



Report to the Subcommittee on Forests  
and Forest Health, Committee on  
Resources, House of Representatives

May 2003

# FOREST SERVICE

## Little Progress on Performance Accountability Likely Unless Management Addresses Key Challenges



G A O

Accountability \* Integrity \* Reliability



Highlights of [GAO-03-503](#), a report to the Subcommittee on Forests and Forest Health, Committee on Resources, House of Representatives

## Why GAO Did This Study

Historically, the Forest Service has not been able to provide Congress or the public with a clear understanding of what the Forest Service's 30,000 employees accomplish with the approximately \$5 billion the agency receives every year. Since 1990, GAO has reported 7 times on performance accountability weaknesses at the Forest Service, including its inability to systematically link planning, budgeting, and results reporting. This report reviews the recent progress the Forest Service has made in resolving previously identified performance accountability problems and identifies key challenges the Forest Service must overcome to resolve these problems.

## What GAO Recommends

The Secretary of Agriculture should direct that the Chief of the Forest Service appoint a senior executive to develop a comprehensive plan with milestones to ensure the timely implementation of an effective performance accountability system. The Chief should also report, beginning in 2004, on (1) the agency's progress in implementing a performance accountability system in the agency's annual performance plans and (2) its accomplishments in implementing its performance accountability system in its annual performance report to the Congress. In commenting on a draft of this report, the Forest Service agreed with these recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-03-503](http://www.gao.gov/cgi-bin/getrpt?GAO-03-503).

To view the full report, including the scope and methodology, click on the link above. For more information, contact Barry T. Hill (202) 512-3841 or [Hillbt@gao.gov](mailto:Hillbt@gao.gov).

# FOREST SERVICE

## Little Progress on Performance Accountability Likely Unless Management Addresses Key Challenges

### What GAO Found

The Forest Service has made little real progress in resolving its long-standing performance accountability problems and, based on the status of its current efforts, remains years away from implementing a credible performance accountability system. Since June 2000, when we last reported on performance accountability at the Forest Service, the agency has continued to study the issue but has made little real progress. For example, in March 2002, the agency initiated a study of how several other federal agencies implemented their performance accountability systems and, by September 2002, had devised a draft plan for implementing a system of its own. However, broad support within the agency for implementing this plan could not be achieved, and an executive steering team was recently established to restudy the issue. While the agency continues to study and restudy the issue, opportunities to establish key linkages among components of a performance accountability system have been missed. For example, in April 2000, the agency began considering a new budget system and, in August 2001, a new work-plan system—two critical components that should be part of a performance accountability system. However, the Forest Service has yet to develop clear linkages between these new systems and its strategic goals and performance results. Without these linkages, the agency will be unable to report in an integrated, results-oriented way on what activities it completed, how much they cost, and what they accomplished—key elements of an effective performance accountability system. While we recognize that developing a performance accountability system is a complex, time-consuming process, other federal agencies with land management responsibilities have developed and implemented performance accountability systems and believe that their systems have produced multiple benefits.

The Forest Service faces three key challenges that it must meet if it is to make more progress. First, the agency needs to establish clear lines of authority and responsibility for developing and implementing a performance accountability system. Currently, various senior executives have responsibilities for components of performance accountability; however, no one has overall responsibility and authority for ensuring these components are developed and properly linked. Second, the Forest Service needs to address its culture of consensus decision-making, which has made it difficult for the Forest Service to agree on how to develop and implement an integrated performance accountability system. Third, top agency leadership needs to give sufficient emphasis and priority to establishing a performance accountability system. The agency is currently giving greater emphasis to other priorities, like financial accountability. GAO recognizes the importance of, and need for, addressing the Forest Service's long-standing financial accountability problems, but believes more can and should be done to address the agency's performance accountability problems so that both performance and financial accountability can work in concert to assess and, ultimately, to improve the agency's overall performance.

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## **Abbreviations**

BLM Bureau of Land Management  
BFES Budget Formulation and Execution System  
GPRA Government Performance and Results Act  
NRCS Natural Resources and Conservation Service  
OMB Office of Management and Budget  
PART Program Assessment Rating Tool  
USDA Department of Agriculture

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United States General Accounting Office  
Washington, DC 20548

May 1, 2003

The Honorable Scott McInnis  
Chairman  
The Honorable Jay Inslee  
Ranking Minority Member  
Subcommittee on Forests and Forest Health  
Committee on Resources  
House of Representatives

For 10 years, Congress and the administration have focused on making federal agencies more accountable for what they accomplish with the dollars they receive. To this end, the Congress mandated in legislation that federal agencies undertake a number of major management reforms that, together, constitute a statutory framework for linking plans, budgets, and results.<sup>1</sup> Over this period, GAO has reviewed agencies' efforts to achieve the accountability for financial management and performance envisioned by this framework. Since 1999, in a series of reports identifying agencies with major management challenges and at high risk of waste, fraud, abuse, and mismanagement, GAO has consistently reported serious financial and performance accountability weaknesses at the U.S. Department of Agriculture's (USDA's) Forest Service. As a result of these weaknesses, the Forest Service has not been able to provide Congress and the public with a clear understanding of what its 30,000 employees accomplish with the approximately \$5 billion it receives every year.

The Forest Service has an enormous stewardship responsibility: to maintain the health, productivity, and diversity of the nation's forests and grasslands for current and future generations of Americans. The agency manages 192 million acres of land, including a national forest system that comprises 155 national forests, 20 national grasslands, and 17 recreation areas. On these lands, the Forest Service, among other things, supports recreation; sells timber; provides rangeland for grazing; maintains and

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<sup>1</sup> The Government Performance and Results Act of 1993, as well as certain other laws, comprise this statutory framework. In particular, the Chief Financial Officers Act of 1990 was designed to bring more effective general and financial management practices to federal agencies; the Paperwork Reduction Act of 1995 was intended to ensure that information technology is managed to improve the performance of agencies; and the Clinger-Cohen Act of 1996 requires agencies to establish goals for improving agency operations through the effective use of information technology. The framework also includes the Federal Managers Financial Integrity Act and the Inspector General Act.

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protects watersheds, wilderness, fish and wildlife; and works with other federal agencies to prevent and suppress wildfires. In addition, the Forest Service provides financial and program support for state and private forests and undertakes research activities. The Forest Service, headed by a Chief, conducts these activities through three levels of field management—9 regional offices, 123 forest offices, and about 600 district offices. The managers of these field offices have considerable discretion in interpreting and applying the agency's policies and directions. The Chief of the Forest Service reports to the Under Secretary of Agriculture for Natural Resources and Environment.

