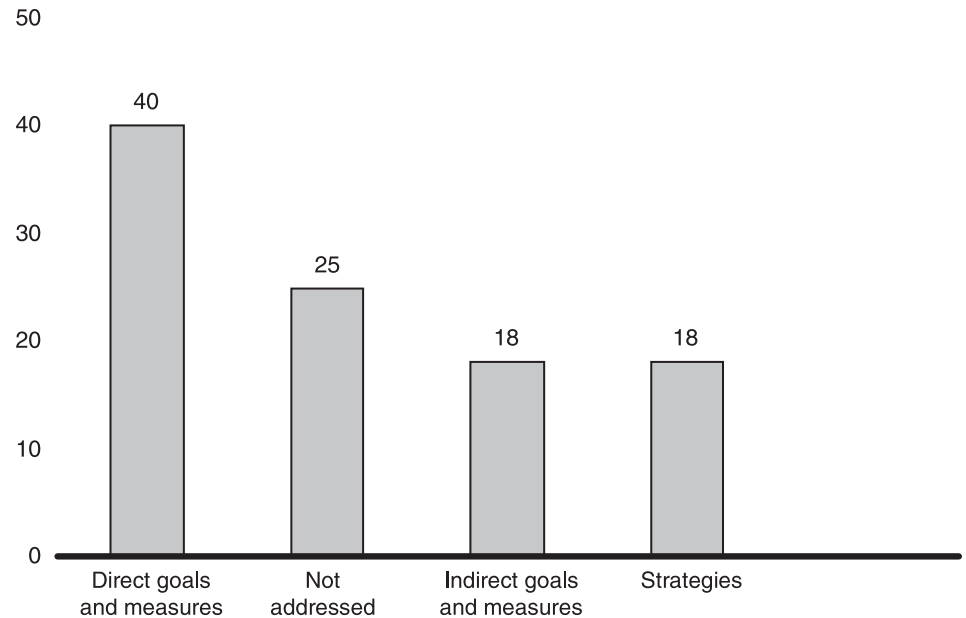
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<sup>7</sup>GAO/GGD/AIMD-98-228, September 8, 1998.

<sup>8</sup>Performance and Accountability Series and High-Risk Update (GAO/OCG-99-22SET, January 1999).

**Figure 4: Approaches Used to Address Management Challenges and Program Risks**

Percentage distribution by approach



Note: Numbers do not add up to 100 percent due to rounding.

Source: GAO analysis based on agencies' fiscal year 2000 performance plans.

Agencies' fiscal year 2000 plans contain goals and measures that directly address about 40 percent of the identified management challenges and program risks. For example, the Department of Energy's (DOE) plan contains goals and measures that are designed to address its major management challenges and program risks. DOE's contract management is one of the areas on our high-risk list, and this is especially important because DOE relies on contractors to perform about 90 percent of its work. Under DOE's corporate management goal, one objective is to improve the delivery of products and services through contract reform and the use of businesslike practices. The strategies DOE identifies include using prudent contracting and business management approaches that emphasize results, accountability, and competition. DOE's plan also contains three specific measures addressing contract reform. One of these measures is to convert one support services contract at each major site to become a performance-based service contract using government standards.



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On the other hand, agencies' plans do not contain goals, measures, or strategies to resolve one-fourth of the management challenges and program risks we identified. In Treasury's plan, for example, IRS has no goals, measures, or strategies to address several of the high-risk areas we have identified, even though important management reform initiatives are under way across the agency. Specifically, Treasury's plan does not address

- internal control weaknesses over unpaid tax assessments (We found that the lack of a subsidiary ledger impairs IRS' ability to effectively manage its unpaid assessments. This weakness has resulted in IRS' inappropriately directing collection efforts against taxpayers after amounts owed have been paid.);
- the need to assess the impact of various efforts IRS has under way to reduce filing fraud;
- the need to improve security controls over information systems and address weaknesses that place sensitive taxpayer data at risk to both internal and external threats (Our high-risk update reported that IRS' controls do not adequately reduce vulnerability to inappropriate disclosure.); and
- weaknesses in internal controls over taxpayer receipts. (Specifically, there is no discussion of IRS' plans to strengthen efforts to ensure that taxpayer receipts are securely transported, such as prohibiting the use of bicycle or other unarmed vehicle couriers. Our high-risk update pointed out that IRS' controls over tax receipts do not adequately reduce their vulnerability to theft.<sup>9</sup>)

Treasury's plan would be more informative if it captured IRS' reform efforts and delineated goals and performance measures and, if necessary, developed interim measures to show IRS' intended near-term progress toward addressing its high-risk operations.

For about 18 percent of the over 300 management challenges and program risks we identified, agencies have established annual performance goals that appear to indirectly address these issues. For example, while SSA paid over \$73 billion in 1998 in cash benefits to nearly 11 million blind and disabled beneficiaries, we found that SSA's complex process for determining whether an individual qualifies for disability benefits has been plagued by a number of long-standing weaknesses. SSA's disability benefit

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<sup>9</sup>For more recent information on this issue see [Financial Audit: IRS' Fiscal Year 1998 Financial Statements](#) (GAO/AIMD-99-75, Mar. 1, 1999) and [Internal Revenue Service: Results of Fiscal Year 1998 Financial Statement Audit](#) (GAO/T-AIMD-99-103, Mar. 1, 1999).

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claims process is time-consuming and expensive, and SSA's disability caseloads have grown significantly in the past decade. On the basis of our ongoing review of SSA's disability claims process redesign effort, we found that SSA has not been able to keep its redesign activities on schedule or demonstrate that its proposed changes will significantly improve its claims process. Further, we found that few people have left the disability rolls to return to work. Although SSA's plan does not include any direct goals or measures for its disability redesign efforts, it does include an intermediate goal for fiscal year 2000 to increase the number of Disability Insurance recipients and Supplemental Security Income recipients transitioning into the workforce by 10 percent over fiscal year 1997 levels.

Finally, agencies identify strategies to help them meet the challenges and risks they confront, rather than setting goals and measures in their performance plans. The plans we reviewed contain strategies to address about 18 percent of the identified challenges and risks. For some agencies, these strategies are clearly and directly related to the agency's efforts to address a specific challenge or risk. For example, DOT's lack of controls over its financial activities impairs the agency's ability to manage programs and exposes the department to potential waste, fraud, mismanagement, and abuse. DOT's fiscal year 2000 performance plan identifies financial accounting as a management challenge and addresses key weaknesses that need to be resolved before DOT can obtain an unqualified audit opinion on its fiscal year 2000 financial audit. DOT's corporate management strategies include efforts to (1) receive an unqualified audit opinion on the department's fiscal year 2000 consolidated financial statement and stand-alone financial statements, (2) enhance the efficiency of the accounting operation consistent with increased accountability and reliable reporting, and (3) implement a pilot of the improved financial systems environment in at least one operating administration.

In other cases, however, it is unclear to what extent the strategies that agencies identify in their fiscal year 2000 annual performance plans will address the management challenges and program risks. Labor's Inspector General has found, for example, that the department faces serious vulnerabilities within three major worker benefit programs. These program risks include the continued proliferation of unemployment insurance fraud schemes and the escalating indebtedness of the Black Lung Disability Trust Fund. Labor did not develop any performance goals to specifically address these vulnerabilities, and although its plan broadly discusses these concerns, the plan shows that Labor will rely, for example, on the Inspector General's investigations to help identify and investigate multistate fraud schemes. Labor did not address efforts to reduce the

indebtedness of the Black Lung Disability Trust Fund. Similarly, another challenge the Inspector General identified is Labor's need to ensure that weaknesses, vulnerabilities, and criminal activity are identified and addressed. Here again, Labor's plan indicates that it will rely on the Inspector General investigations to address this challenge. Because the Inspector General has already identified these management challenges and program risks, it is unclear whether relying on further Inspector General investigations will be a sufficient strategy to systematically address the vulnerabilities that have been identified across several Labor programs.

### Coordinating Crosscutting Program Efforts Needs Additional Effort

The fiscal year 2000 performance plans indicate that the federal government continues to make progress in showing that crosscutting efforts are being coordinated to ensure effective and efficient program delivery. Among the improvements in the fiscal year 2000 plans over what we observed in the fiscal year 1999 plans are further identification of crosscutting efforts and more inclusive listings of other agencies with which responsibility for those efforts are shared. However, similar to the situation with the 1999 plans, few agencies have attempted the more challenging task of establishing complementary performance goals, mutually reinforcing strategies, and common performance measures, as appropriate.

The effective and efficient coordination of crosscutting programs is important because our work has suggested that mission fragmentation and program overlap are widespread. We have identified opportunities for improving federal program coordination in vital national mission areas covering counterterrorism agriculture, community and regional development, health, income security, law enforcement, international affairs, and other areas. Our work has found that uncoordinated federal efforts confuse and frustrate program recipients, waste scarce resources, and undermine the overall effectiveness of the federal effort.

SSA and VA improved their fiscal year 2000 plans over their fiscal year 1999 plans by linking their performance goals and objectives to crosscutting program efforts. SSA, under its goal "to make SSA program management the best-in-business, with zero tolerance for fraud and abuse," lists 14 crosscutting areas of coordination, including information sharing with the Department of Health and Human Services' (HHS) Health Care Financing Administration to help SSA determine Medicaid eligibility. Similarly, VA's fiscal year 2000 plan briefly describes an extensive array of crosscutting activities and explicitly associates applicable crosscutting activities with each key performance goal, whereas the fiscal year 1999 plan was limited to listings of other entities with crosscutting interests.

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Although most agencies have shown at least some improvement in their identification of crosscutting program efforts, the Department of Defense (DOD) and DOE continue to provide little information about the substantive work of interagency coordination that is taking place. For example, we found that the federal government's effort to combat terrorism—an effort that cost about \$6.7 billion in fiscal year 1997—was among the significant crosscutting programs for which DOD failed to discuss the details of coordination with other involved agencies in both its fiscal years 1999 and 2000 plans. This failure is important because, as we recently testified, opportunities continue to exist to better focus and target the nation's investments in combating terrorism and better ensure that the United States is prioritizing its funding of the right programs in the right amounts.<sup>10</sup>

Similarly, DOE's fiscal year 2000 plan does not show other agencies' programs that contribute to results that DOE is also trying to achieve. This plan's "means and strategies" section, under the business line of Science and Technology, provides one example. In this discussion, DOE does not identify any federal agency, such as the National Science Foundation (NSF), that may contribute to similar science and technology results. In contrast, under its goal of "discoveries at and across the frontier of science and engineering," NSF's plan identifies research facilities supported by both NSF and DOE, including the Large Hadron Collider in Switzerland.

### Plans Devote Limited Attention to Developing Complementary Goals

Few agencies have moved beyond identification of crosscutting efforts and strategies to include in their plans complementary performance goals to show how different program strategies are mutually reinforcing. We noted in our assessment of the fiscal year 1999 plans that an agency could increase the usefulness of its performance plan to congressional and other decisionmakers by identifying the results-oriented performance goals that involve other agencies and by showing how the agency contributes to the common result.

Although incomplete, the efforts of DOT and HHS show how such an approach can provide valuable perspective to decisionmakers. For example, DOT's fiscal year 2000 performance plan indicates goals and performance measures to be used mutually to support crosscutting programs. The plan states that the Federal Aviation Administration and the National Aeronautics and Space Administration (NASA) have complementary performance goals to decrease by 80 percent the rate of

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<sup>10</sup>Combating Terrorism: Observations on Federal Spending to Combat Terrorism (GAO/T-NSIAD-99-107, Mar. 11, 1999).

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aviation fatalities by the year 2007. However, the plan could be improved by describing how the strategies of the two agencies are mutually reinforcing.

HHS also provides valuable perspective to decisionmakers by linking complementary performance goals of agencies within the department. Those linkages suggest how differing program strategies can be mutually reinforcing. For example, one of HHS' strategic objectives is to reduce tobacco use, especially among the young. To contribute to this objective, the Centers for Disease Control and Prevention has a performance goal to reduce the percentage of teenagers who smoke by conducting education campaigns, providing funding and technical assistance to state programs, and working with nongovernmental entities. The Food and Drug Administration (FDA) has a complementary goal to reduce the easy access to tobacco products and eliminate the strong appeal of these products for children by conducting 400,000 compliance checks and selecting certain sites to target for intensified enforcement efforts to determine the effectiveness of different levels of effort. HHS can build upon intradepartmental efforts by aligning its performance goals with those of other federal agencies, such as the Departments of Justice and Education.

### Some Plans Include Helpful Discussions of Coordination Approaches

While still uncommon, useful performance plans not only identify crosscutting efforts, they also describe how agencies expect to coordinate efforts with other agencies that have similar responsibilities. Plans that more directly explain strategies and tools for interagency coordination will be most helpful to Congress as it assesses the degree to which those strategies and tools are appropriate and effective and seeks best practices for use in other program areas. By way of illustration, FDA has a goal to develop and make available an improved method for the detection of several foodborne pathogens. FDA's discussion of this goal refers to an interagency research plan that seeks to more effectively coordinate the food safety research activities of FDA and the Department of Agriculture (USDA).

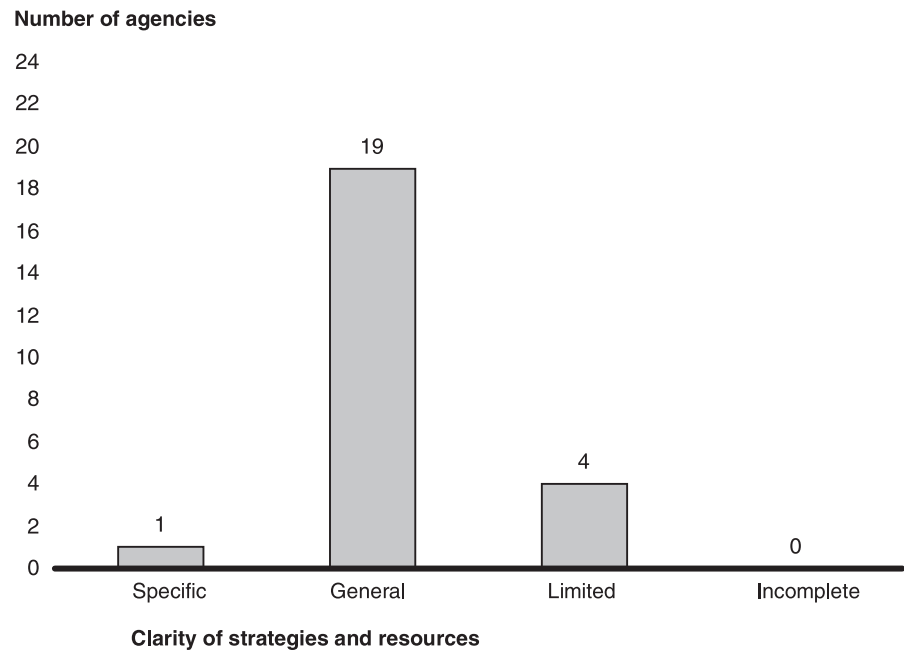
FDA's discussion of joint planning, one approach to interagency coordination, demonstrates how annual performance plans can be used to develop a base of governmentwide information on the strengths and weaknesses of various coordination approaches and tools—as we suggested in our review of the fiscal year 1999 plans. Other plans, such as those of VA, SSA, and the Nuclear Regulatory Commission (NRC), also discuss coordination tools, such as cooperative training, partnerships, memorandums of understanding, bilateral agreements, and interagency task forces.

## Performance Plans Provide a General Discussion of Strategies and Resources

Most fiscal year 2000 plans provide a general discussion—with DOT’s being the clearest—of the strategies and resources that the agency will use to achieve results. Thus, similar to other aspects of performance plans, substantial opportunities exist to make continued improvements in presentations of strategies and resources.

To assess the degree to which an agency’s plan provides a specific discussion of strategies and resources the agency will use to achieve performance goals, we examined whether it includes (1) budgetary resources related to the achievement of performance goals; (2) strategies and programs linked to specific performance goals and descriptions of how the strategies and programs will contribute to the achievement of those goals; (3) a brief description or reference to a separate document of how the agency plans to build, maintain, and marshal the human capital needed to achieve results; and (4) strategies to leverage or mitigate the effects of external factors on the accomplishment of performance goals. Figure 5 shows the results of our assessment of the 24 agencies. We categorized each agency’s plan based on the degree to which it collectively addressed the four practices presented above.

**Figure 5: Clarity of Agencies’ Strategies and Resources**



Source: GAO analysis based on agencies’ fiscal year 2000 performance plans.

## Agencies Do Not Consistently Show How Budgetary Resources Would Be Used to Achieve Performance Goals

Like the fiscal year 1999 plans, most of the fiscal year 2000 plans do not consistently show how program activity funding would be allocated to agencies' performance goals. However, individual agencies show progress in making useful linkages between their budget requests and performance goals, as we will detail in a companion letter to this report. Such progress is important because a key objective of the Results Act is to help Congress develop a clearer understanding of what is being achieved in relation to what is being spent. The Act requires that annual performance plans link performance goals to the program activities in agencies' budget requests.<sup>11</sup>

The most informative plans would translate these linkages into budgetary terms—that is, they would show how funding is being allocated from program activities to discrete sets of performance goals. For example, SSA's fiscal year 1999 performance plan noted that the agency's Limitation on Administrative Expenses (LAE) account supported most of the measures in the plan. However, beyond that acknowledgement, SSA provided few details as to how budget resources would actually be allocated to support its performance goals. As a means of communicating its efforts to link budget resources to stated goals, the fiscal year 2000 plan now includes a matrix of SSA's fiscal year 2000 administrative budget accounts by related strategic goal. For example, the matrix shows that SSA has determined that it will require \$38 million to meet its strategic goal of "promoting responsive programs" and that this amount will come out of SSA's LAE and Extramural Research accounts.

As we noted in reviewing fiscal year 1999 performance plans, agencies used a variety of techniques to show relationships between budgetary resources and performance goals.<sup>12</sup> Plans contain crosswalks to help identify how much funding would be needed to support discrete sets of performance goals and where that funding was included in the agency's budget request. For example, the U.S. Geological Survey portion of the Department of the Interior's fiscal year 2000 plan provides crosswalks showing (1) the relationship between funding for its budget program activities and funding for its "GPRA program activities"<sup>13</sup> and (2) how "GPRA program activity" funding would be allocated to performance goals. In contrast, some agencies could have used such crosswalks to make their

<sup>11</sup>Subject to clearance by OMB and generally resulting from negotiations between agencies and appropriations subcommittees, program activities are intended to provide a meaningful representation of the operations financed by a specific budget account.

<sup>12</sup>GAO/AIMD/GGD-99-67, April 12, 1999.

<sup>13</sup>As defined in OMB Circular A-11, "GPRA program activities" are developed by consolidating, aggregating, or disaggregating the program activities included in the President's Budget.