In our previous reports, dating back to 1991, we noted that the agency's lack of performance accountability in recent years occurred, at least in part, because it had not developed a performance accountability system that links its budget and organizational structures, planning processes, and resource allocations with its strategic goals, objectives, and performance measures. We also reported that the agency had difficulty in developing good performance measures and monitoring progress, both of which are critical to ensuring accountability. Furthermore, while the agency had made numerous commitments in recent years to provide the Congress and the public with a better understanding of what it accomplishes with appropriated funds, it did not appear to be fully committed to establishing the key linkages, measures, monitoring, and coordination needed for accountability. We reported that the Forest Service has studied options to address performance accountability but has done little else. In addition, we determined that the Forest Service has found it difficult to develop a performance accountability system because responsibilities for accountability have been fragmented among organizational components and because the agency's culture allows field managers significant independence in deciding whether to implement headquarters' guidance.

You asked us to (1) review the progress the Forest Service is making in resolving known performance accountability problems and (2) identify key challenges impeding the Forest Service's ability to resolve its performance accountability problems. This report updates our reviews of the Forest Service since we last testified before your Subcommittee in June 2000.<sup>2</sup>

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<sup>2</sup> U.S. General Accounting Office, *Forest Service: Actions Needed for the Agency to Become More Accountable for Its Performance*, [GAO/T-RCED-00-236](#) (Washington, D.C.: June 29, 2000).

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## Results in Brief

The Forest Service has made little progress in resolving its long-standing performance accountability problems and, based on the status of its current efforts, remains years away from establishing a credible performance accountability system. Nearly 2 years after we testified on the agency's performance accountability problems in June 2000, the Forest Service once again began to study its options. In March 2002, it initiated a study of other federal agencies' performance accountability systems to learn how to develop, evaluate, and implement a performance accountability system, and by September 2002, the Forest Service had formulated a draft plan for implementing one of its own. However, the draft plan never received broad support within the agency, and the agency established an executive steering team to restudy the issue. However, this team was not appointed until December 2002, nearly 2½ years since we last testified on this issue and more than 11 years after we first reported on it. While the agency continues to study and restudy the issue, opportunities to establish key linkages among components of a performance accountability system have been missed. For example, the Forest Service is developing two systems that should be integral to a performance accountability system—budget and work-plan systems. However, the Forest Service has not developed clear linkages between these new systems and its strategic goals and performance results. Without these linkages, the agency will not be able to report in an integrated, results-oriented way on what activities it completed, how much they cost, and what they accomplished—key elements of any effective performance accountability system. While we recognize that developing a performance accountability system is a complex, time-consuming process, we found that other federal agencies with land management responsibilities have developed and implemented performance accountability systems and believe that their systems have produced multiple benefits.

The Forest Service faces three key challenges that it must meet if it is to implement a credible performance accountability system: (1) establishing clear authority and responsibility within the current organizational structure, (2) making and implementing decisions in an agency culture that relies heavily on consensus, and (3) establishing sufficient leadership emphasis and making performance accountability a higher priority. With respect to the first challenge, several senior executives have been assigned responsibilities for components of performance accountability. However, none of these executives has overall responsibility and authority for ensuring these components are properly linked, and effective coordination continues to be difficult within the Forest Service's existing organizational structure. Second, the Forest Service's culture of making major decisions

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by agencywide consensus serves as a major impediment to more concerted action on this front. Currently, the Forest Service cannot agree on an integrated approach to creating a performance accountability system, and without this agreement the agency's progress is essentially stalemated. Finally, top agency leadership has not given sufficient emphasis and priority to establishing a performance accountability system. According to the Under Secretary of Agriculture for Natural Resources and Environment and the Chief of the Forest Service, the agency is focusing its efforts on achieving financial accountability before addressing its performance accountability needs. While we recognize the importance of, and the need for, addressing the Forest Service's long-standing financial accountability problems, we believe that more can and should be done to also address its performance accountability problems so that both performance and financial accountability can work in concert to assess and, ultimately, to improve the agency's overall performance.

GAO is recommending a series of steps to ensure that the Forest Service makes substantive progress towards developing and implementing a performance accountability system. The Forest Service commented on a draft of this report and agreed with our findings and recommendations.

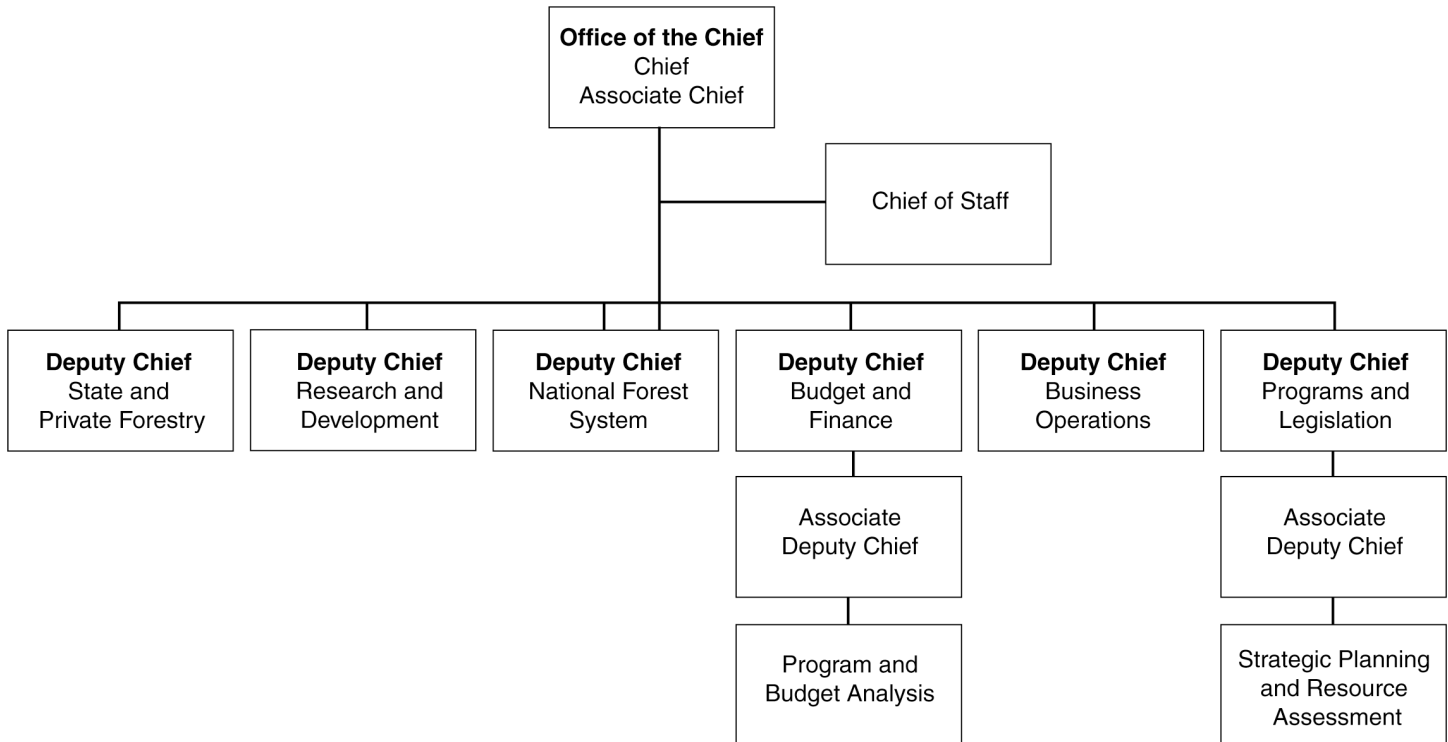
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## Background

The Forest Service is organized into six areas, each headed by a deputy chief, who reports directly to the Chief of the Forest Service. These deputy chiefs are responsible for the National Forest System; State and Private Forestry; Research and Development; Budget and Finance; Programs, Legislation and Communications; and Business Operations, as shown in figure 1.



**Figure 1: Forest Service's Organizational Structure**



Source: Forest Service.

## Other Federal Agencies Have Land Management Responsibilities

The Forest Service is one of four federal agencies that manage public lands. The other three are the National Park Service, the Bureau of Land Management (BLM), and the Fish and Wildlife Service, within the Department of the Interior (Interior). The Natural Resources and Conservation Service (NRCS), within USDA, provides land management assistance to the owners of private lands. The Forest Service and the three agencies within Interior manage 95 percent of all federal lands, while NRCS is primarily responsible for conserving and protecting natural resources on private lands, which constitute about 75 percent of all acreage in the contiguous United States. NRCS has a budget of approximately \$1 billion and 11,500 employees. BLM is responsible for administering more public lands than any other federal agency, with a budget of approximately \$1.7 billion and 10,900 employees. Although

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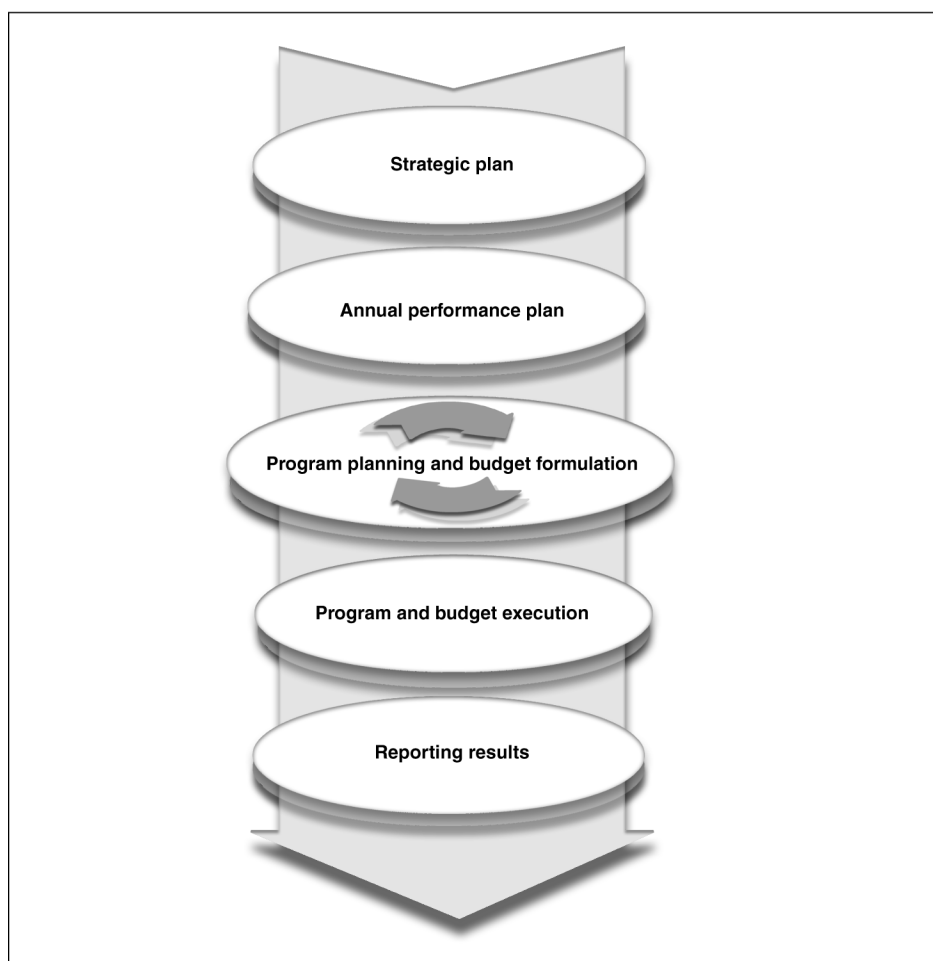
somewhat smaller than the Forest Service, NRCS and BLM have important land management responsibilities.

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### Statutory and Administrative Framework for Performance Accountability

Over the past decade, Congress and the executive branch have sought to improve federal management by focusing more on results. The Congress enacted several laws to create a statutory framework for results-oriented management. The Government Performance and Results Act of 1993 (GPRA) is a key element of this statutory framework. GPRA requires agencies to develop strategic plans that have outcome-related goals and objectives. Agencies must also develop annual performance plans that establish goals for program activities and that create performance measures to assess program outcomes and to provide a basis for linking program results with established goals. The strategic plan must describe how the annual performance goals relate to the strategic plan's goals and objectives. Finally, GPRA requires agencies to report annually on their results—that is, the extent to which their annual performance goals have been met. Figure 2 illustrates the relationship of the different components of this legislative framework.