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presentations more relevant for budget decisionmaking. For example, Commerce's plan identifies requirements of \$133.2 million to achieve the International Trade Administration's (ITA) strategic goal of increasing the number of small business exporters. However, it is not clear how this funding level was derived from the budget activities or accounts in ITA's budget request.

In addition to providing crosswalks, some agencies also made performance information useful for resource allocation decisions by including this information in the budget justification of estimates traditionally sent to Congress in support of their requests. For example, NRC integrates its budget justification and performance plan for the first time in fiscal year 2000 as part of a broader initiative to integrate its planning, budgeting, and performance management process. Information traditionally contained in a budget justification, such as descriptions of accounts and their funding, was combined with performance information in such a way that the NRC budget justification and its plan could not be separated.

Although no agency made significant changes to its account or program activity structure in fiscal year 2000 in order to clarify or simplify relationships between program activities and performance goals, some agencies mention the possibility of future change. For example, we have previously noted that VA's program activities do not clearly align with the agency's performance goals. In its fiscal year 2000 plan, VA states that it is working with OMB to develop a budget account restructuring proposal.

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## Agencies Are Relating Strategies and Programs to Results

Most of the fiscal year 2000 plans we reviewed relate strategies and programs to performance goals. However, few plans indicate how the strategies will contribute to accomplishing the expected level of performance. Discussions of how the strategies will contribute to results are important because they are helpful to congressional and other decisionmakers in assessing the degree to which strategies are appropriate and reasonable. Such discussions also are important in pinpointing opportunities to improve performance and reduce costs.

As an example, DOT's performance plan provides a specific discussion of the strategies and resources that the department will use to achieve its performance goals. For each performance goal, the plan lists an overall strategy that often clearly conveys the relationship between the strategy and the goal for achieving it, as well as specific activities and initiatives to be undertaken in fiscal year 2000. For instance, DOT expects to increase transit ridership through investments in transit infrastructure, financial



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assistance to metropolitan planning organizations and state departments of transportation for planning activities, research on improving train control systems, and fleet management to provide more customer service.

NSF's performance plan also presents strategies that clearly show how NSF plans to achieve its fiscal year 2000 performance goals. Specifically, the plan describes the general strategies that NSF intends to use to achieve its performance goals for the results of scientific research and education and for most of its performance goals for the NSF investment process and management. To illustrate, NSF will use a competitive merit-based review process with peer evaluations to identify the most promising ideas from the strongest researchers and educators. According to its plan, NSF will work toward the outcome goal of "promoting connections between discoveries and their use in service to society" by using the merit review process to make awards for research and education activities that will rapidly and readily feed into education, policy development, or work of other federal agencies or the private sector.

On the other hand, some agencies do not adequately discuss how strategies and programs contribute to results. For example, Labor identifies in its plan 112 means and strategies to accomplish its 42 performance goals and links each strategy to a specific performance goal. However, in some instances, the strategies do not identify how they would help achieve the stated goals. For example, one performance goal states that 60 percent of local employment and training offices will be part of one-stop career center systems. In a related strategy, Labor states that it will "continue its support of the adoption and implementation of continuous improvement initiatives throughout the workforce development system," but does not indicate how these efforts will help achieve the performance goal.

In some cases, strategies are not provided. For example, HHS' Administration for Children and Families (ACF) has a goal to provide children permanency and stability in their living situations, and related performance measures, such as increasing the percentage of children who are adopted within 2 years of foster care placement. However, ACF does not identify the strategies that it will rely on to achieve this goal.

### Progress Needed in Linking Use of Capital Assets and Management Systems to Results

While agencies' fiscal year 2000 plans show progress in relating programs and strategies to goals, few relate the use of capital assets and management systems to achieving results. Although a majority of the agencies discuss mission-critical management systems in their fiscal year 2000 performance plans—such as financial management, procurement and

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grants management, and other systems—few describe how the systems will support the achievement of program results or clearly link initiatives to individual goals or groups of goals.

Addressing information technology issues in annual performance plans is important because of technology's critical role in achieving results, the sizable investment the federal government has made in information technology (about \$145 billion between 1992 and 1997), and the long-standing weaknesses in virtually every agency in successfully employing technology to further mission accomplishment. The vital role that information technology can play in helping agencies achieve their goals was not clearly described in agency plans. The failure to recognize the central role of technology in achieving results is a cause of significant concern because, under the Paperwork Reduction and Clinger-Cohen Acts, Congress put in place clear statutory requirements for agencies to better link their technology plans and information technology use to their missions and programmatic goals.

SSA's fiscal year 2000 plan provides a series of brief descriptions of key technology initiatives such as its Intelligent Workstation and Local Area Network (IWS/LAN), which is at the center of SSA's redesign of its core business processes. However, the plan does not clearly link the IWS/LAN initiative to any goals necessary to determine its impact on workload productivity, processing times, or the accuracy rates of decisions. Considering that prior plans have stated that SSA's strategic goals are essentially unachievable unless SSA invests wisely in information technology, such as IWS/LAN, a clearer, more-direct link between technology initiatives and the program results they are meant to support would enhance the usefulness of the plan.

On the other hand, USDA's performance plan, which is made up of USDA component plans, frequently explains how proposed capital assets and management systems will support the achievement of program results. For example, the plan for the Agricultural Marketing Service, a component of USDA, describes how a proposed funding increase will provide for the modernization and the replacement of its Processed Commodities Inventory Management System. This system supports such activities as planning, procurement, and accounting for more than \$1 billion of domestic and \$562 million of foreign commodities annually. The plan further notes that studies have indicated that a modernized system will generate significant efficiency improvements and considerable cost savings.

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## Agencies Provide Insufficient Attention to How Human Capital Will Be Used to Achieve Results

Most of the fiscal year 2000 annual performance plans do not sufficiently address how the agencies will use their human capital to achieve results. Specifically, few of the plans relate—or reference a separate document that relates—how the agency will build, marshal, and maintain the human capital needed to achieve its performance goals. This suggests that one of the central attributes of high performing organizations—the systematic integration of mission and program planning with human capital planning—is not being effectively addressed across the federal government. The general lack of attention to human capital issues is a very serious omission because only when the right employees are on board and provided the training, tools, structure, incentives, and accountability to work effectively is organizational success possible.

Although the plans often discuss human capital issues in general terms, such as recruitment and training efforts, they do not consistently discuss other key human capital strategies used by high-performing organizations. For example, SBA’s plan discusses its need to “transition” and “reshape” its workforce to become a 21<sup>st</sup> century leading edge institution and the agency’s intention to spend \$3 million to train its staff in the skills needed to meet its mission. However, the plan does not discuss the types of human resources skills needed to achieve SBA’s fiscal year 2000 performance goals or the types of training to be provided to help ensure that SBA’s staff have the needed skills.

As another example, NRC’s plan uses a table to show the funds and staff that it requested for the 13 programs that constitute the nuclear reactor safety strategic arena. Although NRC provides some information on the recruitment, training, and use of staff, it does not discuss the knowledge, skills, and abilities needed to achieve results. Such a discussion would be particularly helpful since NRC has been downsizing in response to congressional pressure and our prior work has shown several federal agencies’ downsizing efforts were not well-planned and contributed to staff shortages and skills gaps in critical areas.<sup>14</sup>

Unlike most plans, VA’s fiscal year 2000 performance plan provides an example of how a human capital initiative is tied to, and necessary for, achieving performance goals. VA’s plan identifies performance goals to increase compensation claim processing accuracy and to reduce claim-processing time. VA’s performance plan notes that the Veterans Benefits Administration (VBA) will need to hire and train additional employees to

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<sup>14</sup>Federal Downsizing: Effective Buyout Practices and Their Use in FY 1997 (GAO/GGD-97-124, June 30, 1997).

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replace a sizable portion of the compensation and pension claims processing workforce who will become eligible for retirement within 5 years. According to its performance plan, to train these new employees as well as existing employees, VBA is developing training packages using instructional systems development methodology and will measure training effectiveness through performance-based testing, which is intended to lead to certification of employees.

### A Few Plans Discuss Accountability for Results

High-performing organizations seek to align employee performance management with organizational missions and goals. Our prior work looking at early Results Act implementation efforts found that linking employee performance management to results is a substantial and continuing challenge for agencies.<sup>15</sup> The plans for DOT and VA provide valuable discussions of the approaches those agencies are using to “contract” with senior managers for results. Such discussions are informative because they clearly show the agency’s commitment to achieving results and provide a basis for lessons learned and best practices for other agencies to consider.

DOT’s plan notes that the department has incorporated all of its fiscal year 1999 performance goals into performance agreements between administrators and the Secretary. At monthly meetings with the Deputy Secretary, the administrators are to report progress toward meeting these goals and program adjustments that may be undertaken throughout the year.

VHA, a component of VA, also uses a performance contracting process whereby the Under Secretary for Health negotiates performance agreements with all of VHA’s senior executives. These performance agreements focus on 15 quantifiable performance targets. In addition, executives are held accountable for achieving goals pertaining to workforce diversity, labor-management partnerships, and staff education and training. Plans are under way to extend the performance contract approach throughout VHA.

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### Agencies are Recognizing the Effects of External Factors on Achieving Performance Goals

Unlike the fiscal year 1999 plans, the majority of the fiscal year 2000 performance plans identify external factors that could affect achievement of strategic and performance goals. However, far fewer agencies discuss the strategies they will use to leverage or mitigate the effects of identified external factors. Such discussions can help congressional and other

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<sup>15</sup>Performance Management: Aligning Employee Performance With Agency Goals at Six Results Act Pilots (GAO/GGD-98-162, Sept. 4, 1998).

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decisionmakers determine if the agency has the best mix of program strategies in place to achieve its goals or if additional agency or congressional actions are needed to achieve results.

For example, Commerce's plan identifies many of the external factors that could affect the Patent and Trademark Office's (PTO) ability to achieve its four strategic goals, but the plan does not clearly describe or indicate how PTO will mitigate the effect of these factors. Under PTO's strategic goal to "grant exclusive rights, for limited times, to inventors for their discoveries," the plan states that the patent business' workload is dependent on foreign economies because about 50 percent of patent applications are from overseas. The plan recognizes that changes in foreign economies could impact PTO's workload and affect its revenue, but it does not indicate how PTO would adjust to any changes in incoming patent applications from these countries.

An agency that improved in this area over last year is USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA). In its fiscal year 1999 plan, GIPSA did not identify any external factors; however, in its fiscal year 2000 plan, it identifies several important external factors and provides mitigation strategies to address them. For example, GIPSA plans to increase the efficiency of grain marketing by streamlining grain inspection and weighing processes and by providing objective measures of, among other things, grain quality.

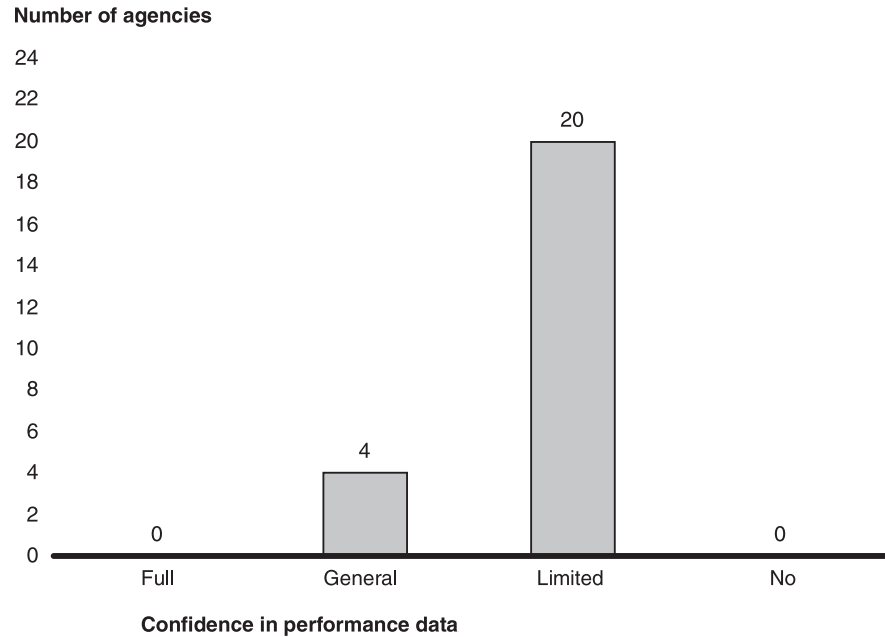
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## Performance Plans Provide Limited Confidence That Performance Data Will Be Credible

The majority of the fiscal year 2000 performance plans we reviewed provide only limited confidence that performance information will be credible, and agencies need to make substantial progress in this area. Only the plans for Education, Justice, DOT, and SSA provide even general confidence that their performance information will be credible

To assess the degree to which an agency's plan provides confidence that the agency's performance information will be credible, we examined whether it describes (1) efforts to verify and validate performance data, and (2) data limitations, including actions to compensate for unavailable or low-quality data and the implications of data limitations for assessing performance. Figure 6 shows the results of our assessment of the 24 agencies. We categorized each agency's plan based on the degree to which it collectively addressed the two practices presented above.

**Figure 6: Confidence in Performance Data**



Source: GAO analysis based on agencies' fiscal year 2000 performance plans.

**Most Plans Lack Information on Data Verification and Validation**

Like the fiscal year 1999 performance plans, most of the fiscal year 2000 performance plans lack information on the actual procedures the agencies will use to verify and validate performance information. Congressional and executive branch decisionmakers must have assurance that the program and financial data being used will be sufficiently timely, complete, accurate, useful, and consistent if these data are to inform decisionmaking.

Furthermore, in some cases, data sources are not sufficiently identified. For example, the Department of State's performance plan includes data sources that are sometimes vaguely expressed as "X report" or "Bureau X records." Also, SBA identifies sources and means to validate performance data typically with one or two word descriptors, such as "publications" or "SBA records."

Moreover, few agencies provide explicit discussions of how they intend to verify and validate performance data. For example, some of the verification processes described in HHS' Substance Abuse and Mental Health Services Administration's (SAMHSA) performance plan do not provide confidence in the credibility of its performance information. Regarding the validity of data that will be used to measure progress in

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offering outreach services to homeless and mentally ill persons, SAMHSA states “[s]ince the sources of the data are the local agencies that provide the services, the quality of the data is very good.” SAMHSA appears to be assuming that these data are valid without indicating whether it plans to verify the quality of the data or that it has conducted prior studies that confirm the basis for SAMSHA’s confidence.

Similarly, the performance plan of the Rural Utilities Service (RUS), a component of USDA, contains a limited discussion of the verification and validation of data relating to goals and measures for its electric program. The RUS plan states that (1) the relevant data are available in records from RUS’ automated systems, RUS’ borrower-reported statistics, and USDA’s Economic Research Service (ERS); (2) RUS has had long experience with its internal data and is highly confident of its accuracy; and (3) it considers ERS’ data to be very reliable. RUS, however, does not discuss the basis for its confidence in its or ERS’ data accuracy and reliability.

On the other hand, a few agencies incorporated in their performance plans a discussion of procedures to verify and validate data. These procedures include external reviews, standardization of definitions, statistical sampling, and Inspector General quality audits.<sup>16</sup> For example, VA is taking steps to validate measurement systems; developing processes for staff and independent consultants to examine methodologies; having models reviewed by expert panels; and obtaining independent evaluations from nationally recognized experts to review methods of data collection, statistical analysis, and reporting. The plan states that external reviews are essential in order to help depoliticize issues related to data validity and reliability.

Also, Education describes working with the National Postsecondary Education Cooperative to improve the efficiency and usefulness of data reported on postsecondary education by standardizing definitions of key variables, avoiding duplicate data requests, and increasing the level of communications between the major providers and users of postsecondary data. Also, the plan outlines a 5-year strategy to streamline and benchmark the collection of elementary and secondary program data. The goal of this system is to provide accurate, comparable information about federal program results to all program participants. Education also plans to work with its Inspector General to independently monitor the reliability of its data quality in high priority areas, such as student financial aid.

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<sup>16</sup>In a forthcoming report we will provide additional information on strategies, or approaches, that agencies are using to verify and validate performance information.

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## Agencies Generally Do Not Address Data Limitations

Similar to our findings with the fiscal year 1999 performance plans, we found that, in general, the fiscal year 2000 performance plans do not include discussions of strategies to address known data limitations. When performance data are unavailable or of low quality, a performance plan would be more useful to decisionmakers if it briefly discussed how the agency plans to deal with such limitations. Moreover, discussions of the challenges that an agency faces in obtaining high-quality performance data is helpful to decisionmakers in determining the implications for assessing the subsequent achievement of performance goals.

For example, HHS' ACF performance plan notes that, in the area of child support enforcement, not all states have certified statewide automated systems and some states still maintain their data manually. Additionally, the agency's Office of Child Support Enforcement has reported that, where these systems are not in place, problems of duplication and missing information could result.<sup>17</sup> Yet, the plan does not discuss the actions ACF will take to compensate for possibly unreliable data.

The Environmental Protection Agency's performance plan describes the databases used for tracking compliance with requirements under the Safe Drinking Water Act and the Clean Water Act, and the quality assurance and quality control programs, to ensure the accuracy and reliability of these databases. Nevertheless, a number of states have challenged the compliance information in the database for Safe Drinking Water. Although the agency has acknowledged the problem and undertaken a major effort to address it, this data limitation was not discussed in the plan. Thus, decisionmakers are not provided with context that would be helpful in considering whether the agency will be able to confidently report on the degree to which it has achieved its goals.

On the other hand, DOT's performance plan provides important context for decisionmakers by including a good discussion of data limitations and, in particular, the implications of those limitations for the quality of the data. For example, the plan defines the performance measure for maritime oil spills—gallons spilled per million gallons shipped—as only counting spills of less than one million gallons from regulated vessels and waterfront facilities and not counting other spills. The plan further explains that a limitation to the data is that it may underreport the amount spilled because it excludes nonregulated sources and major oil spills. However, it explains that large oil spills are excluded because they occur

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<sup>17</sup>Child Support Enforcement: Twentieth Annual Report To Congress, HHS' Administration for Children and Families, Office of Child Support Enforcement, September 30, 1995, pp. 166-167.



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rarely and, when they do occur, would have an inordinate influence on statistical trends. The plan also explains that measuring only spills from regulated sources is more meaningful for program management.

A few performance plans provide information on how agencies are working to improve the availability and quality of their data. For example, the U.S. Agency for International Development (USAID) indicates that it is seeking to find ways to improve data quality for some of its performance indicators. For its goal of reducing by 10 percent the number of deaths due to infectious diseases of major public health importance by 2007, USAID reports that no data are available on a country-specific basis and that it will be working with the World Health Organization to collect such data by 2002. In other instances, USAID indicates that it will seek to ensure collection of relevant data by conducting periodic surveys in USAID-assisted countries.