**Figure 2: The Linkage among Components in GPRA Legislative Framework**



Source: GAO.

Implementation of the legislative framework is evolving. Currently, for example, improving the integration of budget and performance is a high-priority initiative in the *President's Management Agenda*.<sup>3</sup> The Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART) is central to this initiative. This diagnostic tool is intended to provide a consistent approach to reviewing program design, planning, and

<sup>3</sup> The *President's Management Agenda* seeks to improve the management and performance of the federal government by focusing on 14 targeted areas—5 governmentwide goals and 9 program initiatives.

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goal development as well as program management and results. OMB has begun using PART to assess 20 percent of programs annually, beginning with the fiscal year 2004 President's budget request to the Congress.

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**Prior GAO Reports  
Document Long-Standing  
Performance  
Accountability Problems**

GAO has documented the Forest Service's struggles with achieving performance accountability for over a decade. (See Related GAO Products.) GAO concluded that the agency's lack of performance accountability occurred, at least in part, because it had not developed a performance accountability system that linked its budget and organizational structures, planning processes, and resource allocations with its strategic goals, objectives, and performance measures.

Adequate performance measures are key to linking components of a performance accountability system. However, as we reported, the Forest Service had not established objective and verifiable performance measures. Nor had it established specific and quantifiable objectives that link its strategic goals with its annual performance measures. We reported that the agency had difficulty establishing these linkages because the authority for these components was fragmented among three different deputy chiefs, with no method for resolving differences on how to best link these components. This lack of coordination at headquarters undermined performance accountability.

Finally, we reported that the agency's leadership had failed to credibly emphasize performance management at either the headquarters or field levels. We reported that in 1991 the Chief of the Forest Service had formed a task force to review performance accountability. The task force found that the agency had consistently promised to take corrective actions recommended by GAO and USDA's Inspector General, but had most often failed to do so and that there was "compelling" evidence of a need for increased accountability. As a result, the task force recommended that the Forest Service (1) institutionalize accountability in managers' performance contracts, (2) accelerate cultural change in the agency, and (3) monitor and track accountability through indicators or benchmarks.<sup>4</sup> The agency's leadership team adopted these concepts and distributed them agencywide. However, as we reported in 1997, agency leadership did not follow up with

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<sup>4</sup> Forest Service, *Individual and Organizational Accountability in the Forest Service: Successful Management of Work Agreements*, (Washington, D.C.: Forest Service, 1994).

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actions to implement these concepts and, as a result, the task force's recommendations were never carried out.

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## Forest Service Has Made Little Progress in Resolving Known Performance Accountability Problems, unlike Other Federal Land Management Agencies

The Forest Service has made little progress in resolving previously identified performance accountability problems and remains years away from implementing a credible performance accountability system. Rather than developing and implementing a functioning performance accountability system like other federal land management agencies, the Forest Service, for the most part, continues to study its options, as it has for the last 11 years. The agency is developing or has implemented two systems that should be important components of a performance accountability system—a budget formulation and execution system and a work-planning system—but neither was originally designed to be part of a performance accountability system, nor has the Forest Service developed the clear linkages needed between these new systems and its strategic goal-setting and results-reporting functions.

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## The Forest Service Continues to Study Performance Accountability

To understand how other agencies have established clear linkages among key components of a performance accountability system, the Forest Service initiated a benchmarking study of other agencies' performance accountability systems in March 2002, including USDA's NRCS and Interior's BLM and National Park Service.<sup>5</sup> This study reports on lessons learned for successfully developing, evaluating, and implementing a performance accountability system. In particular, a good performance accountability system, among other things, should include

- senior leadership commitment to performance accountability;
- clear delineation of organizational responsibilities for performance measurement, budget integration, performance evaluation, and reporting;
- close coordination of performance accountability activities;
- national performance measures;
- linkages from the strategic plan to annual performance measures to budget activities; and
- the ability to track total costs and tie those costs to desired outcomes.

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<sup>5</sup> Forest Service, *Budget and Performance Integration: Benchmarking of Other Organizational Approaches—Initial Report*, (Washington, D.C.: Forest Service, 2002). Two other agencies studied were the U.S. Coast Guard and the U.S. Air Force.

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Not until July 2002 did the Chief of the Forest Service emphasize his intention to “get started” on studying how performance accountability could be implemented at the Forest Service. In September 2002, in response to the Chief’s direction, the strategic planning and budget staffs completed a draft plan for an agencywide performance accountability system that incorporated the lessons learned from their benchmarking study. The Forest Service’s *Draft Performance Accountability System Implementation Plan* provides a conceptual framework and time frames for developing a performance accountability system. It is designed to develop the critical links among performance accountability components: the strategic plan, annual performance plan, project planning, budget, and annual reporting of results. The plan also explains how existing Forest Service databases, such as those for formulating the budget and the annual work plans, could be used to provide the information needed for performance accountability. Although the Chief endorsed the concept of performance accountability outlined in the plan, it did not receive broad support throughout the agency. As a result, the Chief decided to further assess performance accountability options through an executive steering team, rather than adopt the system envisioned in the draft implementation plan.

The executive steering team, chaired by the Deputy Chief for Programs, Legislation, and Communications, comprises nine senior executives in key agency positions.<sup>6</sup> This team is to study the Forest Service’s own processes and systems and further consider options available for implementing a Forest Service performance accountability system and to report to the Chief by June 2003 on the viability of these options. However, this team was not appointed until December 2002, nearly 2½ years after we last testified on this issue and more 11 years after we first reported on it. As a result, the Forest Service has made little progress since 1991, when it first formed a task force to review performance accountability.

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<sup>6</sup> Deputy Chief for Programs, Legislation, and Communications (Chair); Deputy Chief for Business Operations; Chief Financial Officer; Deputy Chief for the National Forest System; Chief Information Officer; Regional Forester (region 10); Station Director, Pacific Northwest; Deputy Regional Forester for State and Private Forestry (region 8); and Director of Strategic Planning and Resource Assessment, serves as the non-voting executive secretary to the team.