Poor Financial Management  
Limits Data Quality

Federal decisionmakers must have reliable and timely performance and financial information to ensure adequate accountability, manage for results, and make timely and well-informed judgments. Unfortunately, historically, such information has not been available, and agencies' and Inspector General reports, as well as our own work, have identified a series of persistent limitations in the availability of quality financial data for decisionmaking. Without reliable data on costs, decisionmakers cannot effectively control and reduce costs, assess performance, and evaluate programs. Under the CFO Act, agencies are expected to fill this gap by developing and deploying more modern financial management systems and routinely producing sound cost information. Toward that end, the 24 agencies covered by the CFO Act have been required to prepare annual audited financial statements since fiscal year 1996. These audits have shown how far many agencies have to go to generate reliable year-end information. Table 1 shows the status of audit opinions for the 24 CFO Act agencies for fiscal year 1998 as of June 30, 1999.

**Table 1: The CFO Act Agencies' Fiscal Year 1998 Financial Statement Audit Opinions**

<b>Opinions</b>	<b>Agencies</b>
<u>Unqualified</u> audit opinions: The financial statements are reliable in all material respects.	<ul style="list-style-type: none"> <li>•Department of Housing and Urban Development</li> <li>•Department of the Interior</li> <li>•Department of Labor</li> <li>•Federal Emergency Management Agency</li> <li>•General Services Administration</li> <li>•National Aeronautics and Space Administration</li> <li>•National Science Foundation</li> <li>•Nuclear Regulatory Commission</li> <li>•Social Security Administration</li> </ul>
<u>Qualified</u> audit opinions: Except for some item(s), which are mentioned in the auditor's report, the financial statements are reliable in all material respects.	<ul style="list-style-type: none"> <li>•Department of Health and Human Services</li> <li>•Department of Energy</li> <li>•Department of the Treasury</li> <li>•Department of Veterans Affairs</li> </ul>
<u>Disclaimers</u> : The auditor does not know if the financial statements are reliable in all material respects.	<ul style="list-style-type: none"> <li>•Department of Agriculture</li> <li>•Department of Defense</li> <li>•Department of Justice</li> <li>•Department of Transportation</li> <li>•U.S. Agency for International Development</li> </ul>
<u>Other</u> :	<ul style="list-style-type: none"> <li>•Department of Commerce received an unqualified opinion on its balance sheet and a disclaimer on its other financial statements.</li> <li>•Office of Personnel Management's Retirement Program, Life Insurance Program, and Health Benefits Insurance Program received unqualified opinions; the Revolving Funds and the Salaries and Expenses Accounts received disclaimers.</li> </ul>
<u>Audits Not Completed</u> :	<ul style="list-style-type: none"> <li>•Department of Education</li> <li>•Department of State</li> <li>•Environmental Protection Agency</li> <li>•Small Business Administration</li> </ul>

Source: Individual agency reports on results of audits of fiscal year 1998 financial statements, as of June 30, 1999.

For some agencies, the preparation of financial statements requires considerable reliance on ad hoc programming and analysis of data produced by inadequate financial management systems that are not integrated or reconciled, and that often require significant adjustments. While obtaining unqualified "clean" audit opinions on federal financial statements is an important objective, it is not an end in and of itself. The key is to take steps to continuously improve internal controls and underlying financial and management information systems as a means to

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ensure accountability, increase the economy, improve the efficiency, and enhance the effectiveness of government. These systems must generate timely, accurate, and useful information on an ongoing basis, not just as of the end of the fiscal year. The overarching challenge in generating timely, reliable data throughout the year is overhauling financial and related management information systems.

More fundamentally, the Federal Financial Management Improvement Act of 1996 (FFMIA) requires that agency financial management systems comply with (1) financial systems requirements,<sup>18</sup> (2) federal accounting standards, and (3) the U.S. Government Standard General Ledger at the transaction level. At the time of our report, financial statement audits for fiscal year 1998 had been completed on 20 of the 24 CFO Act agencies. Of those 20, financial management systems for 17 agencies were found by auditors to be in substantial noncompliance with FFMIA's requirements. The three agencies in compliance were DOE, NASA, and NSF. Examples of reported problems at several agencies are discussed below.

Financial audits at several Commerce bureaus continue to disclose serious data reliability problems. The performance plan does not acknowledge the performance implications of its financial management and consolidated financial statement problems or delays in implementing its new Consolidated Administrative Management System. However, Commerce's performance plan discusses a request for a \$2.1 million increase in funding to (1) target specific problems, ensure the integrity of the department's financial statements, and achieve an unqualified financial audit opinion across the department and (2) help provide an integrated financial management system to comply with federal accounting requirements.

DOD's plan acknowledges that data for certain measures and indicators come from financial and accounting systems that have experienced problems. However, as we have reported, long-standing weaknesses in DOD's financial management operations undermine DOD's ability to effectively manage its vast operations, limit the reliability of financial information provided to Congress, and continue to result in wasted resources.

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<sup>18</sup>The financial management systems requirements have been developed by the Joint Financial Management Improvement Program, which is a joint and cooperative undertaking of Treasury, OMB, GAO, and OPM.

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In addition, we recently reported that USAID's internal accounting and information systems do not have the capacity to generate reliable data to support its performance plan and to produce credible performance reports.<sup>19</sup> USAID's financial management system does not meet the federal financial management systems requirements, and material weaknesses in internal controls impair the integrity of its financial information. The agency has indicated that it is committed to developing a financial management system that will meet federal standards, but the USAID Inspector General recently reported that the agency has made only limited progress in correcting its system deficiencies.<sup>20</sup>

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## Conclusions

Agencies can continue to build on the progress that has been made over the last year in improving the performance plans by focusing their efforts on five key areas that offer the greatest opportunities for continuing improvements. These areas—which we identified in assessing last year's plans—include

- (1) better articulating a results orientation,
- (2) coordinating crosscutting programs,
- (3) showing the performance consequences of budget decisions,
- (4) clearly showing how strategies will be used to achieve results, and
- (5) building the capacity within agencies to gather and use performance information.

Better articulating a results orientation. The fiscal year 2000 plans provide a general picture of agencies' intended performance. Each of the plans contains at least some results-oriented goals and related performance measures, and many of the plans contain informative baseline and trend data. Nonetheless, continuing opportunities exist to more consistently articulate a results orientation. Some agencies have used multiyear and intermediate goals to provide clearer pictures of intended performance. Likewise, plans with goals and strategies that address mission-critical management challenges and program risks show that agencies are striving to build the capacity to be high-performing organizations and reduce the risk of waste, fraud, abuse, and mismanagement.

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<sup>19</sup>Performance and Accountability Series: Major Management Challenges and Program Risks: Agency for International Development (GAO/OCG-99-16, January 1999).

<sup>20</sup>Reports on USAID's Financial Statements, Internal Controls and Compliance for Fiscal Year 1998, Report # 0-000-99-001-F, Office of Inspector General, U.S. Agency for International Development, March 1, 1999.

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Coordinating crosscutting programs. Interagency coordination is important for ensuring that crosscutting program efforts are mutually reinforcing and efficiently implemented. While agencies continue to make progress, the substantive work of coordination would be evident if performance plans more often contained complementary performance goals, mutually reinforcing strategies, and common or complementary performance measures. Also not yet widespread are discussions of how crosscutting program efforts are being coordinated. Crosscutting programs, by definition, involve more than one agency, and coordination therefore requires the ability to look across agencies and ensure that the appropriate coordination is taking place. Given OMB's position in the executive branch, its leadership is particularly important in addressing this issue.

Showing the performance consequences of budget decisions. Some agencies have begun to develop useful linkages between their performance plans and budget requests. However, persistent challenges in performance measurement and deficiencies in cost accounting systems continue to hamper such efforts. The progress that has been made, the challenges that persist, and Congress' interest in having credible, results-oriented information for making resource allocation decisions underscore the importance of continued improvement in showing the performance consequences of budgetary decisions. In a previous report,<sup>21</sup> we recommended that the Director of OMB assess the approaches agencies are using to link performance goals to the program activities of their budget requests. We further recommended that OMB work with agencies and Congress to develop a constructive and practical agenda to further clarify the relationship between budgetary resources and results.

Clearly showing how strategies will be used to achieve results. While agencies' fiscal year 2000 plans contain valuable and informative discussions of how strategies and programs relate to goals, additional progress is needed in explaining how strategies and programs will be used to achieve results. Specifying clearly in performance plans how strategies are to be used to achieve results is important to managers and other decisionmakers in order to determine the right mix of strategies, that is, one which maximizes performance while limiting costs. We also found that most fiscal year 2000 performance plans do not sufficiently address how the agency will use its human capital to achieve results. This lack of attention to human capital issues suggests that much more effort is needed to integrate program performance planning and human capital planning.

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<sup>21</sup>GAO/AIMD/GGD-99-67, April 12, 1999.

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More generally, linking the use of capital assets and management systems to results still is not consistently being done.

Building the capacity within agencies to gather and use performance information. In order to successfully measure progress toward intended results, agencies need to build the capacity to gather and use performance information. However, most of the agencies' fiscal year 2000 performance plans provide limited confidence in the credibility of the information that is to be used to assess agencies' progress toward achieving results. Many plans lack specific detail on the actual procedures the agencies will use to verify and validate performance information, and there are few discussions of known data limitations, such as unavailable or low-quality data, and strategies to address these limitations.

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## Recommendation to the Director of OMB

We recommend that the Director of OMB ensure that executive agencies make continued progress in improving the usefulness of performance planning for congressional and executive branch decisionmaking. As discussed above, in our assessment of the fiscal year 1999 performance plans, we suggested five key improvement opportunities that provide an ongoing agenda for improving the usefulness of agencies' performance plans. In assessing the fiscal year 2000 plans, we identified important opportunities for continuing improvements in agencies' plans in each of those five areas:

- Better articulating a results orientation, with particular attention to ensuring that performance plans show how mission-critical management challenges and program risks will be addressed.
- Coordinating crosscutting programs, with particular attention to demonstrating that crosscutting programs are taking advantage of opportunities to employ complementary performance goals, mutually reinforcing strategies, and common or complementary performance measures, as appropriate.
- Showing the performance consequences of budget and other resource decisions.
- Clearly showing how strategies will be used to achieve results, with particular attention to integrating human capital and program performance planning.
- Building the capacity within agencies to gather and use performance information, with particular attention to ensuring that agencies provide confidence that performance information will be credible.

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## Matter for Congressional Consideration

Continued improvements in agencies' plans should help Congress in building on its recent and ongoing use of performance plans to help inform its own decisionmaking. In that regard, we have long advocated that congressional committees of jurisdiction hold augmented oversight hearings on each of the major agencies at least once each Congress and preferably on an annual basis. Information on missions, goals, strategies, resources, and results could provide a consistent starting point for each of these hearings. Such hearings also will further underscore for agencies the importance that Congress places on creating high-performing executive organizations. Performance planning under the Results Act should allow for more informed discussions about issues such as:

- Whether the agency is pursuing the right goals and making progress toward achieving them.
- Whether the federal government is effectively coordinating its responses to pressing national needs.
- Whether the federal government is achieving an expected level of performance for the budgetary and other resource commitments that have been provided.
- The degree to which the agency has the best mix of programs, initiatives, and other strategies to achieve results.
- The progress the agency is making in addressing mission-critical management challenges and program risks.
- The efforts underway to ensure that the agency's human capital strategies are linked to strategic and programmatic planning and accountability mechanisms.
- The status of the agency's efforts to use information technology to achieve results.

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## Agency Comments and Our Evaluation

On July 1, 1999, we provided a draft of this letter to the Director of OMB for comment. We did not ask the Director to comment on the agency appendixes because those appendixes were drawn from our individual reviews of the fiscal year 2000 performance plans, on which the agencies were asked to comment. As indicated in each of the appendixes, the complete text of our observations and agencies' comments on those observations are included on the Internet. On July 12, 1999, a responsible OMB senior staff member stated that the agency did not have any comments on this report.

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As agreed, unless you announce the contents of this report earlier, we plan no further distribution until 30 days from the date of this letter. At that time, we will send copies of this report to Senator Joseph I. Lieberman, Representative Richard A. Gephardt, and Representative Henry A. Waxman

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in their respective capacities as the Ranking Minority Member of the Senate Committee on Governmental Affairs, Minority Leader of the House of Representatives, and Ranking Minority Member of the House Committee on Government Reform. We are also sending copies to the Honorable Jacob J. Lew, Director of OMB, and will make copies available to others on request.

The major contributors to this report are acknowledged in appendix XXVI. If you have any questions about this report or would like to discuss it further, please contact J. Christopher Mihm on (202) 512-8676.

A handwritten signature in black ink that reads "Nancy Kingsbury". The signature is written in a cursive, flowing style.

Nancy Kingsbury  
Acting Assistant Comptroller General



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**Abbreviations**

ACF	Administration for Children and Families
CFO	chief financial officer
DEA	Drug Enforcement Administration
DOD	Department of Defense
DOE	Department of Energy
DOT	Department of Transportation
ERS	Economic Research Service
FDA	Food and Drug Administration
FFMIA	Federal Financial Management Improvement Act
GIPSA	Grain Inspection, Packers, and Stockyards Administration
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
ITA	International Trade Administration
IWS/LAN	Intelligent Workstation and Local Area Network
LAE	Limitation on Administrative Expenses
NASA	National Aeronautics and Space Administration
NOAA	National Oceanic and Atmospheric Administration
NRC	Nuclear Regulatory Commission
NSF	National Science Foundation
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PTO	Patent and Trademark Office
RUS	Rural Utilities Service
SAMHSA	Substance Abuse and Mental Health Services Administration
SBA	Small Business Administration
SSA	Social Security Administration
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration

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# Scope and Methodology

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To summarize our observations on agencies' fiscal year 2000 performance plans and to identify the degree of improvement over the fiscal year 1999 plans, we analyzed the information contained in our observations of the 24 individual CFO Act agencies' performance plans. Consistent with our approach last year in reviewing the fiscal year 1999 annual plans, our reviews of each of the agencies' performance plans and our summary analysis of the 24 plans were based on criteria from our evaluator's guide and our congressional guide, which in turn are based on the Results Act; OMB Circular No. A-11, Part 2; and other related guidance. In the guides, we collapsed the Results Act's requirements for annual performance plans into three core questions that focus on performance goals and measures, strategies and resources, and verification and validation.<sup>1</sup> The criteria from the guides were supplemented by practices and examples included in our report Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers (GAO/GGD/AIMD-99-69, Feb. 26, 1999), which builds on the improvement opportunities identified in our fiscal year 1999 performance plans' summary report.<sup>2</sup>

From that work, we derived practices to identify each plan's strengths and weaknesses and determined the extent to which the plan includes three key elements of informative performance plans: (1) clear picture of intended performance, (2) specific discussion of strategies and resources, and (3) confidence that performance information will be credible. For each of these three key elements, we classified the plan into one of four summary characterizations based on the degree to which the individual plan contains the associated practices.

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## Clarity of Intended Performance

To assess the first key element, clarity of the picture of intended performance across the agency, we based our judgments on the degree to which an agency's performance plan contains the following practices:

1. Sets of performance goals and measures that address program results and the important dimensions of program performance and balance competing program priorities.
- If appropriate, the plan contains intermediate goals and measures, such as outputs or intermediate outcomes that are linked to end outcomes and show progress or contribution to intended program results.

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<sup>1</sup> GAO/GGD-10.1.20, April 1998, and GAO/GGD/AIMD-10.1.18, February 1998.

<sup>2</sup> GAO/GGD/AIMD-98-228, September 8, 1998.

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- If appropriate, the plan contains projected target levels of performance for current and multiyear goals to convey what a program is expected to achieve for that year and in the long term.

2. Baseline and trend data for past performance to show how a program's anticipated performance level compares with improvements or declines in past performance.

3. Performance goals or strategies to resolve mission-critical management problems.

4. Identification of crosscutting programs (i.e., those programs that contribute to the same or similar results), complementary performance goals and common or complementary performance measures to show how differing program strategies are mutually reinforcing, and planned coordination strategies.

To address the first element concerning the degree to which a plan provides a clear picture of intended performance across the agency, we characterized each plan in one of four ways: (1) provides a clear picture of intended performance across the agency, (2) provides a general picture, (3) provides a limited picture, or (4) provides an unclear picture.

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## Clarity of Strategies and Resources

To assess the second key element, specificity of the discussion of strategies and resources the agency will use to achieve performance goals, we based our judgments on the degree to which an agency's performance plan contains the following practices:

5. Budgetary resources related to the achievement of performance goals.

6. Strategies and programs linked to specific performance goals and descriptions of how the strategies and programs will contribute to the achievement of those goals. Specifically, does the plan do the following:

- Identify planned changes to program approaches in order to accomplish results-oriented goals. For example, the plan may include a description of performance partnerships with state, local, and third party providers that focus accountability while providing the flexibility needed to achieve results.
- Explain, through a brief description or reference to a separate document, how proposed capital assets and mission-critical management systems (e.g., information technology, financial management, budget, procurement, grants management, and other

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systems) will support the achievement of program results.

7. A brief description or reference to a separate document concerning how the agency plans to build, maintain, and marshal the human capital needed to achieve results.

8. Strategies to leverage or mitigate the effects of external factors on the accomplishment of performance goals.

To address the second element concerning the extent to which a plan includes specific discussions of strategies and resources, we characterized each plan in one of four ways: (1) contains specific discussion of strategies and resources, (2) general discussion, (3) limited discussion, or (4) no discussion.

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## Confidence in Performance Data

To assess the final key element, level of confidence that the agency's performance information will be credible, we based our judgments on the degree to which an agency's performance plan contains the following practices:

9. Describes efforts to verify and validate performance data.

10. Describes data limitations, including actions to compensate for unavailable or low-quality data, and the implications of data limitations for assessing performance.

To address the third element concerning the extent to which a plan provides confidence that performance information will be credible, we characterized each plan in one of four ways as providing: (1) full confidence, (2) general confidence, (3) limited confidence, or (4) no confidence.

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## Degree of Improvement Over Fiscal Year 1999 Plans

To determine the degree of improvement in the individual plans, we also examined the extent to which an agency's fiscal year 2000 performance plan addressed the weaknesses that we identified in reviewing its fiscal year 1999 plan. Based on our analysis, we determined the level of improvement in agencies' plans by using one of four characterizations: (1) much improvement; (2) moderate improvement; (3) little, if any, improvement; or (4) no improvement. As needed, we also reviewed parts of selected agencies' fiscal year 2000 annual performance plans to supplement our analysis of our individual agency reviews and to elaborate further on particular issues. To further help us identify opportunities for

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agencies to improve future performance plans, we also drew on other related work.

We reviewed agency performance plans from February through June 1999 and did our work according to generally accepted government auditing standards. On July 1, 1999, we requested comments from the Director of OMB on a draft of this report. On July 12, 1999, a responsible OMB senior staff member stated that the agency did not have any comments on this report.