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**Forest Service Has Developed Two Systems That Should Be Part of a Performance Accountability System, but It Has Not Established Clear Linkages between These Systems and Its Strategic Goals and Performance Results**

The Forest Service began considering new budget and work-planning systems in April 2000 and August 2001, respectively, long before the Chief emphasized his intention to “get started” on performance accountability in July 2002. These new systems should be integral parts of a performance accountability system, but the Forest Service has not developed clear linkages between these new systems’ main outputs—budgets and work activities—and its strategic goals and performance results. Without these linkages, the agency will not be able to report in an integrated, results-oriented way on what activities it completed, how much they cost, and what they accomplished—key elements of any effective performance accountability system.

In June 2000, the House Committee on Appropriations reported it was concerned that the agency devoted too much of its funding to headquarters initiatives and special projects, to the detriment of conservation and public service activities the Committee believed to be important. As a result, the Committee directed the Forest Service to better link its budget formulation and allocation systems to the actual work planned for the nation’s forests.

The Forest Service developed such a system—the Budget Formulation and Execution System (BFES)—and in March 2001 began using it to formulate its fiscal year 2003 budget. The agency viewed BFES as an answer to the Committee’s concerns, but not necessarily part of any effort to achieve performance accountability. The Forest Service designed BFES to allow field units to have more input into the budget formulation process, to plan activities and their associated funding throughout the annual budget development process, and to serve as a basis for subsequent field unit allocations. If BFES accomplishes these goals, according to senior officials in the budget office, it could allow field units to estimate their ability to carry out program activities in light of the agency’s strategic goals, headquarters priorities, and local priorities. Furthermore, according to these officials, BFES’s potential to establish such linkages could make it integral to the agency’s recent attempt to develop a performance accountability system. However, as of May 2003—more than 3 years after the Forest Service began work on BFES and 2 years after its first use—only a portion of the agency’s budget is included in the system.

Despite the expectations for BFES to link the agency’s strategic goals with headquarters and local priorities, the Forest Service has not established clear linkages between its strategic goals and field units’ local priorities, which makes it harder for the Forest Service to achieve performance accountability. In particular, budget instructions for fiscal years 2003 and

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2004 attempted to guide field units on how to make these linkages. According to these instructions, as field units planned their activities and associated funding, they were to weigh the agency's strategic goals in making budgetary trade-offs between competing local priorities. In fiscal year 2003, field units found it impossible to deal effectively with the large number of priorities—50—headquarters identified. For fiscal year 2004, the agency's guidance did not provide a formal process to document such linkages. Field managers used their "professional judgment" to draw these linkages. Consequently, for both fiscal years 2003 and 2004, field units used BFES estimates to set local priorities based on incremental adjustments to their previous year's funding. Such a process does not meet the criteria for performance accountability because it is not clearly based on the strategic plan and associated outcomes. However, according to senior budget officials, the BFES approach to budget formulation for these years represents an improvement over the Forest Service's previous process, a more arbitrary practice based almost entirely on the previous year's funding.

Although the Forest Service's budget formulation effort for fiscal year 2005 is an improvement over the budget formulation process for the prior 2 fiscal years, it once again falls short of establishing clear linkages between the agency's strategic goals and field unit priorities. In December 2002, the National Leadership Team—60 senior executives in the agency—reviewed a set of draft management objectives<sup>7</sup> developed by the planning staff and tentatively approved 11 of them for field units to consider in developing their fiscal year 2005 budget submissions. Field units have been instructed to use these management objectives in integrating local forest plan priorities with agency objectives. Agency officials reported this initial step was intended to have field staff become "comfortable" in seeing budget and strategic goals together and to begin linking performance goals to the budget. However, staff in the planning office as well as some senior executives questioned the extent to which the fiscal year 2005 management objectives mirrored strategic goals, primarily because National Leadership Team members did not have sufficient time to carefully review the draft management objectives.

The Forest Service decided to replace its work-planning system in August 2001, when conversion to new computer hardware caused the existing

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<sup>7</sup> Management objectives define intermediate outcomes toward strategic goals. They are tangible objectives against which progress toward strategic goals can be measured.



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work-planning system to lose some of its usefulness. The agency sought a national work-planning system to, among other things, help field units plan and manage work activities at the project level. According to agency officials, the new work-planning system—called WorkPlan—will be completed and implemented in two phases. The first phase is scheduled to be completed by May 1, 2003, but it will include only a planning component. WorkPlan should be available to field units in time to help them develop their fiscal year 2004 work plans. The agency expects to complete the second phase in October 2003, which is to add tracking completed activities and reporting accomplishments to WorkPlan's capabilities. According to the draft performance accountability system implementation plan, WorkPlan may eventually link field units' work activities to Forest Service planning, budgeting, and results reporting functions. These linkages, if established, could assist program managers in, among other things, reporting accomplishments and their related expenditures and integrating these functions with the Forest Service's strategic goals—key functions in a performance accountability system.

However, it is not clear whether the agency will be able to establish the necessary linkages that would enable WorkPlan to meet these expectations. For example, it is unclear how accurately the Forest Service will be able to report on the actual costs of individual work activities. Currently, the agency's financial information system reports actual expenditures only at the budget line item level, while WorkPlan is being designed to provide the planned costs of individual work activities at the project level. The Forest Service is planning to develop linkages to bridge this discrepancy between levels of reporting and thus to provide estimates of project activities' actual costs. Forest Service officials believe that such estimates could provide sufficient detail and clarity to adequately address performance accountability concerns. However, until such linkages are, in fact, established and evaluated, it is uncertain that the agency will ever be able to accurately report the actual cost of project activities.

WorkPlan's future ability to report accomplishments depends heavily on the Forest Service making significantly more progress on developing outcome performance measures for all of its goals and objectives. While we understand the difficulty in developing meaningful performance measures, the Forest Service is in the process of developing such measures only for its wildfire program. For example, in Forest Service's fiscal year 2005 draft Performance Management Plan, the measure for reducing hazardous fuels is expressed in terms of how much the risk of catastrophic fire has been reduced, an outcome-based performance measure. However, officials from the wildfire, wildlife and fish,

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engineering, and water and air programs told us that relating work activities, such as those that will likely be reported in WorkPlan, to achieving results requires systematic monitoring of the changing conditions in the forests over time in order to validate the effects of these different work activities. These program officials told us that with the exception of the wildfire program, currently they do not have plans to undertake this systematic monitoring for their other programs.

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### Other Federal Land Management Agencies Have Implemented Performance Accountability Systems

Other federal agencies with land management responsibilities have made more progress in developing and implementing performance accountability systems. The Natural Resources Conservation Service (NRCS) and the Bureau of Land Management (BLM) have developed Web-based performance accountability systems that link planning, budgeting, and results. Both agencies continue to improve their systems and processes, and the Department of the Interior plans to implement BLM's system departmentwide as part of Interior's vision for effective program management.

According to NRCS and BLM officials, the primary factor driving the development and implementation of their performance accountability systems was a strong desire to report accurately on what they had accomplished with the dollars they received. Furthermore, strong leadership commitment enabled the agencies to develop and begin implementing their systems with existing resources within a few years—4 years for NRCS and 3 years for BLM. Finally, several other factors also contributed to the agencies' success: taking the risk of investing time and resources into developing a performance accountability system, using the strategic plan to guide their efforts, and having an implementation plan with time frames for completing steps throughout the development and implementation phases.

Both NRCS and BLM believe that their accountability systems have produced multiple benefits. Specifically, managers can make more informed decisions on resource allocation because the systems align actual costs with program work. For example, BLM officials report they can track actual costs to projects and tasks. In addition, their budget can show how these tasks and associated costs link with the agency's strategic plan. NRCS officials can also report on the actual costs of the agency's programs as well as how workload and time frames will change as resources change. Both agencies also told us that their Web-based systems enable them to know what they are accomplishing with the money they spend at any given moment. As a result, BLM officials report that they can

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reallocate dollars as priorities shift because it is easy to determine where dollars are available. At both agencies, transparent data promoted competition among units in the agency to improve performance because performance data can be viewed by anyone in the agency.

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## Forest Service's Inability to Address Organizational, Cultural, and Leadership Challenges Continues to Impede Its Progress on Performance Accountability

Three key challenges continue to keep the Forest Service from resolving its performance accountability problems: (1) establishing clear authority and responsibility within the current organizational structure, (2) making and implementing decisions in an agency culture that relies on consensus, and (3) establishing sufficient leadership emphasis and making performance accountability a higher priority.

Organizationally, several senior executives have been assigned responsibilities for components of performance accountability, but none of them has overall responsibility and authority for ensuring that these components are properly linked or that the agency achieves performance accountability. For example, the Deputy Chief for Programs, Legislation, and Communications is in charge of the strategic planning component, while the Deputy Chief for Budget and Finance is responsible for the budget and finance components. The agency will find it difficult to make progress in achieving performance accountability if the decisions and activities of the separate staffs responsible for the various accountability system components are not effectively coordinated. However, effective coordination continues to be a challenge within the Forest Service's existing organizational structure. The fact that the agency's efforts since our last report have not resulted in an approved performance accountability plan underscores the importance of addressing the issue of fragmentation and the need for more effective coordination.

Culturally, the Forest Service makes and implements major decisions by obtaining consensus throughout all levels of the agency—headquarters, regions, and local units. At times, this approach slows the agency's ability to make progress on important issues. According to senior Forest Service officials, the agency has a collaborative leadership management style—senior managers from all levels moving forward together—so that progress depends on a collective acceptance of any new proposal. These officials added that progress on new proposals could slow or even stop if consensus cannot be achieved in the developmental process. The Forest Service has been unable to develop and implement a performance accountability system, largely because it cannot agree on an integrated approach. The executive steering team's current effort to study available options for a performance accountability system is an indication that the

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draft plan for implementing such a system does not have broad support throughout the agency. According to one deputy chief, the executive steering team must build support throughout the agency in order to make progress toward implementing a performance accountability system.

Finally, agency leadership has not given the emphasis and priority to performance accountability that is needed to overcome the Forest Service's organizational and cultural challenges. Currently, the Chief and the Under Secretary of Agriculture for Natural Resources and Environment, who both have held their positions for less than 2 years, are emphasizing other priorities. The Chief is focusing on achieving financial accountability, while the Under Secretary counts performance accountability as his third priority, behind improvements to the agency's decision-making process and financial accountability. Furthermore, the Under Secretary stated that, without progress on the first two priorities, performance accountability would be meaningless. Both the Chief and the Under Secretary acknowledge that the emphasis on performance accountability has lagged behind other priorities. However, the Chief told us that he intends to review GAO and USDA Inspector General's recommendations to see whether the agency had taken actions as promised and also intends to include accountability for results in agency managers' contracts.

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## Conclusions

Our analysis of the Forest Service's actions with respect to performance accountability shows that the agency is essentially in the same position it was more than a decade ago—studying how it might achieve performance accountability. By establishing another task force to again “review options” for implementing a performance accountability system, the agency has delayed any real action on this important front. Moreover, the Chief's intentions—to review GAO and Inspector General reports to see if the agency had taken promised actions and to consider incorporating performance accountability into the managers' contracts—are not new. The 1994 task force performed the same review and made the same recommendation on making performance accountability part of senior managers' contracts.

We understand that the Forest Service has important competing priorities—improving financial and performance accountability as well as its decision-making process—but we do not believe that these priorities need to be addressed sequentially. To the contrary, progress on these priorities is interdependent and can be and should be achieved concurrently so that both may be used to assess the overall performance

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of the agency. Accountability requires not only accurately informing Congress and the public on expenditures but also reporting the results of these expenditures. Without senior leadership's placing sufficient emphasis, however, we believe that the Forest Service will continue to take only small, slow steps, if any, toward achieving performance accountability.

If the future is to be different than the past, the challenges we identified have to be addressed aggressively. The Chief and the senior leadership have to decide to make performance accountability a reality, not a subject of continued study. To achieve more progress, the Forest Service will need to assign overall authority and responsibility for a performance accountability system to one official and then hold that person accountable for the effort. It is also crucial for Congress to monitor the Forest Service's progress in developing a performance accountability system. Unlike other land management agencies that have developed and implemented performance accountability systems within the last 3 years, the Forest Service has yet to come to this commitment on its own.

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## Recommendations for Executive Action

To ensure progress in achieving performance accountability, we recommend that the Secretary of Agriculture direct the Chief of the Forest Service to appoint a senior executive with decision-making authority and responsibility for developing a comprehensive plan, with milestones, to ensure the timely implementation of an effective performance accountability system. This executive should be held accountable for

- ensuring that the Forest Service's performance accountability system clearly links the key components needed to manage for results—plans, performance measures, budgets, work activities, expenditures, and accomplishments;
- meeting specific milestones for implementing the system; and
- ensuring full implementation of the performance accountability system throughout all levels of the agency.