# Observations on the Department of Agriculture's Performance Plan for Fiscal Year 2000

On April 13, 1999, we briefed congressional staff on our analysis of the Department of Agriculture's (USDA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-187) of our observations and USDA's comments on those observations are available at <http://www.gao.gov/cgi-bin/getrpt?rced-99-187> only on the Internet.

## Summary of Observations

Overall, the USDA performance plan provides a general picture of intended performance across the Department, a general discussion of the strategies and resources the Department will use to achieve performance goals, and limited confidence that performance information will be credible. For example, regarding intended performance, USDA's Farm Service Agency's (FSA) plan has four strategic goals, one of which is to assist agricultural producers and landowners in achieving a high level of stewardship of soil, water, air, and wildlife resources on America's farms and ranches. This strategic goal includes four performance goals with multiple measures (such as the number of acres of highly erodible land retired) to indicate progress toward achieving the goals. Figure II.1 highlights the plan's major strengths and key weaknesses as USDA seeks to make additional improvements to its plan.

**Figure II.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Uses goals and measures that address program results and performance.
- Uses intermediate outputs to show progress toward intended results.
- Explains how proposed capital assets and management systems support achievement of program results.

### Key Weaknesses

- Does not consistently include strategies for mitigating external factors.
- Does not adequately describe efforts to verify and validate data.
- Does not consistently discuss impact of data limitations.

USDA's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some degree of progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 plan. We observed that the fiscal year 1999 plan did not adequately (1) explain how USDA agencies are coordinating crosscutting issues within and outside the Department; (2) discuss mitigation strategies for significant external factors that may interfere with the achievement of performance goals; (3) describe the procedures that will be used to ensure that the data needed to measure progress in meeting performance goals are complete, accurate, and



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credible; and (4) identify what, if any, limitations exist with respect to the data used for measuring performance. Among the improvements in the fiscal year 2000 plan are (1) better efforts to identify programs that contribute to similar results, (2) more consistent use of goals and measures that address program results and performance, and (3) improved linkages between program activities and performance goals.

The Department's plan, however, could be improved by, among other areas, (1) identifying strategies to mitigate external factors, (2) describing efforts to verify and validate performance data, and (3) discussing data limitations. For example, the Rural Utilities Service's performance plan lists several performance goals and indicators for the Service's electric program. However, the plan's discussion concerning the verification and validation of data relating to these goals and indicators is limited primarily to stating that (1) the data are available in records from the Service's automated systems, from the Service's borrower-reported statistics, and from USDA's Economic Research Service (ERS) and (2) the Service has had long experience with its internal data and is highly confident of its accuracy as well as the reliability of ERS' data. The plan does not, however, discuss the basis for its confidence in the data's accuracy and reliability nor how data limitations could adversely affect its ability to assess performance. Furthermore, the plan makes no mention of actions that the Rural Utilities Service will take to compensate for any unavailable or low-quality data.

The improved use of goals and measures was demonstrated in USDA's Grain Inspection, Packers and Stockyards Administration's (GIPSA) plan. For its performance goal of increasing the efficiency of grain inspection and weighing processes, the plan provides two measures: (1) the percentage of evaluations completed to maintain critical methodology and (2) the number of new and/or improved methods or tests. These measures replaced the fiscal year 1999 measure "number of export facilities equipped with automated grain inspection systems" because GIPSA considered it to be an internal measure of process rather than of output or outcome.

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## Agency Comments

We provided a draft of this summary to the U.S. Department of Agriculture on April 14, 1999, for its review and comment. We met with USDA's Chief Financial Officer; the Director, Planning and Accountability Division; and other USDA officials from the Office of the Chief Financial Officer and the Office of Budget and Program Analysis to obtain their oral comments. The officials generally concurred with our observations, describing them as "fair and balanced." They provided clarifying comments and technical

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corrections, which we have incorporated as appropriate. See <http://www.gao.gov/cgi-bin/getrpt?rced-99-187> for additional information on USDA's comments (in GAO/RCED 99-187) on our observations.

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## Key Contact

Lawrence J. Dyckman, Director  
Food and Agriculture Issues  
Resources, Community, and Economic Development Division  
(202) 512-5138

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# Observations on the Department of Commerce's Performance Plan for Fiscal Year 2000

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On April 9, 1999, we briefed congressional staff on our analysis of the Department of Commerce's performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/GGD-99-117R) of our observations and Commerce's comments on those observations are available at <http://www.gao.gov/corresp/gg99117r.pdf> only on the Internet.

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## Summary of Observations

Commerce invested a substantial amount of effort in performance planning and in improving the overall format and presentation of its performance plan over the previous year's, with considerable success. Commerce's fiscal year 2000 annual performance plan provides a general picture of intended performance across the department, a general discussion of strategies and resources the department will use to achieve its goals, and limited confidence that the department's performance information will be credible. The plan should be useful to decisionmakers in that it contains departmental crosscutting or management improvement goals as well as individual bureau performance goals and targets that generally are focused on results, briefly summarizes the means and strategies that will be used to achieve those goals, and contains a verification/validation section for each performance goal and measure. For example, the plan contains useful outcome-oriented performance goals and targets for improving both the lead times and accuracy of short-term severe weather warnings and forecasts for tornadoes, flash floods, and severe thunderstorms. These goals and targets are related to a departmental priority goal to reduce and mitigate the impacts of natural disasters and to the National Weather Service's (NWS) technology modernization project to improve weather warning and forecast services, a project which remains on our governmentwide high-risk list.

Figure III.1 highlights the plan's major strengths and key weaknesses as Commerce seeks to make additional improvements to its plan.

**Figure III.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### **Major Strengths**

- Includes performance goals and measures linked to strategic themes/goals and to departmental priority crosscutting and management improvement goals.
- Contains results-oriented goals and measures for many key missions.
- Discusses major management challenges and program risks.
- Summarizes the means and strategies and identifies/discusses key crosscutting activities for each strategic goal and set of related performance goals.
- Plan's organization and presentation are useful and reader-friendly.

### **Key Weaknesses**

- Does not contain specific performance goals and targets for some activities or clearly show how budgetary resources relate to performance goals.
- Does not discuss crosscutting coordination efforts or evidence coordination.
- Does not clearly show how strategies and resources will be used to achieve stated annual goals and performance targets.
- Does not describe strategies to mitigate the effects of identified external factors.
- Does not clearly describe efforts to verify and validate performance data or discuss the implications of known performance data limitations.

Commerce's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it addresses most, but not all, of the weaknesses that we identified in our assessment of the fiscal year 1999 plan. In reviewing the fiscal year 1999 plan, we observed that it provided only a partial picture of intended performance across the department; discussed, to some extent, the strategies and resources that Commerce bureaus would use to achieve targeted levels of performance; and did not provide sufficient evidence or confidence that performance data would be accurate, complete, and credible.<sup>1</sup> For example, the plan did not (1) include outcome-oriented goals for many key activities, such as the 2000 Decennial Census, or clearly show how many of the output-oriented goals related to results; (2) discuss the performance implications of known management and data capacity problems, high-risk programs, and external factors; (3) describe the crosscutting activities Commerce

<sup>1</sup>Results Act: Observations on the Department of Commerce's Annual Performance Plan for Fiscal Year 1999 (GAO/GGD-98-135R, June 24, 1998).

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shares with other government entities or evidence coordination; or (4) adequately discuss the strategies and procedures to verify and validate performance and Commerce's capacity to produce accurate and reliable data to measure. Because of Commerce's "holding company" nature, the diversity of its missions and functions, and its historically decentralized management approach, we also expressed concerns about Commerce's ability to develop and present focused, useful departmentwide strategic and annual performance plans that both (1) cover all of its programs and activities and (2) meet the criteria in the Results Act and other guidance.

Among improvements in the fiscal year 2000 plan are (1) fewer and more targeted strategic goals, annual performance goals, and performance measures; (2) more outcome-oriented performance goals and measures and interim process goals and measures to better gauge progress toward achieving long-term scientific, social, and public works investment goals; (3) new plan sections on external factors, means and strategies, governmentwide crosscutting activities, and resource requirements for each strategic goal and related set of annual performance goals and measures; (4) more complete discussions of management challenges relating to NWS modernization and the 2000 Decennial Census that have been reported to be high-risk by the Commerce Inspector General (IG) and our office; and (5) a new plan section on performance verification and validation for each annual performance goal and measure that shows data sources, frequency, verification strategy/procedure, data storage information, and in most cases the baseline data. For example, the plan contains measurable interim and process goals and related baseline and trend data to gauge the Economic Development Administration's (EDA) progress in achieving its long-term strategic goal to "create jobs and private enterprise in economically distressed communities," a goal that will take up to 9 years to fully realize.

As we reported in our recent special series report on major management challenges and program risks facing Commerce,<sup>2</sup> the department agrees that its earlier Results Act plans were lacking in several respects and seems committed to improving the quality and usefulness of its future plans. At their request, we had several meetings with Commerce officials to discuss how the department could improve its fiscal year 2000 annual performance plan. Commerce made a concerted effort to improve its fiscal year 2000 annual performance plan and succeeded in developing and presenting a more useful departmentwide plan that (1) better covers its

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<sup>2</sup>Major Management Challenges and Program Risks: Department of Commerce (GAO/OCG-99-3, January 1999).

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departmental integration efforts and priority goals as well as its numerous and disparate programs, activities, and individual bureaus and (2) more fully meets the criteria in the Results Act and related guidance. Although Commerce's fiscal year 2000 plan continues to have weaknesses in three core areas that are key for congressional and executive branch oversight and decisionmaking—annual performance goals and measures, strategies and resources, and performance verification and validation—the plan's overall organization, presentation and readability, and usefulness has been greatly improved, and it can serve as a framework for improving the content of the department's future annual performance plans.

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## Agency Comments

On June 4, 1999, we received Commerce's written comments from the Acting Chief Financial Officer and Assistant Secretary for Administration on a draft of this analysis of Commerce's fiscal year 2000 annual performance plan. She agreed that Commerce needs to strengthen its efforts to verify and validate performance data. She said that Commerce believes that the verification and validation of performance data is a critical issue and that it devoted considerable effort over the past year to defining its methodology and expects to focus in the coming year on ensuring that its performance measurements are reliable and useful. However, she said that there are two major areas in which Commerce disagrees with the draft. These areas are our (1) characterization that Commerce has made only "moderate" improvement relative to its fiscal year 1999 plan and (2) observation that the plan does not provide a complete picture of intended performance for the 2000 Decennial Census. See <http://www.gao.gov/corresp/gg99117r.pdf> for additional information on Commerce's comments (in GAO/GGD-99-117R) on our observations.

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# Observations on the Department of Defense's Performance Plan for Fiscal Year 2000

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On April 16, 1999, we briefed congressional staff on our analysis of the Department of Defense's (DOD) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/NSIAD-99-178R) of our observations and DOD's comments on those observations is available at <http://www.gao.gov/corresp/ns99178r.pdf> only on the Internet.

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## Summary of Observations

DOD's fiscal year 2000 annual performance provides a limited picture of intended performance across the Department, a general discussion of strategies and resources that will be used to achieve performance goals, and limited confidence that performance information will be credible.<sup>1</sup> For example, while the plan clearly states DOD's performance goals, it does not clearly explain how key output measures such as having 10 active Army Divisions will be used along with other information to assess the outcomes that result from using DOD's resources. The plan does not explain the limitations of DOD's performance measure on infrastructure spending. As another example, the plan states that there are no known deficiencies in data to be used for some performance measures such as the disposal of unneeded property held by contractors, although DOD recently reported systemic problems in maintaining adequate control and management accountability over this property. DOD's corporate-level (strategic) goals are to (1) shape the international environment and respond to crises and (2) prepare now for an uncertain future. Figure IV.1 highlights the plan's major strengths and key weaknesses.

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<sup>1</sup>DOD's performance plan is included as appendix J of the Secretary of Defense's Annual Report to the President and the Congress. DOD officials stated that the fiscal year 2000 performance plan was designed to be a stand-alone document but that it was deliberately included in the Secretary's annual report because the annual report supports and elaborates on the performance plan. Therefore, we considered information throughout the Secretary's annual report in assessing DOD's plan.

**Figure IV.1: Major Strengths and Key Weaknesses of DOD's Fiscal Year 2000 Performance Plan**

### **Major Strengths**

- Includes a clear discussion of corporate-level and annual performance goals.
- Includes a general discussion of strategies and resources.
- Includes output-oriented measures and indicators related to most major management challenges.

### **Key Weaknesses**

- Does not include information on how DOD will qualitatively assess results.
- Does not explain coordination for crosscutting efforts.
- Does not relate budget program activities to performance goals.
- Does not provide confidence that performance information will be credible.

This year's plan represents a moderate improvement over the fiscal year 1999 plan. Specifically, some degree of progress was made in addressing the weaknesses we and others identified in last year's plan, which partially depicted intended performance across the Department, partially discussed how strategies and resources would help achieve goals, and did not provide sufficient confidence that performance information would be credible. Last year's plan also lacked a discussion of coordination efforts for most crosscutting activities with other agencies, such as combating terrorism. Additionally, the plan was not presented in a single document. As a consequence, last year, the reader was required to refer to a number of other documents, such as the Quadrennial Review of Military Compensation, to obtain relevant information.

Among improvements in this year's plan are (1) inclusion of baseline data for 39 of 43 unclassified performance measures and indicators;<sup>2</sup> (2) identification of some known deficiencies such as financial and accounting system problems; and (3) inclusion of performance goals, measures, and indicators related to six of nine major management challenges identified by us and/or the DOD Inspector General (see attached table).<sup>3</sup> Also, this

<sup>2</sup>In addition, DOD plans to include eight classified readiness performance measures and indicators, along with classified goals for each and information on how the credibility of performance data will be ensured, in a classified document—the January-March 1999 Quarterly Readiness Report to the Congress.

<sup>3</sup>The Senate Committee on Appropriation's report on DOD's fiscal year 1999 appropriation bill (S. Report 105-200) contains suggestions for improving the fiscal year 1999 performance plan. DOD's fiscal year 2000 plan responded to these suggestions.



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year's plan is set forth in a single document with references to key support information.

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## Agency Comments

In oral comments on a draft of our observations, DOD did not agree with our overall assessment of the performance plan and asked that we include their view on two issues. First, DOD officials stated the principal output and outcome of DOD's annual budget is a specified military force ready to go to war, and the fiscal year 2000 performance plan defines performance goals relevant to that objective. The performance goals establish a measurable path to achievement of the corporate goals articulated in the Department's strategic plan. Second, officials stated that our characterization of the plan as being of limited use to decisionmakers does not fully reflect their views. They noted that this year's plan contains more information and is more useful to internal departmental decisionmakers than last year's plan. However, they recognized that the plan could be made more useful to external decisionmakers by including additional information such as more outcome-oriented measures for business operations such as logistics, which accounts for over half of the Department's budget.

We agree that ready forces are a key output of DOD's efforts. However, we continue to believe that better results information will require a qualitative assessment of the conduct of military missions, as well as an assessment of investments in technology to improve weapons capabilities. See <http://www.gao.gov/corresp/ns99178r.pdf> for additional information on DOD's comments (in GAO/NSIAD-99-178R) on our observations.

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# Observations on the Department of Education's Performance Plan for Fiscal Year 2000

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On April 9, 1999, we briefed congressional staff on our analysis of the Department of Education's performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/HEHS-99-136R) of our observations and the Department of Education's comments on those observations are available at <http://www.gao.gov/corresp/he99136r.pdf> only on the Internet.

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## Summary of Observations

Education's fiscal year 2000 annual performance plan provides (1) a general picture of intended performance across the agency, (2) a general discussion of strategies and resources the agency will use to achieve its goals, and (3) general confidence that agency performance information will be credible. For example, most performance indicators in the plan include baseline or trend data and projections against which to assess performance. Similarly, the description of each objective includes a discussion of how external factors, such as the level of state and local funding for schools, will affect Education's ability to achieve the objective. Figure V.1 highlights the plan's major strengths and key weaknesses as Education seeks to make additional improvements to its plan.

**Figure V.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

**Major Strengths**

- Performance objectives and indicators are generally objective, measurable, and quantifiable.
- Baseline or trend data for most performance indicators are included.
- Need to coordinate with other federal agencies is discussed.
- Role of external factors on ability to achieve objectives is discussed.
- Data limitations and measures to verify the reliability of performance measures are described.
- Specific validation and verification efforts are described.
- How evaluations will be used to supplement for performance measurement shortcomings is shown.

**Key Weaknesses**

- Some performance measures do not sufficiently cover key aspects of performance.
- Coordination of specific programs with similar programs in other agencies or complimentary performance goals and measures are not discussed.
- Separate discussions of how capital assets, mission critical management systems, or human capital will support achievement of program results are not included.
- How some data limitations will be resolved is not indicated.

Education's fiscal year 2000 performance plan shows moderate improvement in addressing the weaknesses we identified in our assessment of its fiscal year 1999 plan. In reviewing the 1999 plan, we observed that it (1) did not provide a complete picture of the intended performance of its programs, (2) did not fully discuss how strategies and resources would help achieve its performance goals, and (3) did not provide sufficient confidence that its elementary and secondary education performance information would be credible. Among the most important improvements, the fiscal year 2000 plan

- includes baselines or trend data for most performance indicators (for example, half of the 98 indicators in Education's fiscal year 2000 plan have both baseline and trend data and about 90 percent now have baseline data);

- 
- identifies within individual program performance plans<sup>1</sup> the strategic objectives the program supports;
  - adds discussions of how external factors impact each objective (for example, many of the key strategies for each objective in the plan discuss how Education will work with nonfederal partners to focus on results and minimize administrative burdens);
  - rewrites some key strategies to more closely show their relationship to the objective they support;
  - adds more detailed discussion of Education's strategies and timelines for improving its performance information (for example, Education's plan provides specific strategies and timelines for improving the efficiency and quality of the student aid delivery system); and
  - discusses the data limitations for 97 of the 98 total performance indicators.

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## Agency Comments

On May 4, 1999, we obtained oral comments from Department of Education officials, including the Director of Planning and Evaluation Service and staff from its Office of Legislation and Congressional Affairs, on a draft of our summary of Education's fiscal year 2000 annual performance plan. These officials generally agreed with our assessment. They said it provided an accurate and constructive opinion of their fiscal year 2000 performance plan. They also acknowledged that additional work is needed in certain areas of the plan and they plan to continue working with the OMB and others to further improve the plan. See <http://www.gao.gov/corresp/he99136r.pdf> for additional information on Education's comments (in GAO/HEHS-99-136R) on our observations.

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<sup>1</sup>Education's performance plan includes a separate volume that shows the performance plans for each program in its budget.

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# Observations on the Department of Energy's Performance Plan for Fiscal Year 2000

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On April 8, 1999, we briefed congressional staff on our analysis of the Department of Energy's (DOE) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-218R) of our observations and DOE's comments on those observations are available at <http://www.gao.gov/corresp/rc99218r.pdf> only on the Internet.

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## Summary of Observations

DOE's fiscal year 2000 annual performance plan provides a limited picture of intended performance across the agency, a general discussion of strategies and resources the agency will use to achieve its goals, and limited confidence that agency performance information will be credible. While the plan is clearly linked to the strategic plan, the strategic plan does not always provide quantitative goals and objectives that show what DOE's plans to accomplish. As a result, it is difficult for the user to determine whether the annual goals are reasonable and to measure how the Department's annual performance compares with the strategic plan's goals and objectives. For example, under the Environmental Quality business line, DOE describes one of its long-term strategies as "Reducing Worker, Public, And Environmental Risks" and one of its goals is to "stabilize and safely store approximately 53 metric tons of heavy metal of spent nuclear fuel." However, the strategic goal or objective does not describe the total amount to be stabilized and stored to meet this long-term strategy. Furthermore, for two critical programs—intelligence and counterintelligence—DOE does not have any goals and measures for addressing the protection of classified or sensitive information and technology. In April 1999, we testified that, in the final analysis, security problems at DOE's laboratories reflect a lack of accountability.<sup>1</sup>

While the plan links annual performance to the program activities in the President's budget request, the plan would be more informative if it also presented all annual goals by the individual office. For example, annual performance can be linked through DOE's business lines and to the organizations contributing to the business lines. However, this structure makes it difficult to identify the planned performance by organization. Although DOE recognizes the importance of validating and verifying performance measures and information systems required to assess its accomplishments, the annual plan does not translate that general recognition into specific plans for assessing and improving performance. For example, the plan states that DOE provides periodic guidance to its organizations and that the Inspector General audits its financial statements

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<sup>1</sup>Department of Energy: Key Factors Underlying Security Problems at DOE Facilities (GAO/T-RCED-99-159, April 20, 1999).

but it does not describe the specific procedures it will use in the verification and validation process. Figure VI.1 highlights the plan's major strengths and key weaknesses as DOE seeks to make additional improvements in its plan.

**Figure VI.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

**Major Strengths**

- Clearly links annual performance to the strategic plan.
- Shows how budgetary resources are related to performance goals.

**Key Weaknesses**

- Strategic goals and objectives do not provide a context for evaluating planned performance.
- Details are not provided to show how performance will be verified and validated.

DOE's fiscal year 2000 performance plan indicates moderate improvement in addressing the weaknesses we identified in our assessment of the fiscal year 1999 performance plan. In reviewing the fiscal year 1999 plan, we observed that the performance plan did not

- provide an overall context for the measurement of performance addressed in the annual goals,
- link all goals and measures to program activities in the budget request,
- identify annual performance goals with crosscutting issues,
- explain how strategies would contribute to achieving performance goals, and
- provide details of the procedures to be used to verify and validate its performance.

Among improvements in the fiscal year 2000 plan are better linkage between annual performance and program activities in the budget request and strategies that are linked through strategic objectives to annual performance goals. However, the annual performance plan could be improved by providing quantifiable strategic goals and objectives. These strategic goals and objectives would serve as a context for evaluating the Department's planned annual performance, identifying crosscutting issues with annual performance goals, and providing details showing how performance will be verified and validated.

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## Agency Comments

On April 13, 1999, we obtained oral comments from the Director, Strategic Planning, Budget & Program Evaluation and members of his office, on a draft of our analysis of DOE's fiscal year 2000 annual performance plan. These officials generally agreed with our observations but pointed out several areas they felt needed correction and clarification. DOE believes its use of goals for three fiscal years in the annual plan provides a context for evaluating the reasonableness of the goals. However, DOE also believes the goals of the strategic plan need to be quantifiable to provide a more clear context. We revised the language in the report to show that the goals of the strategic plan need to be quantifiable. Additionally, DOE believes that we improperly used a weakness in its estimating of environmental liabilities in its performance verification and validation process because it is not a performance issue. We agree and deleted this information from the report. Finally, since DOE intends to complete all of its "Year 2000" activities by September 30, 1999, it did not include goals for this effort in its annual plan. We believe that DOE should include Year 2000 goals in the annual plan because (1) their tight schedule leaves little time to address unanticipated concerns and (2) several agencies will be developing and testing some Year 2000 strategies through the end of 1999. See <http://www.gao.gov/corresp/rc99218r.pdf> for additional information on DOE's comments (in GAO/RCED-99-218R) on our observations.

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# Observations on the Department of Health and Human Services' Performance Plan for Fiscal Year 2000

On April 13, 1999, we briefed congressional staff on our analysis of the Department of Health and Human Services' (HHS) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/HEHS-99-149R) of our observations and HHS' comments on those observations are available at <http://www.gao.gov/corresp/he99149r.pdf> only on the Internet.

## Summary of Observations

HHS' fiscal year 2000 annual performance plan consists of a 250-page department wide summary and 13 individual agency plans. Although the plan more clearly ties performance goals to the Department's strategic plan than the 1999 plan did, HHS' 2000 performance plan provides a limited picture of intended performance across the Department, a limited discussion of strategies and resources the Department will use to achieve its goals, and limited confidence that HHS' performance information will be credible. For example, the Substance Abuse and Mental Health Services Administration (SAMHSA) characterizes the data that will be used to measure progress in offering outreach services to homeless and mentally ill persons as "very good" because "the sources of the data are the local agencies that provide the services." SAMHSA appears to be assuming that these data are valid without making any effort to verify the quality of these data, which are critical to measuring the agency's performance. Figure VII.1 highlights the plan's major strength and key weaknesses as HHS seeks to make additional improvements to its plan.

**Figure VII.1: Major Strengths and Key Weaknesses of HHS' Fiscal Year 2000 Performance Plan**

### Major Strengths

- Agency performance goals that are tied to Department strategic plan and program activities.

### Key Weaknesses

- Agency performance goals not consistently measurable.
- Some key management challenges, such as Year 2000 compliance for certain key systems and financial system weaknesses, are not adequately addressed.
- Agency procedures to verify and validate performance data or identify actions to compensate for low quality data are not adequately described.
- The strategies and resources the agency will use to achieve its performance goals are not always adequately discussed.
- Sufficient information about strategies to mitigate external factors and to marshal the human capital needed to achieve results are not provided.

HHS' fiscal year 2000 performance plan indicates some degree of progress in addressing the weaknesses that we identified in our assessment of its



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fiscal year 1999 performance plan. In reviewing HHS' fiscal year 1999 plan, we observed that the plan could (1) more consistently set measurable performance goals; (2) provide information about how HHS agencies will coordinate with one another and other performance partners, such as states, to achieve related goals; (3) identify the resources HHS needs to accomplish its goals; (4) discuss how HHS intends to address problems with performance data; and (5) more consistently link performance goals with HHS' mission, strategic goals, and program activities. Improvements in the fiscal year 2000 plan include (1) a description of how Department strategic goals relate to key programs and initiatives, and identification of some agency performance goals that implement Department strategic goals; (2) better descriptions of strategies and resources needed to accomplish performance goals; and (3) better identification of data to be used to measure performance and better discussions of data weaknesses. For example, HHS' fiscal year 2000 performance plan includes an expanded departmentwide summary that links Departmental strategic goals to programs and initiatives and selected performance goals and measures from the agencies' performance plans. Further, the plan identifies the agencies responsible for implementing departmentwide goals.

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## Agency Comments

On April 27, 1999, the HHS Assistant Secretary of Management and Budget provided written comments on our draft observations on the HHS plan. The Department generally did not agree with our assessment; it also stated that it will continue to work with the Office of Management and Budget and HHS' performance partners to ensure that future plans continue to provide data that support budget and program decisions. HHS disagreed with our observations in five specific areas: (1) agency performance goals are not consistently measurable; (2) the plan does not adequately address key management challenges; (3) HHS will not have credible data; (4) HHS does not adequately discuss the strategies and resources the agency will use to achieve its performance goals; and (5) HHS does not provide sufficient information about strategies to mitigate external factors and to marshal the human capital needed to achieve results. We made technical corrections where appropriate, but continue to believe that our assessment was accurate. For example, we noted that some significant programs do not have performance goals. See <http://www.gao.gov/corresp/he99149r.pdf> for additional information on HHS' comments (in GAO/HEHS-99-149R) on our observations.

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## Key Contacts

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# Observations on the Department of Housing and Urban Development's Performance Plan for Fiscal Year 2000

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On April 22, 1999, we briefed congressional staff on our analysis of the Department of Housing and Urban Development's (HUD) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-208R) of our observations and HUD's comments on those observations are available at <http://www.gao.gov/corresp/rc99208r.pdf> only on the Internet.

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## Summary of Observations

HUD's fiscal year 2000 provides a general picture of intended performance across the Department and a general discussion of the strategies and resources to achieve its strategic goals.<sup>1</sup> Specifically, the plan appears to cover all of HUD's program activities, links the program activities to strategic goals and objectives, identifies outcome and output indicators that generally are results oriented and measurable, discusses strategies for achieving the objectives, and cites specific data sources related to each indicator. However, the plan provides only limited confidence that the performance data will be credible. For example, many of the indicators rely on data from external sources that HUD does not plan to verify, and other indicators rely on systems that are new and that HUD says may need further testing or may require that the indicators be recalibrated once the data are known. Figure VIII.1 highlights the plan's major strengths and key weaknesses.

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<sup>1</sup>HUD's fiscal year 2000 annual performance plan revised the terminology used in the Department's previous plan in order to conform to guidance from the Office of Management and Budget. Specifically, strategic goals and objectives in the fiscal year 2000 plan were called strategic objectives and performance goals, respectively, in the fiscal year 1999 plan. We use the current terminology throughout this document.

Figure VIII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan

**Major Strengths**

- Contains results-oriented goals and quantifiable measures.
- Discusses strategies for achieving intended performance.
- Identifies crosscutting activities.
- Identifies specific data sources, as well as limitations or advantages of the data.
- Discusses planned validation/verification of performance measures.

**Key Weaknesses**

- Does not show how budgetary resources are allocated to achieving performance goals.
- Provides limited confidence that the performance data will be credible.
- Does not link its human resources to its strategic goals and objectives.
- Does not describe planned coordination strategies.

HUD's fiscal year 2000 annual performance plan is an improvement over the previous plan and is well on its way to addressing the weaknesses we identified in our assessment of HUD's fiscal year 1999 annual performance plan.<sup>2</sup> In reviewing the fiscal year 1999 plan, we observed that the plan did not

- cover all the program activities in HUD's budget and that the consolidations and aggregations of program activities were not clearly explained;
- fully discuss how HUD would coordinate with other agencies having related goals or define its contributions to the crosscutting activities,
- fully discuss the strategies that HUD intended to pursue to achieve its performance goals;
- provide a complete discussion of the resources needed to achieve the performance goals; and
- relate HUD's information systems to specific indicators, discuss all of the systems from which performance data would be extracted, or discuss the data's limitations and their possible effects on the performance indicators.

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<sup>2</sup>Results Act: Observations on the Department of Housing and Urban Development's Fiscal Year 1999 Annual Performance Plan (GAO/RCED-98-159R, June 5, 1998).

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In contrast, the fiscal year 2000 annual performance plan

- includes tables listing the budget accounts and/or program activities that support each objective and an appendix that summarizes the links for all of the strategic goals and objectives;
- discusses HUD's coordination with other agencies on the objectives, where applicable;
- discusses specific strategies for each objective;
- includes a resource allocation table that shows which strategic goals are supported by the discretionary funding and staff resources in HUD's budget accounts; and
- includes a data source, a statement of the data's limitations or advantages, and a discussion of the validation and verification efforts for each performance indicator.

In addition, the current plan explains the link between HUD's objectives and HUD's 2020 Management Reform Plan, which was implemented to address HUD's major management challenges, and includes a separate section that discusses HUD's management, financial, and quality assurance improvements.

However, the fiscal year 2000 annual performance plan could be further improved if it showed the allocation of the budgetary resources needed to achieve specific performance goals, more specifically discussed HUD's strategies for coordinating with other agencies, and eliminated inconsistencies within the plan and among the related budget documents. In addition, HUD should increase its efforts to verify and validate data and continue to develop a model for linking resource allocation to strategic goals and objectives.

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## Agency Comments

We provided HUD with a draft of this report for review and comment. On May 11, 1999, Deputy Secretary Saul N. Ramirez responded with written comments. In these comments, HUD generally agreed with our report, stated that it captured the annual performance plan's major improvements, and stated that the Department is committed to taking specific actions to improve in the areas we identified. However, HUD raised specific concerns about our observations on the credibility of its performance measurement data and its interagency coordination strategies. We did not revise our observations as a result of the comments; however, we modified the report, where appropriate, to clarify our observations on how the plan could be improved. See <http://www.gao.gov/corresp/rc99208r.pdf> for additional information on HUD's comments (in GAO/RCED-99-208R) on our observations.

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**Appendix VIII**

**Observations on the Department of Housing and Urban Development's Performance Plan for Fiscal Year 2000**

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# Observations on the Department of the Interior's Performance Plan for Fiscal Year 2000

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On May 17, 1999, we briefed congressional staff on our analysis of the Department of the Interior's performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-207R) of our observations and Interior's comments on those observations are available at <http://www.gao.gov/corresp/rc99207r.pdf> only on the Internet.

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## Summary of Observations

Interior's fiscal year 2000 annual performance plan consists of 10 components—a departmental overview and 9 component plans.<sup>1</sup> Most of the plans should provide a general picture of intended performance across the agency and a general discussion of the strategies and resources that the agencies will use to achieve their performance goals. However, additional work is needed to provide confidence that the performance information will be credible. For example, most of the component plans have performance measures that represent progress towards the performance goals. To illustrate, NPS' plan has an annual goal to reduce by 7 percent the rates of safety-related incidents in which visitors are involved. To measure accomplishments, NPS will use statistics that depict law enforcement incidents, natural resource violations, search-and-rescue missions, and traffic accidents. However, most of the component plans do not discuss the actions needed to compensate for unavailable or low-quality data or the implications of data limitations for assessing performance. Figure IX.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

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<sup>1</sup>The nine subagencies are the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), Bureau of Reclamation (BOR), U. S. Fish and Wildlife Service (FWS), Minerals Management Service (MMS), National Park Service (NPS), Office of the Special Trustee For American Indians (OST), Office of Surface Mining Reclamation and Enforcement (OSM), and U. S. Geological Survey (USGS). We did not review the plans for the Office of Insular Affairs, Inspector General, or Office of the Solicitor.

**Figure IX.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

**Major Strengths**

- Contains results-oriented goals and quantifiable measures.
- Discusses strategies for achieving intended performance.
- Plans follow a consistent format making them more user friendly than those from fiscal year 1999.

**Key Weaknesses**

- Most of the plans do not provide specific procedures to credibly validate and verify performance information.
- Most of the plans do not identify or recognize issues that would significantly affect data limitations and their implication for assessing whether goals are being achieved.

Interior's fiscal year 2000 performance plans show moderate improvement in addressing weaknesses that we identified in our assessment of the fiscal year 1999 plans. In reviewing the fiscal year 1999 plans, we observed overall that the plan was not user-friendly. The component plans had to be reviewed in conjunction with the budget justifications. Therefore, understanding the totality was an overwhelming and time-consuming task involving a review of about 3,500 pages of material. More specifically, we said that the plans were limited in describing the strategies to accomplish performance goals; discussing the actions to address external factors that were likely to affect performance; describing the capital, human, and other resources to be used to achieve performance goals; describing credible procedures to verify and validate performance information, and recognizing known significant limitations to data from agency sources. For example, BIA's fiscal year 1999 performance plan contained strategies for achieving its strategic goals that in some cases were very different from those identified in its strategic plan.

While Interior's fiscal year 2000 total plan is still quite lengthy, it is significantly more user-friendly. Specifically the overall plan (1) follows a consistent format among all of the component plans making it easier to locate material, (2) shows improved linkages between the component plans and among the goals and strategies within each individual plan, and (3) has fewer and, as a result, more focused, goals and measures. In addition, the departmental overview plan identifies department wide goals that are more clearly presented. Furthermore, the fiscal year 2000 plans are becoming more stand-alone documents in that they do not have to be read in conjunction with the budget justifications in order to provide a



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reasonable understanding of each plan. Also, the plans do a better job of developing goals that are measurable, describing the strategies that the agencies will use to measure the accomplishment of goals, and discussing the external factors that have an effect on accomplishing the stated goals.

Despite the overall improvements, the component plans need to continue to be strengthened to ensure that their performance information is sufficiently complete, accurate, and consistent. For example, six of the component plans still need to better identify significant data limitations and their implications for assessing the achievement of performance goals. Another area in which additional improvements are needed is in linking performance goals to program activities in the President's budget request. Five of the plans need to provide better linkages. For example, FWS' plan identifies funding levels for "GPRA program activities" but does not explain how these GPRA program activities were derived from the program activities in the agency's budget justification.

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## Agency Comments

On April 7, 1999, we met with Interior officials, including the Deputy Assistant Secretary of Budget and Finance, the Director of the Office of Planning and Performance Management, and the Director of the Office of Financial Management to obtain agency comments. We were subsequently provided written comments on April 9, 1999. Interior officials believe that its fiscal year 2000 performance plan meets the requirements of the Results Act and the guidelines provided by the Office of Management and Budget in Circular A-11. However, the Department acknowledges that improvements can be made to its plan. Interior also noted that the development of its performance plan is an iterative process and that progress will continue as the agency gains additional knowledge and experience with performance-based, results-oriented management. The Department did not agree with our observation that it had not made significant progress in the area of validating and verifying performance information. While they believe that some improvements can be made, they said that the fiscal year 2000 plan includes validation processes for each measure and that we did not give them enough credit for the progress they made in describing the information on the validation and verification measures in their plans. We agreed that the department improved its discussion of validation and verification measures over its fiscal year 1999 plans and that additional improvements can be made. See <http://www.gao.gov/corresp/rc99207r.pdf> for additional information on Interior's comments (in GAO/RCED-99-207R) on our observations.

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# Observations on the Department of Justice's Performance Plan for Fiscal Year 2000

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On March 30, 1999, we briefed congressional staff on our analysis of the Department of Justice's performance plan for fiscal year 2000. The following are our overall observations of the plan. The complete text (GAO/GGD-99-111R) of our observations and Justice's comments on those observations is available at <http://www.gao.gov/corresp/gg99111r.pdf> only on the Internet.