The Secretary of Agriculture should also direct the Chief of the Forest Service to report, beginning in 2004, on the agency's (1) progress in implementing a performance accountability system and the additional milestones to be accomplished in the agency's annual performance plans and (2) accomplishments in implementing its performance accountability system in its annual performance report to the Congress.

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## Agency Comments

We provided a draft of this report to USDA for its review and comment. In response, the Forest Service stated that it agrees with the report's findings and recommendations. Specifically, the Forest Service stated that it would propose a comprehensive plan by May 30, 2003, to ensure the timely implementation of an effective performance accountability system.

The Forest Service's written comments are presented in appendix III.

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## Scope and Methodology

To assess the progress the Forest Service has made in addressing previously identified performance accountability problems and key challenges impeding its ability to resolve these problems, we interviewed the Chief of the Forest Service, members of the executive steering team, and officials in various offices, including the Office of Budget and Program Analysis, the Office of Strategic Planning and Resource Assessment, and selected field offices. The Office of Strategic Planning and Resource Assessment and the Office of Budget and Program Analysis are responsible for designing and implementing the agency's performance accountability system. The Office of Budget and Program Analysis and selected field offices are responsible for the budget formulation and execution system, and work-planning system. We also reviewed reports, planning documents, USDA OIG audits, and other documents on past performance accountability problems in the Forest Service and on the status of the development and implementation of the agency's efforts to improve its planning, budgeting, performance measurement, and accomplishment reporting processes. Additionally, we interviewed officials at NRCS and BLM about their efforts to develop and implement Web-based accountability systems and reviewed related documents. Finally, we reviewed recent OMB directives related to agency performance management and budgeting and their recent PART analysis of two Forest Service programs.

We conducted our review from August 2002 through March 2003 in accordance with generally accepted government auditing standards.

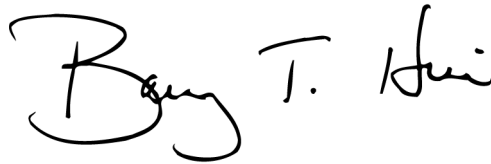
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As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days after the date of this letter. At that time, copies of this report will be sent to the

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congressional committees with jurisdiction over the Forest Service and its activities; the Honorable Ann Veneman, Secretary of Agriculture; and the Honorable Mitchell E. Daniels, Jr., Director, Office of Management and Budget. This report will also be available at no charge on GAO's home page at <http://www.gao.gov>.

If you have any questions about this report, please contact me at (202) 512-3841. Key contributors to this report are listed in appendix V.

A handwritten signature in black ink that reads "Barry T. Hill". The signature is written in a cursive style with a large, stylized "B" and "H".

Barry T. Hill  
Director, Natural Resources and Environment

# Appendix I: Forest Service's Progress on GAO-Reported Performance Accountability Problems

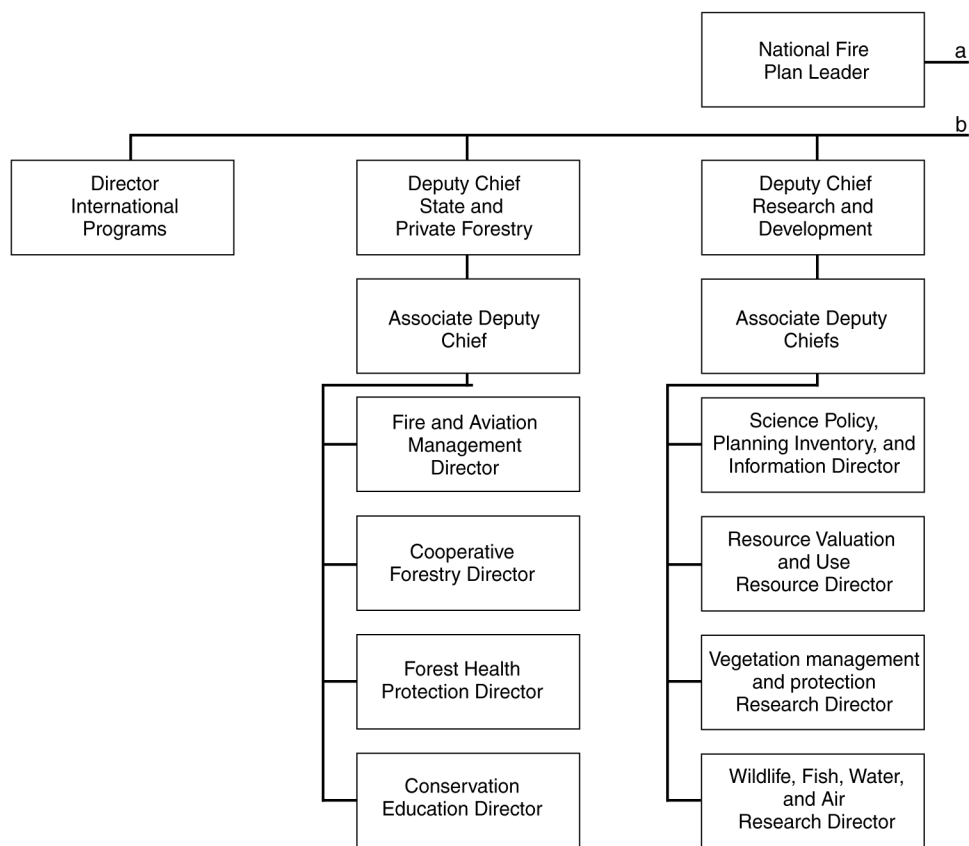
| <b>GAO's reported performance accountability problems at the Forest Service</b>                                                                                                                                           | <b>Date(s) reported</b>                                | <b>Forest Service's progress as of April 1, 2003</b>                                                                                                                                                                   | <b>Related key challenges</b>         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Forest Service budgets and allocates appropriated funds on the basis of historic funding levels.                                                                                                                          | June 29, 2000<br>October 13, 1999                      | Forest Service's Budget Formulation and Execution System partially addresses this problem.                                                                                                                             | Leadership<br>Organization            |
| Forest Service also budgets and allocates funds on the basis of its programs, many of which are not linked to the agency's strategic plan or how work is actually done in the national forests.                           | June 29, 2000<br>February 16, 2000<br>April 26, 1994   | Forest Service attempted to link budget formulation and the agency's strategic plan with the FY05 budget instructions. Forest Service is developing a national work-planning system for national forests to plan work. | Leadership<br>Organization            |
| Forest Service intends for forest plans to serve as the basis of future budgets, but it is unclear how national forests will blend agencywide goals with local priorities.                                                | June 29, 2000<br>October 13, 1999                      | No progress has been made to link forest plans to budgets. The Forest Service attempted to blend agency-wide goals with local priorities for its fiscal year 2005 budget.                                              | Leadership<br>Organization            |
| Forest Service relies on performance measures that are not always clearly linked to strategic goals and objectives because they do not always assess outputs, service levels, and outcomes the agency intends to achieve. | June 29, 2000<br>February 16, 2000<br>October 13, 1999 | Forest Service is developing performance measures it believes better link to the agency's strategic goals. However, the performance measures still need improvement.                                                   | Culture<br>Leadership                 |
| Forest Service is working to refine its performance measures so they better reflect strategic goals, but the agency has not determined how long it will take to gather and analyze the needed data.                       | February 16, 2000                                      | No progress in this area.                                                                                                                                                                                              | Culture<br>Leadership                 |
| Forest Service's line managers cannot be held accountable for achieving strategic goals and objectives because of poor performance measures.                                                                              | October 13, 1999<br>March 26, 1998<br>April 26, 1994   | No progress in this area.                                                                                                                                                                                              | Culture<br>Leadership<br>Organization |
| Even when performance accountability improvements are adopted by Forest Service management, implementation is often left to field units which often leaves uneven and mixed results.                                      | March 26, 1998                                         | No progress in this area.                                                                                                                                                                                              | Culture<br>Leadership<br>Organization |
| Agreement does not exist within the Forest Service on its long-term strategic goals. This is the result of broader disagreement over the agency's priorities under its multiple-use and sustained-yield mandate.          | April 29, 1997                                         | The National Leadership Team is discussing long-term goals for the Forest Service's Strategic and Performance Management Plans.                                                                                        | Culture<br>Leadership                 |