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## Summary of Observations

Justice's fiscal year 2000 performance plan<sup>1</sup> provides a general picture of intended performance across the Department, a general discussion of strategies and resources the Department will use to achieve its goals, and general confidence that the Department's performance information will be credible. However, the plan did not identify mutually reinforcing goals and measures. An illustration of intended performance is the Tax Division's use of the Internal Revenue Service's current compliance rate measure of its success in reaching its goal to maximize deterrence and foster voluntary taxpayer compliance. Also, to ensure credible performance information, Justice will be assessing data quality, consistency, and reliability; and collecting, verifying, and analyzing performance data. However, a summary performance plan goal related to reducing white-collar crime is to confront the increase in health care fraud by successfully prosecuting and obtaining judgments against individuals and organizations that defraud federal health care programs. The summary performance plan identifies three components—Federal Bureau of Investigation (FBI), Criminal Division, and the U.S. Attorney—that are responsible for achieving this goal. The plan does not explain how the strategies of the components' and agencies' with roles in health care are mutually reinforcing, nor does it establish common or complimentary performance indicators. Figure X.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

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<sup>1</sup> Justice prepared a summary performance plan that includes the major program goals the Department expects to achieve in fiscal year 2000 and summarizes the more detailed performance plans of its components. The component plans are part of Justice's fiscal year 2000 congressional authorization and budget submission. Together, Justice's summary performance plan and the component performance plans constitute Justice's performance plan for fiscal year 2000.

**Figure X.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

**Major Strengths**

- Provides clear relationships between goals and measures.
- Contains goals and measures that are quantifiable, with related baselines and targets.
- Discusses strategies for ensuring that its performance data are credible.

**Key Weaknesses**

- Does not sufficiently identify mutually reinforcing goals and measures among Justice components.
- Does not fully show how funding from program activities will be allocated to performance goals.

Justice's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some degree of progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 plan. In reviewing the fiscal year 1999 plan, we observed that the plan could be more useful if it (1) clarified how major Justice programs would contribute to achieving the performance goals, (2) better described how requested resources would produce the expected results, and (3) provided more specific information on plans to improve the accuracy and completeness of performance data. Among improvements in the fiscal year 2000 plan is the emphasis Justice places on data integrity, including its requirement that components identify the data source for each performance indicator and discuss steps they will take to insure data accuracy. For example, the Civil Division has identified steps it is taking to achieve integrity of its database through contractor verification of a representative sample of data. However, the plan did not identify mutually reinforcing goals and measures. For example, a summary performance plan goal related to reducing white-collar crime is to confront the increase in health care fraud by successfully prosecuting and obtaining judgments against individuals and organizations that defraud federal health care programs. The summary performance plan identifies three components—Federal Bureau of Investigation (FBI), Criminal Division, and the U.S. Attorney—that are responsible for achieving this goal. The plan does not explain how the strategies of the components' and agencies' with roles in health care are mutually reinforcing, nor does it establish common or complimentary performance indicators.

**Agency Comments**

On April 14, 1999, we obtained comments from Justice Department officials, including the Deputy Director, Budget Staff, on a draft of our analysis of Justice's fiscal year 2000 performance plan. These officials

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generally agreed with the draft of our analysis. See <http://www.gao.gov/corresp/gg99111r.pdf> for additional information on Justice's comments (in GAO/GGD-99-111R) on our observations.

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# Observations on the Department of Labor's Performance Plan for Fiscal Year 2000

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On April 9, 1999, we briefed congressional staff on our analysis of the Department of Labor's performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/HEHS-99-152R) of our observations and Labor's comments on those observations are available at <http://www.gao.gov/corresp/he99152r.pdf> only on the Internet.

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## Summary of Observations

Labor's fiscal year 2000 annual performance plan provides a generally clear picture of intended performance across the agency and provides a general discussion of strategies and resources the agency will use to achieve its goals. However, the plan provides limited confidence that information on agency performance will be credible. For example, Labor's plan identifies budgeted funding amounts for each of the three strategic goals and details the activities from the component offices that will help accomplish each of the strategic goals. However, the lack of reliable and timely data across all of Labor's data systems raise concerns about its ability to accurately assess performance. Figure XI.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

**Figure XI.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### **Major Strengths**

- Performance goals and measures are objective, clear, measurable, and provide a clear picture of intended performance across the agency.
- The need for information technology goals was recognized and goals were developed.
- Human capital management goals have been revised to better address workplace issues.
- Means and strategies are linked to performance goals.

### **Key Weaknesses**

- Serious data limitations affect the accuracy of reported performance. Labor recognizes these limitations but does not discuss how the data limitations it identifies will affect its measurement of performance goals.
- The plan does not adequately describe how Labor will actively work with other agencies that share responsibility for some of Labor's functions to ensure that Labor's goals are achieved.
- The plan does not always explain how strategies will help achieve individual performance goals.

Labor's fiscal year 2000 annual performance plan represents a moderate improvement over the fiscal year 1999 plan, because Labor has made some progress in addressing the weaknesses we identified last year. In reviewing the fiscal year 1999 plan, we observed that it (1) provided only a partial picture of intended performance across the agency, (2) partially portrayed how Labor's strategies and resources would help achieve its goals, and (3) did not provide sufficient confidence that the agency's performance information would be credible.

Among improvements in the fiscal year 2000 annual performance plan are modified performance goals that better focus on outcomes and elimination of other goals that could not be adequately measured. For example, Labor made one goal measurable by specifying a percentage increase for job retention and wages for Job Corps program participants. Labor also eliminated a goal that was not measurable relating to distribution of educational materials on pensions. A second improvement is a better linking of agency strategies to specific performance goals. For example, for each strategy listed, Labor identified the specific performance goal to which it applied. Thirdly, Labor added goals related to information technology. For example, one goal states that Labor will complete reviews of 70 percent of risk assessment and disaster recovery plans developed to

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ensure that its information systems are adequately protected, secure from tampering, reliable; and that security is well managed and documented.

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## Agency Comments

On April 21, 1999, we obtained written comments from the Department of Labor's Assistant Secretary for Administration and Management on a draft of our analysis of the Department of Labor's fiscal year 2000 annual performance plan. Labor generally concurred with our observations of the plan's strengths and weaknesses and acknowledged the needed plan improvements in the areas of improved data quality, better descriptions of collaboration efforts, and clearer linkages between strategies and goals. Labor also stated that it will use our analysis of its fiscal year 2000 plan as a basis for improvements to the next version of its performance plan. See <http://www.gao.gov/corresp/he99152r.pdf> for additional information on Labor's comments (in GAO/HEHS-99-152R) on our observations.

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# Observations on the Department of State's Performance Plan for Fiscal Year 2000

On April 8, 1999, we briefed congressional staff on our analysis of the Department of State's performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/NSIAD-99-183R) of our observations and the Department of State's comments on those observations are available at <http://www.gao.gov/corresp/ns99183r.pdf> only on the Internet.

## Summary of Observations

State's fiscal year 2000<sup>1</sup> annual performance plan provides a partial picture of (1) intended performance across the agency, (2) the strategies and resources that will be used to achieve the performance goals, and (3) the methods it will employ to ensure the credibility of the information used to assess agency performance. For example, State's strategic goal of opening foreign markets has two areas of emphasis. However, the plan provides performance information for only one of them. Figure XII.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

**Figure XII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Contains more results-oriented goals, strategies, and quantifiable measures.
- Includes baseline and targets for each performance indicator.

### Key Weaknesses

- Does not provide a complete performance picture for all strategic goals.
- Does not sufficiently describe how resources will help achieve goals.
- Does not describe efforts to verify and validate performance data.

State's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it shows some progress in addressing the weaknesses we identified in our assessment of that plan. In reviewing the fiscal year 1999 plan, we observed that (1) many of the goals were not clearly stated and/or extended beyond State's span of control, (2) the plan did not have baselines and targets for each performance indicator, and (3) crosscutting issues and data limitations were not addressed. Among improvements in the fiscal year 2000 plan are the addition of baselines, targets, and quantifiable measures to gauge performance, and results-oriented goals that better capture what State can accomplish.

<sup>1</sup> This plan sets out the Department of State's performance targets for fiscal years 1999 and 2000. It replaces the fiscal year 1999 plan submitted in February 1998. The performance report due in March 2000 will report results against the fiscal year 1999 targets from this plan.

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## Agency Comments

On April 13, 1999, we obtained comments from officials of State's Office of Management Policy and Planning and the Bureau of Finance and Management Policy on a draft of our analysis of the agency's fiscal year 2000 annual performance plan. These officials generally agreed with our analysis. However, they questioned the need for identifying the roles, responsibilities, and complementary performance goals and measures of other agencies with crosscutting programs. They believe that adding more detailed references to other agencies goes beyond what time and resources will allow. They also requested a more explicit discussion of the requirement that the plan show how State's personnel, capital assets, and mission-critical management systems contribute to achieving performance goals. We have included additional guidance on this issue in our analysis. See <http://www.gao.gov/corresp/ns99183r.pdf> for additional information on State's comments (in GAO/NSIAD-99-183R) on our observations.

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# Observations on the Department of Transportation's Performance Plan for Fiscal Year 2000

On April 7, 1999, we briefed congressional staff on our analysis of the Department of Transportation's (DOT) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-153) of our observations and DOT's comments on those observations are available at <http://www.gao.gov/cgi-bin/getrpt?rced-99-153> only on the Internet.

## Summary of Observations

DOT's performance plan for fiscal year 2000 provides a clear picture of intended performance across the Department, a specific discussion of the strategies and resources the Department will use to achieve its goals, and general confidence that DOT's performance information will be credible. For example, the performance goal for reducing recreational boating fatalities from 819 in fiscal year 1997 to 720 or fewer in fiscal year 2000 will be accomplished by activities of several U.S. Coast Guard programs—boating safety grants provided to the states, regulations developed by the Recreational Boating Safety program, and boat inspections conducted by the Coast Guard auxiliary. Figure XIII.1 highlights the plan's major strengths and key weaknesses as DOT seeks to make additional improvements to its plan.

**Figure XIII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Contains results-oriented goals and quantifiable.
- Discusses strategies and resources for achieving intended performances.
- Describes efforts to verify and validate performance data and the data's limitations.

### Key Weaknesses

- Does not consistently link the strategic outcomes to the performance goals.
- Does not consistently explain coordination strategies with outside organizations.
- Does not consistently include goals and measures for addressing the management challenges facing the Department.

DOT's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some degree of progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 plan. We observed that the fiscal year 1999 plan did not (1) sufficiently address management challenges facing the Department; (2) consistently link strategic goals, program activities, and performance goals; (3) indicate interagency coordination for crosscutting areas; or (4) provide sufficient information on external

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factors, the processes and resources for achieving the goals, and the performance data. Among the improvements in the fiscal year 2000 plan are more consistent linkages among the program activities and performance goals, additional information on external factors and strategies for achieving the goals, and a more comprehensive discussion of the data's quality. However, the plan still needs improvement, especially in explaining how certain management challenges, such as financial management weaknesses, will be addressed. For example, DOT's Office of Inspector General (OIG) reported that the Department's accounting system could not be used as the only source of financial information to prepare its financial statements. While the fiscal year 2000 plan does not address this issue, DOT has recognized the financial reporting deficiencies identified by the OIG and is taking actions to correct them. The lack of accountability for financial activities is a key challenge that DOT faces in implementing performance-based management.

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## Agency Comments

We provided copies of a draft of these observations to DOT for review and comment. The Department stated that it appreciated GAO's favorable review of its fiscal year 2000 performance plan and indicated that it had put much work into making improvements over the fiscal year 1999 plan by addressing our comments on that plan. DOT made several suggestions to clarify the discussion of its financial accounting system, which we incorporated. The Department acknowledged that work remains to be done to improve its financial accounting system and stated that it has established plans to do this. DOT also acknowledged the more general need for good data systems to implement the Results Act and indicated that it is working to enhance those systems. See <http://www.gao.gov/cgi-bin/getrpt?rced-99-153> for additional information on DOT's comments (in GAO/RCED-99-153) on our observations.

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# Observations on the Department of the Treasury's Performance Plan for Fiscal Year 2000

On April 16, 1999, we briefed congressional staff on our analysis of the Department of the Treasury's performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/GGD-99-114R) of our observations and Treasury's comments on those observations are available at <http://www.gao/corresp/gg99114r.pdf> only on the Internet.

## Summary of Observations

Treasury's fiscal year 2000 performance plan, which is integrated with its budget justification, provides a limited picture of intended performance across the Department, a limited discussion of the strategies and resources it will use to achieve its goals, and limited confidence that its performance information will be credible. Figure XIV.1 highlights the plan's major strengths and key weaknesses.

**Figure XIV.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Provides linkages between the annual performance goals and measures and the strategic goals in the bureaus' and offices' strategic plans.
- Shows trend data for past performance.
- Includes information on resources to achieve goals.
- Includes a section on departmentwide systems and capital investments.

### Key Weaknesses

- Does not consistently identify programs that contributed to the same or similar results.
- Does not consistently discuss specific strategies for achieving goals.
- Does not adequately discuss procedures for verifying and validating performance data.
- Does not include performance goals to address all significant management challenges and high-risk areas.

Treasury's fiscal year 2000 performance plan recognizes the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan and makes specific commitments or shows actual attempts to address those weaknesses. However, real progress is not yet evident. In reviewing Treasury's fiscal year 2000 performance plan, we observed that the weaknesses in the fiscal year 1999 plan generally applied to the fiscal year 2000 plan as well. For example, some measures in both plans were insufficient to adequately gauge progress toward meeting performance goals. On the positive side, unlike the fiscal year 1999 plan, the fiscal year 2000 plan has a section that briefly describes departmentwide systems and capital investment programs. The fiscal year 2000 plan also uses standard descriptions for assessing data accuracy across the Department.

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## Agency Comments

On June 14, 1999, we met with the Director of Treasury's Office of Strategic Planning and Evaluation and members of his staff to obtain oral comments on a draft of this report. The officials generally agreed with our analysis and provided some technical comments, which we incorporated as appropriate. They also said that Treasury is continually trying to improve its strategic and performance plans. Among other things, Treasury plans to ensure that updates to its bureaus' and offices' strategic plans include goals for high-risk programs and major management challenges. In addition, Treasury's Office of Inspector General plans to work with the bureaus and offices to help improve their capacity to provide confidence that the performance data used to measure progress are verified and validated. See <http://www.gao/corresp/gg99114r.pdf> for additional information on Treasury's comments (in GAO/GGD-99-114R) on our observations.

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# Observations on the Department of Veterans Affairs' Performance Plan for Fiscal Year 2000

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On April 6, 1999, we briefed congressional staff on our analysis of the Department of Veterans Affairs' (VA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/HEHS-99-138R) of our observations and VA's comments on those observations are available at <http://www.gao.gov/corresp/he99138r.pdf> only on the Internet.

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## Summary of Observations

VA's fiscal year 2000 annual performance plan provides a general picture of intended performance across VA, a generally complete discussion of strategies and resources that VA will use to achieve its goals, and limited confidence that VA's performance information will be credible. The plan (1) presents performance goals and measures, along with baseline and trend data, that cover all of VA's major programs, except that there are no results-oriented goals for fiscal year 2000 for three programs; (2) explicitly links specific strategies and initiatives to each of VA's key performance goals and also summarizes these strategies and initiatives for each major program; and (3) discusses performance information weaknesses that will not be corrected until future years.

Figure XV.1 highlights the plan's major strengths and key weaknesses as VA seeks to make additional improvements to its plan for programs operated by the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and National Cemetery Administration (NCA).

**Figure XV.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### **Major Strengths**

- Contains quantified fiscal year 2000 performance goals and measures for all of VA's major programs and the program activities in VA's budget request.
- Explicitly links strategies, crosscutting activities, mission-critical management problems, and data sources to each of VA's key performance goals.
- Provides an in-depth discussion of performance data reliability problems and VA's initiatives for addressing these problems.

### **Key Weaknesses**

- Contains process-oriented, but no results-oriented, performance goals for fiscal year 2000 for VBA's compensation, pension, and insurance programs. For these programs, the plan defines some interim outcome goals and measures, without target performance levels, that will be used as the basis for developing results-oriented goals and measures.
- Discusses data verification and validation procedures for some, but not all, key performance goals and measures.

VA's fiscal year 2000 performance plan represents moderate improvement in addressing weaknesses that we identified in its fiscal year 1999 performance plan. For example, the fiscal year 1999 plan included no results-oriented performance goals or measures for VBA's compensation, pension, or insurance programs. By contrast, while the fiscal year 2000 plan still does not include results-oriented goals for these three programs, it does provide interim outcome performance goals and measures, although the target level of performance to be achieved for the coming year is not defined. For instance, to ensure that veterans are compensated for their loss in earning capacity due to service-connected disabilities, the plan includes an interim goal that would measure the percentage of veterans receiving compensation whose total income exceeds that of like-circumstanced non-veterans. However, the plan does not provide a performance target level for fiscal year 2000.

Another area of improvement is the discussion of crosscutting activities of other federal agencies, state and local governments, and the private sector. While the fiscal year 1999 plan basically was limited to a listing of other entities with crosscutting interests, the fiscal year 2000 plan briefly describes an extensive array of crosscutting activities and explicitly associates applicable crosscutting activities with each key performance



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goal. It also provides details on how VA and other agencies with similar or related responsibilities are cooperating. For example, VA's vocational rehabilitation program has a goal of placing more disabled veterans in jobs. Toward this end, VA and the Department of Labor have established a cooperative training program designed to increase the efficiency and effectiveness of staff from both agencies in preparing disabled veterans for the job market.

In another area of improvement, the fiscal year 1999 plan did not provide plans and time frames for completing the conversion of VA's computer systems to avoid Year 2000 computer problems. By contrast, the fiscal year 2000 plan states that VA is on target to have all computer system conversions completed and tested by March 1999 and that VA had already renovated 99.7 percent of its mission-critical computer software applications, including all payment-related applications and those supporting health care.

Also, compared with last year's plan, the fiscal year 2000 plan provides an in-depth discussion of VA's actions to begin addressing weaknesses in data systems and performance information. For example, at the request of the Under Secretary for Health, VHA held a Data Validation Summit in December 1998 to develop strategies for eliminating problems that contribute to data validity deficiencies, such as a lack of standard definitions, decentralized approaches to data collection and implementation of automated systems, local modification of systems, lack of knowledge or understanding about systems, and difficulty in coordinating more than 140 VHA databases.

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## Agency Comments

In a letter dated April 27, 1999, VA's Assistant Secretary for Planning and Analysis provided written comments on our draft assessment of VA's fiscal year 2000 performance plan. VA generally agreed with our observations and stated that it found our assessment, on the whole, to be fair and accurate. However, VA concluded that GAO apparently expected the plan to provide a greater level of detail than VA believed was required regarding the establishment of performance goals for resolving management problems that VA's plan identified as mission-critical. In response to our statement that VA's plan does not include performance goals for all mission-critical management problems, VA stated its belief that the performance plan's purpose is to report on key performance measures representing VA's highest priorities for its major programs. Although we agree that the plan's primary focus should be on the key performance

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measures for its major programs, OMB Circular A-11<sup>1</sup> recommends that plans include performance goals for management problems, particularly those that are mission critical, that could potentially impede achievement of program goals. See <http://www.gao.gov/corresp/he99138r.pdf> for additional information on VA's comments (in GAO/HEHS-99-138R) on our observations.

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<sup>1</sup> The Office of Management and Budget (OMB) encourages agencies to describe the actions being taken to address management problems. OMB, Preparation and Submission of Budget Estimates, OMB Circular A-11, (Washington, D.C.: OMB/Executive Office of the President, 1998), Section 220.11(e), p. 314.

# Observations on the Environmental Protection Agency's Performance Plan for Fiscal Year 2000

On April 16, 1999, we briefed congressional staff on our analysis of the Environmental Protection Agency's (EPA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-237R) of our observations and EPA's comments on those observations are available at <http://www.gao.gov/corresp/rc99237r.pdf> only on the Internet.

## Summary of Observations

EPA's fiscal year 2000 annual performance plan provides a general picture of intended performance across the agency and provides a general discussion of strategies and resources the agency will use to achieve its goals. However, the plan provides only limited confidence that the agency's performance information will be credible. For example, the plan has some performance measures, such as reducing toxic air pollution by 5 percent in fiscal year 2000, that address program results. The plan also lays out the regulatory, standards setting, research, and assistance strategies, along with requested resources, to meet EPA's goals for attaining air quality standards for ozone and particulate matter. However, it does not address data limitations in tracking compliance with the Safe Drinking Water Act. Figure XVI.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

**Figure XVI.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Presents goals that are generally objective, measurable, and quantifiable.
- Discusses strategies and resources for achieving intended performance.

### Key Weaknesses

- Does not provide sufficient details on crosscutting goals and activities.
- Provides limited confidence that the agency's performance information will be credible.

EPA's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that the agency has made progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 plan. In reviewing the fiscal year 1999 plan, we observed that the quality of the goals and measures varied across the plan in that they were not always well-defined or comprehensive enough to cover all important program aspects; the plan did not completely describe how EPA coordinated with other federal agencies that had related strategic or performance goals; and the plan did not consistently identify data limitations and their implications for assessing the achievement of performance goals.

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Among the improvements in the fiscal year 2000 plan are goals and measures of generally better quality. EPA has also made some progress in providing more general information on coordination with other agencies. However, the plan shows little improvement in providing details on goals and strategies that cut across agency lines. Similarly, it shows no substantial progress in better identifying data limitations.

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## Agency Comments

On April 13, 1999, we obtained comments from EPA on a draft of our analysis of the agency's fiscal year 2000 annual performance plan. EPA generally agreed with our analysis and appreciated our constructive review, saying that it would continue to strive for improvements in its plan. The agency also commented on several of our observations and discussed its actions to improve the quality of its databases and information systems. See <http://www.gao.gov/corresp/rc99237r.pdf> for additional information on EPA's comments (in GAO/RCED-99-237R) on our observations.

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# Observations on the Federal Emergency Management Agency's Performance Plan for Fiscal Year 2000

On April 7, 1999, we briefed congressional staff on our analysis of the Federal Emergency Management Agency's (FEMA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-226R) of our observations and FEMA's comments on those observations are available at <http://www.gao.gov/corresp/rc99226r.pdf> only on the Internet.

## Summary of Observations

FEMA's fiscal year 2000 annual performance plan provides a general picture of intended performance across the agency and a general discussion of strategies and resources the agency will use to achieve its performance goals. However, the plan provides limited confidence that the agency's performance information will be credible and it does not identify the external factors that could affect FEMA's ability to achieve its performance goals and the actions FEMA can take to mitigate these factors. For example, the plan reduces the number of operational objectives and performance goals used in the plan, thus helping to focus attention on FEMA's more critical priorities. Figure XVII.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

**Figure XVII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Provides clear structure linking strategic goals, 5-year operational objectives, and annual performance goals.
- Contains results-oriented annual performance goals and generally quantifiable performance indicators.
- Discusses strategies for accomplishing annual performance goals.

### Key Weaknesses

- Presents only a limited discussion of FEMA's efforts and plans to coordinate with other agencies whose programs and activities complement FEMA's.
- Does not identify the external factors that could affect FEMA's ability to achieve its performance goals and the actions FEMA can take to mitigate these factors.
- Does not identify significant limitations potentially affecting the credibility of data used to measure performance.
- Provides only a limited description of FEMA's procedures for verifying and validating performance data.

FEMA's fiscal year 2000 performance plan recognizes some of the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan and makes specific commitments to address some of

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those weaknesses. However, real progress is not yet evident in addressing all of the prior weaknesses we noted. Therefore, the fiscal year 2000 plan represents little improvement over the fiscal year 1999 plan. For example, in reviewing the fiscal year 1999 plan, we observed that the plan did not identify the external factors that could affect FEMA's ability to achieve its performance goals and the actions FEMA can take to mitigate these factors; identify significant limitations potentially affecting the credibility of the data used to measure performance; or provide a full description of the procedures for verifying and validating performance data.

Only limited progress has been made in addressing these concerns in the fiscal year 2000 performance plan. However, among the improvements in the fiscal year 2000 plan are the use of established baselines to measure the agency's progress in meeting its performance goals. For example, the plan includes the goal of operating a logistics program that provides timely and cost-effective resources to support the agency's all-hazards emergency management mission. The performance indicators for this goal include references to 5-percent changes from fiscal year 1999 baselines, including a 5-percent reduction in the percentage of assets lost or damaged and a 5-percent reduction in the time between receiving and shipping orders for supplies. Other improvements include a general listing of federal agencies with missions and activities that complement FEMA's, linkage between budget accounts and annual performance goals, and a reduction in the number of operational objectives and annual performance goals.

Additionally, the plan now includes several new appendixes that (1) chart FEMA's fiscal year 1998's actual performance, fiscal year 1999's estimated performance, and fiscal year 2000's projected performance; (2) list 5-year operational objectives and performance goals for FEMA's staff offices; and (3) present a 5-year projection of FEMA's spending on capital assets. However, the plan still contains a number of weaknesses. For example, it still contains over 150 performance indicators—presenting levels of performance for so many indicators could make it difficult to assess FEMA's performance. Additionally, the plan does not recognize the limitations with the internal sources of data it intends to use to assess performance, nor does it clearly describe credible and specific procedures that will be used to verify and validate performance data.

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## Agency Comments

We provided FEMA with a copy of our draft observations for review and comment. In written comments provided on April 14, 1999, FEMA's Director generally agreed with our observations, noting that the agency would revise several aspects of its performance plan with more explicit information and additional detail. However, FEMA's Director also

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questioned several of our observations, including noting that FEMA included information on external factors that could affect its ability to achieve its performance goals in both its September 30, 1997, strategic plan and within certain performance goals in the performance plan. We believe FEMA should include additional references to how specific external factors could have an impact on individual performance goals and the actions FEMA can take to mitigate these factors. In addition, FEMA's Director clarified and updated certain information, which we incorporated in our observations where appropriate. See <http://www.gao.gov/corresp/rc99226r.pdf> for additional information on FEMA's comments (in GAO/RCED-99-226R) on our observations.

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# Observations on the General Services Administration's Performance Plan for Fiscal Year 2000

On April 7, 1999, we briefed congressional staff on our analysis of the General Services Administration's (GSA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/GGD-99-113R) of our observations and GSA's comments on those observations are available at <http://www.gao.gov/corresp/gg99113r.pdf> only on the Internet.

## Summary of Observations

GSA's fiscal year 2000 annual performance plan,<sup>1</sup> issued March 2, 1999, provides a clear picture of intended performance across the agency and a general discussion of the strategies for achieving its goals. However, the plan's discussion of the budget resources needed to achieve the goals is incomplete, and it provides only limited confidence that agency performance information will be credible. For example, 48 of the 58 goals in the 2000 plan had measures, baselines, and targets that are quantifiable and that should allow decisionmakers to more easily gauge performance. However, the 2000 plan continues to be very general and does not sufficiently discuss GSA's planned actions to verify and validate data that will be used to measure results. Figure XVIII.1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

**Figure XVIII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Provides sufficient context for understanding GSA's operations and what it intends to achieve.
- Contains clear connections between GSA's mission, strategic goals, and performance goals.
- Includes goals and measures that are quantifiable, with related baselines and targets.
- Contains clear relationships between goals and measures.

### Key Weaknesses

- Does not sufficiently discuss how the performance goals and measures link to the program activities and funding in GSA's budget.
- Does not explain how GSA will ensure that its performance data are reliable.

<sup>1</sup> GSA's fiscal year 2000 performance plan contained revised goals, measures, and targets for fiscal year 1999; GSA refers to it as the "Fiscal Years 1999/2000 Performance Plan." Our analysis compared this plan with the fiscal year 1999 performance plan, which GSA issued on March 5, 1998, hereafter referred to as the "fiscal year 1999 performance plan" or "the 1999 plan."



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GSA's fiscal year 2000 performance plan represented a moderate improvement over the fiscal year 1999 plan in that it corrects a number of the weaknesses that we identified in our assessment of the fiscal year 1999 plan.<sup>2</sup> The 1999 plan contained many goals that were not quantifiable or outcome oriented. Also, the goals were not always linked to specific program activities and funding in GSA's budget. The plan also did not discuss GSA's coordination efforts for its many crosscutting activities, did not have an explicit discussion of the strategies and resources that were needed to achieve goals, and did not discuss the actions GSA had taken to address known data limitations.

Overall, the fiscal year 2000 plan more fully meets the criteria in the Results Act and related guidance and provides sufficient context for understanding GSA's operations and what it intends to achieve. Among its improvements, the plan has (1) much better linkages between GSA's mission, strategic goals, and performance goals; (2) goals and measures that are more quantifiable and outcome oriented; and (3) clearer relationships between the goals and measures. For example, measures of the percentage of construction and repair and alteration projects delivered on time are directly linked to the performance goals related to the on-time delivery of these services. The plan is also improved in how it addresses crosscutting issues, management problems, and the strategies needed to achieve the goals. However, the plan does not sufficiently discuss budget resources needed to achieve the goals or adequately describe GSA's efforts to verify and validate performance data. For example, the narrative for 30 of the 58 goals does not directly link the goals to the budget or explain why the linkage is missing.

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## Agency Comments

On March 30, 1999, GSA's Chief Financial Officer, Director of Budget, and Managing Director for Planning provided oral agency comments on a draft of our analysis of GSA's fiscal year 2000 performance plan. They generally agreed with our analysis and said it would help them correct the weaknesses we identified as they develop next year's plan. See <http://www.gao.gov/corresp/gg99113r.pdf> for additional information on GSA's comments (in GAO/GGD-99-113R) on our observations.

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<sup>2</sup> Results Act: Observations on the General Services Administration's Annual Performance Plan (GAO/GGD-98-110, May 11, 1998).

# Observations on the National Aeronautics and Space Administration's Performance Plan for Fiscal Year 2000

On April 22, 1999, we briefed congressional staff on our analysis of the National Aeronautics and Space Administration's (NASA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/NSIAD-99-186R) of our observations and NASA's comments on those observations are available at <http://www.gao.gov/corresp/ns99186r.pdf> only on the Internet.

## Summary of Observations

NASA's fiscal year 2000 annual performance plan should be useful to decisionmakers. It provides a limited picture of intended performance across the agency, a general discussion of strategies and resources the agency will use to achieve its goals, and limited confidence that performance information will be credible. An example of a positive change regarding the plan's presentation of strategies and goals is the discussion on NASA's objective of extending the use of Earth Science research for national, state, and local application. The plan links that objective with the achievement of three performance goals, namely having at least one Regional Earth Science Application become self-sustaining; developing at least two new data products for routine decisionmaking by user organizations; and implementing at least five joint applications research projects/partnerships with state and local governments in remote sensing applications. Figure XIX.1 highlights the plan's major strengths and key weaknesses as NASA seeks to make additional improvements to its plan.

**Figure XIX.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Shows how budgetary resources are related to performance.
- Provides expanded detail on performance evaluations and identifies specific data sources.

### Key Weaknesses

- Does not provide clear rationale for how information technology related strategies and programs contribute to achievement of performance goals.
- Does not include procedures for verifying and validating performance data.

NASA's fiscal year 2000 plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some degree of progress in addressing the weaknesses NASA's fiscal year 2000 plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some degree of progress in addressing the weaknesses identified in our assessment of the fiscal year 1999 plan. In reviewing the fiscal year 1999 plan, we observed that the plan could have provided a clearer picture of intended performance across the agency, did not fully portray how strategies and resources would help achieve performance goals, and

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partially provided confidence that performance information would be credible. Among improvements in the fiscal year 2000 plan is the inclusion of performance objectives or targets that fully or partially address 5 of 10 management challenges identified by NASA's Office of the Inspector General (OIG) or us. For example, we reported that contract management is a continuing area of high risk and that until NASA's financial management system is operational, performance assessments relying on cost data may be incomplete. NASA's plan addresses this issue by establishing a performance target to implement new financial systems and business procedures, including the installation of its Integrated Financial Management System. Although NASA officials said that they did not specifically attempt to address the major management challenges identified by the NASA OIG, the plan does include performance objectives or targets that relate to some of these management challenges.

For example, the OIG reported that ensuring the availability of launch vehicles presented challenges. These challenges included (1) ensuring the availability of small expendable launch vehicles so that milestones can be met and NASA missions are cost-effective and (2) evaluating whether NASA's providing the majority of development funds and assigning technology rights to its industry partners in the development of the new reusable launch vehicles is in the best interest of the government.

The plan includes an objective related to this challenge that NASA's plan characterizes as revolutionizing space launch capabilities. Specifically, it provides a performance target to begin and complete flight testing of the X-33 in fiscal year 2000 to demonstrate technologies required for future reusable launch vehicles.

An example of another improvement in NASA's plan is the addition of a crosswalk that links strategic objectives and performance targets to the budget categories used in NASA's congressional budget justification. This crosswalk indicates that NASA's performance targets cover the program activities in its budget justification. Use of the crosswalk is illustrated in the example related to NASA's objective of extending the use of Earth Science research for national, state, and local application. The plan provides limited confidence that the agency's performance plan will be credible. It does not include an explicit discussion of procedures that will be used to verify and validate performance data. Furthermore, the plan does not address possible limitations in internal and external sources of data, such as quality, validity, and timeliness. For example, NASA will rely on Federal Aviation Administration data to ascertain whether its goal of increasing operations throughout was achieved.

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## Agency Comments

On April 27, 1999, we obtained written comments from NASA's Associate Administrator on a draft of our analysis of NASA's fiscal year 2000 annual performance plan. In commenting on a draft of our analysis, the Associate Deputy Administrator stated that the agency generally believes that our report is balanced and will endeavor to use our observations in improving the management of the agency. NASA raised concern about three issues that we identified in our analysis. One involved the inclusion of major management challenges identified by the NASA OIG in the plan. NASA stated that the report containing the OIG's management challenges was issued subsequent to the agency's formulation, selection, and submittal of its performance targets to the Office of Management and Budget. NASA contends that the OIG's management challenges were identified too late to enable inclusion in the performance plan. See <http://www.gao.gov/corresp/ns99186r.pdf> for additional information on NASA's comments (in GAO/NSIAD-99-186R) on our observations.

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# Observations on the National Science Foundation's Performance Plan for Fiscal Year 2000

On April 7, 1999, we briefed congressional staff on our analysis of the National Science Foundation (NSF) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-206R) of our observations and NSF's comments on those observations are available at <http://www.gao.gov/corresp/rc99206r.pdf> only on the Internet.

## Summary of Observations

NSF's fiscal year 2000 annual performance plan will be of general usefulness to decisionmakers. The plan provides a general picture of intended performance across the agency, a general discussion of the strategies and resources the agency will use to achieve its goals, and limited confidence that agency's performance information will be credible. While the plan identifies crosscutting efforts with other agencies, it does not provide clear information on the linkages between the NSF budget and its performance goals, which will be key for congressional reviewers. NSF provides a matrix documenting the relative extent to which NSF functions, such as "research project support" and "education and training," support its goals such as the "connections between discoveries and their use in service to society." But there is no direct linkage between specific budget activities such as "U.S. Polar Research Program" or "graduate education" and NSF's performance goals. Figure XX.1 highlights the plan's major strengths and key weaknesses as NSF seeks to make additional improvements to its plan.

**Figure XX.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Uses an alternative format to describe type and level of performance.
- Provides additional outcome oriented goals.
- Links strategies to specific program goals and describes how strategies contribute to the achievement of those goals.
- Identifies crosscutting efforts with other related federal programs.

### Key Weaknesses

- Provides limited discussion of capital, human, and financial resources.
- Lacks clear linkages between the budget and performance goals.
- Provides limited confidence in the validation and verification of data.

The fiscal year 2000 performance plan indicates moderate progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan. In reviewing the fiscal year 1999 plan, we observed that there was insufficient detail on crosscutting programs, external factors, strategies and resources needed to achieve goals, and data verification and validation. Among the improvements in the fiscal year

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2000 plan are additional information on crosscutting efforts and external factors. Regarding crosscutting efforts, NSF describes both formal and informal agreements with other agencies. For example, under its goal of "discoveries at and across the frontier of science and engineering," NSF supports research activities with the Department of Energy at the large hadron collider in Switzerland and with the National Aeronautics and Space Administration at its space-based and ground-based astronomy facilities. NSF also improved its plan by describing external factors that could affect performance. For example, NSF describes the necessary commitment on the part of school districts, schools, and their faculty to modifying their approaches to education in order to enhance achievement for the NSF performance goal of "improved achievement in mathematics and science skills needed by all Americans." Furthermore, NSF officials told us that if they believe work funded through a grant cannot be reliably completed, they may stop funding for the award. While this may not improve performance, it may mitigate the continued use of funds for unproductive activities. Improvements that still need to be made to the performance plan are more detailed discussions of the resources needed to achieve goals and further elaboration on the procedures to assess the reliability and validity of data used to assess goal achievement.

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## Agency Comments

On April 21, 1999, we obtained comments from NSF officials, including the Deputy Director, on a draft of our analysis of the agency's fiscal year 2000 annual performance plan. These officials generally agreed with the observations made in the draft. They provided clarification on several points about the linkages between performance and resources and about issues concerning measurement and data verification and validation. We incorporated this information in the report as appropriate. NSF officials pointed out that the Foundation is one of the only agencies using the qualitative method to assess performance in research and education by using the alternative format. To test this approach, officials are using its Committees of Visitors process to assess performance for NSF's first performance report for March 2000. This point was incorporated in the body of the report. See <http://www.gao.gov/corresp/rc99206r.pdf> for additional information on NSF's comments (in GAO/RCED-99-206R) on our observations.

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# Observations on the Nuclear Regulatory Commission's Performance Plan for Fiscal Year 2000

On April 19, 1999, we briefed congressional staff on our analysis of the Nuclear Regulatory Commission's (NRC) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-213R) of our observations and NRC's comments on those observations are available at <http://www.gao.gov/corresp/rc99213r.pdf> only on the Internet.