Source: GAO.





# Appendix II: Detailed Forest Service Organizational Chart



Source: Forest Service.

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# Appendix III: Comments from the Forest Service



United States  
Department of  
Agriculture

Forest  
Service

Washington Office

14<sup>th</sup> & Independence SW  
P.O. Box 96090  
Washington, DC 20090-6090

File Code: 1310/1930

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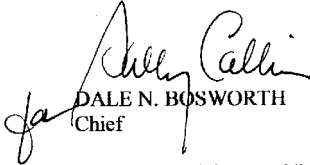
Mr. Barry T. Hill  
Director, Natural Resources and Environment  
U.S. General Accounting Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Mr. Hill:

Thank you for the opportunity to review and comment on the draft General Accounting Office (GAO) Report GAO-03-503, "Forest Service: Little Progress on Performance Accountability Likely Unless Management Addresses Key Challenges."

We agree with the findings of the report and propose to consult with the Secretary of Agriculture to aggressively implement the GAO's recommendations. Specifically, the agency will propose a comprehensive plan by May 30, 2003, with milestones, due dates, and assigned accountability to ensure the timely implementation of an effective performance accountability system with the functionality envisioned in the Recommendations for Executive Action section of the GAO Report.

Sincerely,

  
DALE N. BOSWORTH  
Chief

cc: Hank Kashdan, Paul Brouha, Sandy T Coleman, Susan Dreiband, William Bradshaw, Susan Yontsshepard



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# Appendix IV: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Andrea Wamstad Brown (202) 512-3319  
Eugene W. Wisnoski (202) 512-6545

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## Acknowledgments

In addition to those named above Chester M. Joy, Carol Herrnsstadt Shulman, and Kelli Ann Walther made key contributions to this report.

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# Related GAO Products

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*Major Management Challenges and Program Risks: Department of Agriculture.* [GAO-03-96](#). Washington, D.C.: January 2003.

*Wildland Fire Management: Reducing the Threat of Wildland Fires Requires Sustained and Coordinated Effort.* [GAO-02-843T](#). Washington, D.C.: June 13, 2002.

*Wildland Fire Management: Improved Planning Will Help Agencies Better Identify Fire-Fighting Preparedness Needs.* [GAO-02-158](#). Washington, D.C.: March 29, 2002.

*Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources.* [GAO-02-259](#). Washington, D.C.: January 31, 2002.

*The National Fire Plan: Federal Agencies Are Not Organized to Effectively and Efficiently Implement the Plan.* [GAO-01-1022T](#). Washington, D.C.: July 31, 2001.

*Major Management Challenges and Program Risks: Department of Agriculture.* [GAO-01-242](#). Washington, D.C.: January 2001.

*Forest Service: Actions Needed for the Agency to Become More Accountable for Its Performance.* [GAO/T-RCED-00-236](#). Washington, D.C.: June 29, 2000.

*Natural Resources Conservation Service: Additional Actions Needed to Strengthen Program and Financial Accountability.* [GAO/RCED-00-83](#). Washington, D.C.: April 7, 2000.

*Forest Service: Status of Efforts to Improve Accountability.* [GAO/T-RCED/AIMD-00-93](#). Washington, D.C.: February 16, 2000.

*Forest Service: A Framework for Improving Accountability.* [GAO/RCED/AIMD-00-2](#). Washington, D.C.: October 13, 1999.

*Western National Forests: A Cohesive Strategy is Needed to Address Catastrophic Wildfire Threats.* [GAO/RCED-99-65](#). Washington, D.C.: April 2, 1999.

*Major Management Challenges and Program Risks: Department of Agriculture.* [OCG-99-2](#). Washington, D.C.: January 1, 1999.

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*Managing for Results: The Statutory Framework for Performance-Based Management and Accountability.* [GGD/AIMD-98-52](#). Washington, D.C.: January 28, 1998.

*Forest Service Decision-Making: A Framework for Improving Performance.* [GAO/RCED-97-71](#). Washington, D.C.: April 29, 1997.

*Forest Service: Status of Efforts to Achieve Cost Efficiency.* [GAO/RCED-94-185FS](#). Washington, D.C.: April 26, 1994.

*Performance Measurement: An Important Tool in Managing for Results.* T-GGD-92-35. Washington, D.C.: May 5, 1992.

*Wilderness Management: Accountability for Forest Service Funds Needs Improvement.* [GAO/RCED-92-33](#). Washington, D.C.: November 4, 1991.





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