## Summary of Observations

NRC's fiscal year 2000 annual performance plan should be useful to decisionmakers in that it provides a general discussion of intended performance across the agency and of strategies and resources the agency will use to achieve its goals. However, the plan focuses on strategies, not outcomes and provides limited confidence to judge the credibility of performance information because it is incomplete and lacks specificity. Figure XXI.1 highlights the plan's major strengths and key weaknesses as NRC seeks to make additional improvements to its plan.

**Figure XXI.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Contains measurable goals and quantifiable measures.
- Discusses strategies and resources for achieving intended performance.
- Better discusses crosscutting functions and external factors.

### Key Weaknesses

- Focuses on strategies, not outcomes.
- Does not show how achieving strategies and outputs will contribute to meeting performance goals.
- Lacks details to determine that performance information is credible.

NRC's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some degree of progress in addressing the weaknesses that we identified in our assessment of the earlier plan. In reviewing the fiscal year 1999 plan, we observed that NRC could have provided a clearer picture of the agency's intended performance overall as well as the strategies and resources it would use to achieve its performance goals. We also noted that the fiscal year 1999 performance plan did not provide confidence that the agency's performance information would be credible. In its fiscal year 2000 plan, NRC (1) better discusses how its strategies and resources will help achieve its goals, (2) links its strategies to programs, and (3) better discusses crosscutting functions with other government agencies and external factors that could affect achieving the goals established. However, NRC focuses on strategies, not outcomes; has not related the outputs to its

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performance goals; and provides limited details to determine whether its performance information is credible.

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## Agency Comments

On April 12, 1999, we obtained oral comments from NRC staff, including the Deputy Chief Financial Officer, Office of the Chief Financial Officer, on a draft of our analysis of the fiscal year 2000 annual performance plan. With the exception of the information on NRC's performance information, the agency generally agreed with our observations. In addition, NRC staff said that the agency is committed to moving to an outcome-oriented, performance-based organization and recognizes that a multiyear effort will be required to do so. They also said that it would be very difficult to show the impact that the agency's programs have on nuclear industry performance or the safe operation of plants. See <http://www.gao.gov/corresp/rc99213r.pdf> for additional information on NRC's comments (in GAO/RCED-99-213R) on our observations.

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# Observations on the Office of Personnel Management's Performance Plan for Fiscal Year 2000

On April 6, 1999, we briefed congressional staff on our analysis of the Office of Personnel Management's (OPM) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/GGD-99-125) of our observations and OPM's comments on those observations are available at <http://www.gao.gov/cgi-bin/getrpt?ggd-99-125> only on the Internet.

## Summary of Observations

OPM's fiscal year 2000 annual performance plan provides a general picture of intended performance across the agency. We found that the plan's performance goals address OPM's major programs and priorities. For example, to enhance federal workforce quality, the plan has a goal for OPM to develop a federal workforce planning, analysis, and forecasting model to be used by agencies. However, OPM's plan could have been more useful if it contained cost-based performance measures to show how efficiently OPM performs certain operations and activities, such as the cost to process civil service retirement payments made either by electronic funds transfer or check.

OPM's annual performance plan includes a general discussion of strategies and resources the agency will use to achieve its goals. For each of its goals, the plan discusses a strategy for achieving the goal. For example, the plan discusses its strategy to enhance its information security program by conducting internal and external evaluations of its systems.

OPM's year 2000 performance plan provides limited confidence that agency performance information will be credible. Although the plan discusses OPM's verification and validation of its performance measures, the discussion does not always provide assurance that the methods used will be reliable. For example, the plan proposes using results of several surveys for verification and validation with response rates ranging up to 57 percent. However, the plan proposes using survey results of a sample of human resources specialists as a key element in its measurement program, but the survey received only a 29 percent response rate.

Figure XXII.1 highlights the plan's major strengths and key weaknesses as OPM seeks to make additional improvements to its plan.

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Figure XXII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan

**Major Strengths**

- Contains more results-oriented goals and quantifiable measures than in the fiscal year 1999 plan.
- Shows how budgetary resources related to achievement of goals.
- Describes how agency plans to build, maintain, and marshal the human capital needed to achieve results for many of its program activities.

**Key Weaknesses**

- Lacks strategies to leverage or mitigate the effects of external factors on the accomplishment of performance goals.
- Does not fully explain how OPM will ensure that its performance data are valid and reliable.

OPM's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it addresses a number of the weaknesses that we identified in our assessment of the fiscal year 1999 plan.<sup>1</sup> In reviewing the fiscal year 1999 plan, we observed that the plan's goals typically were activity or output-oriented rather than results-oriented, and that the plan could also be improved by including more information on how resources would be used to achieve goals. We also noted that the 1999 plan did not discuss known data limitations that could affect the validity of various performance measures that OPM planned to use. Among improvements in the fiscal year 2000 plan are the increased number of results-oriented performance goals and quantifiable measures and the use of baseline and trend data for past performance. For example, the plan has a goal to further simplify the General Schedule classification system to fewer than 225 classification standards and another goal to maintain or increase the fiscal year 1999 level of customer satisfaction, processing times, and accuracy rates for processing new claims for annuity and survivor benefits.

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## Agency Comments

On April 8, 1999, we obtained oral comments from OPM officials, including the Deputy Chief of Staff, on a draft of our analysis of OPM's fiscal year 2000 annual performance plan. These officials generally agreed with our observations. In some cases, they suggested additional context concerning our observations. We made changes where appropriate to reflect OPM's comments. See <http://www.gao.gov/cgi-bin/getrpt?ggd-99-125> for additional

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<sup>1</sup> Results Act: Observations on the Office of Personnel Management's Annual Performance Plan (GAO/GGD-98-130, July 28, 1998).

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information on OPM's comments (in GAO/GGD-99-125) on our observations.

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# Observations on the Small Business Administration's Performance Plan for Fiscal Year 2000

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On April 8, 1999, we briefed congressional staff on our analysis of the Small Business Administration's (SBA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/RCED-99-211R) of our observations and SBA's comments on those observations are available at <http://www.gao.gov/corresp/rc99211r.pdf> only on the Internet.

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## Summary of Observations

SBA's fiscal year 2000 annual performance plan provides a general picture of intended performance across the agency. For example, the plan's 13 performance goals are objective and measurable through the plan's 55 performance measures, all of which have targeted levels of performance for fiscal year 2000. At the same time, the plan is limited in its discussion of the strategies and the resources that SBA will use to achieve its goals. For example, the plan states that during fiscal year 2000, SBA will spend \$3 million to train its staff in the skills needed to meet its current programs and responsibilities. However, the plan does not discuss the types of human resource skills that are needed to achieve the fiscal year 2000 performance goals or the types of training to be provided to help ensure that staff have those skills. Also, the plan is limited in the degree of confidence that it provides that SBA's performance data will be credible. For example, means identified in the plan to validate performance data are typically one or two word descriptors, such as "publications" or "SBA records," which are sources of data rather than ways to validate or verify the data. Figure XXIII.1 highlights the plan's major strengths and key weaknesses.

**Figure XXIII.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### **Major Strengths**

- Created a set of performance goals and measures that addresses SBA's program performance.
- Included baseline and trend data for performance measures.
- Identified other agencies whose programs and activities complement those of SBA.

### **Key Weaknesses**

- Did not identify performance goals and measures that specifically address the major management problems identified by SBA's Inspector General.
- Did not link the strategies to the performance goals and describe how they will help achieve those goals.
- Did not describe strategies or actions SBA could take to mitigate the effects of external factors on the accomplishment of performance goals.
- Did not identify how SBA will use its human capital to help achieve its performance goals.
- Did not describe efforts to verify and validate the data used to assess performance.
- Did not discuss the limitations of internal and external data sources for assessing performance.

SBA's fiscal year 2000 plan has made little, if any, improvement over the agency's fiscal year 1999 plan. While the fiscal year 2000 performance plan recognizes the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan and makes specific commitments to address those weaknesses, real progress is not yet evident. In reviewing the fiscal year 1999 plan, we noted that it did not discuss SBA's efforts to coordinate with other agencies whose programs and activities complement those of SBA.<sup>1</sup> For example, SBA's strategic goal to help businesses and families recover from disasters is a mission shared by the Federal Emergency Management Agency (FEMA) and by other federal, state, and local disaster agencies. Other than noting that SBA and FEMA would continue efforts to develop a joint home-loss inspection report, SBA's fiscal year 1999 plan did not discuss how SBA had coordinated or would coordinate its disaster-relief activities with FEMA and the other agencies. Also, the fiscal year 1999 plan did not identify the technological and human resources SBA needed to achieve its intended performance, did not clearly

<sup>1</sup>Results Act: Observations on the Small Business Administration's Fiscal Year 1999 Annual Performance Plan (GAO/RCED-98-200R, May 28, 1998).

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link the plan's performance goals and measures with the program activities in SBA's budget, and did not discuss the limitations that affect the credibility of data used to assess performance. We noted that the fiscal year 1999 plan contained over 100 performance measures and that such an array of measures might be excessive and obscure, rather than clarify, performance issues. We also pointed out that 14 of the measures did not have targeted levels of performance for fiscal year 1999. We observed that, to be more useful, SBA's fiscal year 1999 plan should more completely describe SBA's strategies for achieving its performance goals; explicitly discuss how information technology would help SBA achieve its performance goals; more thoroughly discuss the actions that SBA could take to mitigate the effects of external factors on its performance; and describe how SBA would attribute achievement of, or changes in, the plan's performance goals specifically to the agency's programs and activities.

SBA improved its fiscal year 2000 performance plan by reducing the number of performance measures from over 100 in the fiscal year 1999 plan to 55 and by establishing targeted levels of performance for fiscal year 2000 for each performance measure. In addition, the fiscal year 2000 plan discusses SBA's difficulty in isolating the effects of its 7(a) guaranteed business loans and other assistance in achieving the plan's performance goals as well as SBA's efforts to deal with the agency's Year 2000 computer problems.

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## Agency Comments

On May 11, 1999, SBA's Chief Operating Officer provided us with written comments on our analysis of SBA's fiscal year 2000 performance plan. SBA disagreed with our overall observation that its fiscal year 2000 performance plan is of limited usefulness to decision makers. SBA noted that its program managers found the plan useful in showing how SBA's performance has changed over the past 3 years and that the Office of Management and Budget found the plan useful in its budgetary deliberations. Our observation does not intend to infer that SBA's plan is of limited usefulness to everyone. Rather, our point is that the weaknesses we observed in the plan make it of limited usefulness in providing a clear picture of SBA's intended performance during fiscal year 2000, discussing the strategies and resources that SBA will use to achieve the performance goals in the plan, and providing confidence that data SBA will use to assess its performance will be credible. SBA also disagreed with our overall judgement that its fiscal year 2000 plan had improved little, if any, over the agency's fiscal year 1999 plan. SBA noted several improvements to the plan, including a more comprehensive discussion of other public and private sector programs that crosscut those of SBA. Our analysis

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recognizes that SBA improved its fiscal year 2000 performance plan and gives SBA credit for such improvements. At the same time, it is our position that SBA's fiscal year 2000 plan has improved little, if any, over the agency's fiscal year 1999 plan because a number of key weaknesses that we observed in the fiscal year 1999 plan remain in the fiscal year 2000 plan. See <http://www.gao.gov/corresp/rc99211r.pdf> for additional information on SBA's comments (in GAO/RCED-99-211R) on our observations.

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# Observations on the Social Security Administration's Performance Plan for Fiscal Year 2000

On April 8, 1999, we briefed congressional staff on our analysis of the Social Security Administration's (SSA) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/HEHS-99-162R) of our observations and SSA's comments on those observations are available at <http://www.gao.gov/corresp/he99162r.pdf> only on the Internet.

## Summary of Observations

SSA's fiscal year 2000 annual performance plan provides a clear picture of intended performance across the agency, a general discussion of strategies and resources the agency will use to achieve its goals, and general confidence that agency performance information will be credible. Figure XXIV.1 highlights the plan's major strengths and key weaknesses as SSA seeks to make additional improvements.

**Figure XXIV.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Contains results-oriented goals and quantifiable measures.
- Contains intermediate outputs or outcomes linked to end outcomes.
- Includes baseline and trend data.
- Recognizes crosscutting agencies and organizations.
- Shows how budgetary resources are related to performance goals.
- Discusses strategies and resources for achieving intended performance.

### Key Weaknesses

- Information technology strategies, performance goals and resources not clearly defined or linked to SSA's five strategic goals.
- Discussion of external environment lacks a clear strategy for mitigating or using identified conditions to accomplish SSA's strategic goals.

SSA's fiscal year 2000 plan represents much improvement over the fiscal year 1999 plan in that it is well on its way to addressing all of the weaknesses that we identified in our assessment of the prior plan. The 1999 plan fell short of meeting the criteria set forth in the Results Act because, in several key areas, its performance goals were not measurable or the level of performance to be achieved was not adequately defined. For example, we noted that SSA's performance goals under its larger strategic goal to—"promote responsive social security programs and conduct effective policy development, research, and program evaluation"—were not clearly related to intended performance. Thus, for this goal and many others in the plan, it was difficult to see how SSA would measure intended progress or achievement.



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SSA's fiscal year 1999 performance plan also lacked baseline information necessary to compare intended performance to prior years and did not clearly link performance goals with its budget program activities. Nor did it include sufficient goals and strategies for addressing longstanding problems in the mission-critical "high-risk" Supplemental Security Income program. The plan also did not acknowledge or include a discussion of SSA's efforts to coordinate its activities with other agencies having related strategic or performance goals. We also found that SSA had not adequately discussed how its strategies and resources would help achieve its goals. Thus, it was difficult to tell whether SSA adequately planned how it would achieve the desired results or whether its performance goals were reasonable, given the level of resources available to the agency. Finally, we concluded that SSA's fiscal year 1999 plan provided insufficient information to assess whether agency performance data was credible or that SSA was taking necessary steps to ensure data integrity.

Among improvements in the fiscal year 2000 plan is the addition of several key performance goals and an overall improvement in the quality and clarity of many other goals and measures necessary to determine intended performance and assess success. For example, the plan now includes clearer linkages between SSA's broader strategic goal of "promoting responsive social security programs" and the annual performance goals and measures essential to achieving the goal's intended results. Throughout the document, the fiscal year 2000 plan also now includes clearer discussions of the linkages between SSA's mission, goals, and budget activities. It also provides baseline performance information dating back to fiscal year 1997, essential to making comparisons between prior and proposed levels of performance. In response to our prior findings, SSA has also included additional goals and measures to assess its strategy for addressing problems in the mission-critical SSI program. For example, the plan now includes a fiscal year 2000 goal to increase SSI debt collections by about 7 percent over fiscal year 1999 levels. Finally, the plan provides additional information for Congressional and other reviewers to assess whether SSA's performance data is credible.

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## Agency Comments

On April 23, 1999, we obtained comments from agency officials, including the Commissioner of Social Security, on a draft of our analysis of SSA's fiscal year 2000 annual performance plan. These officials generally agreed with our conclusions and recommendations for improvement. They also noted that SSA intends to continue to utilize GAO's feedback to improve the agency's ability to manage for results and enhance the usefulness of its planning documents. SSA disagreed with our conclusion that its performance information remained vulnerable to potential unauthorized

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access and manipulation. The agency also noted that its systems have undergone tests to ensure that intrusions should not occur. We agree that progress has been made in the area of internal controls. However, vulnerabilities remain and further actions are needed to ensure the integrity of SSA's performance data. See <http://www.gao.gov/corresp/he99162r.pdf> for additional information on SSA's comments (in GAO/HEHS-99-162R) on our observations.

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# Observations on the U.S. Agency for International Development's Annual Performance Plan for Fiscal Year 2000

On April 16, 1999, we briefed congressional staff on our analysis of the U.S. Agency for International Development's (USAID) performance plan for fiscal year 2000. The following are our overall observations on the plan. The complete text (GAO/NSIAD-99-188R) of our observations and USAID's comments on those observations are available at <http://www.gao.gov/corresp/ns99188r.pdf> only on the Internet.

## Summary of Observations

USAID's fiscal year 2000 annual performance plan provides a general overview of intended performance across the agency and a general discussion of the strategies and resources the agency will use to achieve its goals. However, USAID needs to develop a clearer linkage between broad development goals and specific USAID country program goals and results. For example, although the plan cites increased reliance on private markets as one of USAID's long-term performance goals, the plan provides no information as to how USAID strategies or programs support this goal. USAID also needs to continue its efforts to improve the quality of data used to measure performance. Figure XXV.1 highlights the plan's major strengths and key weaknesses.

**Figure XXV.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Performance Plan**

### Major Strengths

- Contains results-oriented goals and quantifiable performance measures.
- Generally discusses strategies and resources for achieving intended performance.
- Discusses data limitations and external factors affecting results.

### Key Weaknesses

- Does not develop clear linkage between agency and individual country goals.
- Does not identify the full range of other agency and other donor programs that may contribute to achieving overall goals.
- Continues to rely on weak financial and program results data.

USAID'S fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it shows some progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 plan. In reviewing the fiscal year 1999 plan, we observed that (1) most of the goals and measures were broadly defined to reflect the overall goals of the international donor community, making it difficult to assess the results of USAID's specific activities; (2) the plan did not provide detail on USAID's specific strategies and programs, the external factors involved, or the specific resources to be provided; and (3) the plan did not discuss the reliability of performance information that it will use to

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demonstrate the linkage of its programs to results. Among improvements in the fiscal year 2000 plan, we note that (1) USAID has provided greater detail in discussing agency goals and performance indicators by geographic regions, although not comprehensively by country; (2) USAID has in some areas tried to provide data linking performance indicators to countries having USAID programs, rather than just providing overall regional data; and (3) USAID has provided a more thorough discussion of data limitations and external factors affecting the results of its programs.

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## Agency Comments

On May 4, 1999, we obtained comments from USAID officials, including the Deputy Assistant Administrator, Bureau for Policy and Program Coordination, on a draft of our analysis of USAID's fiscal year 2000 annual performance plan. These officials generally agreed with our analysis. In addition, with respect to our comments regarding the need to link agency goals with individual country goals, they noted that USAID is currently developing methods of improving the linkage among the Annual Performance Plan, the Annual Performance Report, and the country coverage provided in USAID's Congressional Presentation. They also noted that they are exploring ways to improve the quality of data used to assess performance. See <http://www.gao.gov/corresp/ns99188r.pdf> for additional information on USAID's comments (in GAO/NSIAD-99-188R) on our observations.

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The examples used in this report are drawn from the assessments of the individual agency annual performance plans that were done by staff across GAO. Thus, in addition to the individuals named above, the staff who worked on the individual agency plan assessments also made important contributions to this report. The individuals are identified in the separate products on agency plans available on the Internet.

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