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May 1998

# RESULTS ACT

## Observations on the General Services Administration's Annual Performance Plan



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

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**General Government Division**

B-279768

May 11, 1998

The Honorable David J. Barrum  
Administrator  
General Services Administration

Dear Mr. Barrum:

This report provides our observations on the General Services Administration's (GSA) fiscal year 1999 annual performance plan, dated March 5, 1998, that was submitted to Congress as required by the Government Performance and Results Act of 1993 (Results Act). As you know, we were asked by the leadership in the House of Representatives to review and evaluate this plan as well as plans developed by other agencies. These requesters were the Speaker of the House; the House Majority Leader; and the Chairmen of the House Committees on the Budget, Appropriations, and Government Reform and Oversight. Although this work will contribute to an overall evaluation of the performance plans submitted by the 24 agencies that have Chief Financial Officers, which will be provided to our congressional requestors, we agreed with key congressional staff that it would be useful to provide further details about our observations to you.

To do our review, we used the criteria in the Results Act; the Office of Management and Budget's (OMB) guidance on developing the plan (Circular A-11, part 2); our February 1998 guidance for congressional review of the plans (GAO/GGD/AIMD 10.1.18); our evaluator's guidance for assessing annual performance plans (GAO/GGD-10.1.20); and the December 17, 1997, letter to the OMB Director from several congressional leaders. Where appropriate, we also incorporated findings from our past work and the work of the GSA Inspector General (IG). Appendix I contains a compilation of the various types of guidance available for assessing the plan, including the Results Act, GAO reports, and OMB documents. We did our work in March and April 1998 in accordance with generally accepted government auditing standards. We sent a draft of this report to you for review and comment. On April 9, 1998, GSA officials provided oral comments on that draft, which are discussed at the end of this letter.

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## Background

As one of the federal government's principal real estate and business agents, GSA has diverse activities and programs that have governmentwide implications. Its real estate portfolio, supply procurement and distribution activities, travel and transportation services, telecommunication and

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computer services, and property management and disposal functions involve huge sums of money and extensive interaction with both the federal and private sectors. In many respects, GSA is comparable to a large, diversified commercial business. If GSA were a private sector company, it would rank high, in terms of sales, on the Fortune 500 list of the largest U.S. companies.

GSA spends billions of dollars to provide many of the facilities, goods, and services that federal agencies need to carry out their missions. Through various revolving or trust fund-type arrangements, GSA buys most of these goods and services from private vendors and resells them to agencies. Additionally, GSA arranges for federal agencies to purchase billions of dollars' worth of goods and services directly from private vendors through its governmentwide supply, travel and transportation, automated data processing, and telecommunications contracts. Furthermore, when it was established in 1949, GSA was envisioned, primarily but not exclusively, as a policymaking body with the option of delegating its authority to other agencies while maintaining comprehensive accountability to Congress for economy and efficiency.

In recent years, public sector organizations have faced demands to be more effective and less costly, coupled with a growing movement toward a performance-based approach to management. Congress enacted the Results Act in 1993 in conjunction with the Chief Financial Officers Act and information technology reform legislation, such as the Clinger-Cohen Act of 1996, to address these twin demands and to instill performance-based management in the federal government. The Results Act seeks to shift the focus of government decisionmaking and accountability away from a preoccupation with activities—such as grants and inspections made—to a focus on the results of those activities—such as real gains in employability, safety, responsiveness, or program quality. Under the Results Act, agencies like GSA are to develop strategic plans, annual performance plans, and annual performance reports.<sup>1</sup> GSA and other agencies submitted the first cycle of the strategic plans to Congress in September 1997. Like other agencies, GSA submitted its first performance plan to OMB in the fall of 1997. OMB used these draft performance plans to develop and submit the first federal government performance plan to Congress in February 1998 with the President's fiscal year 1999 budget. Agencies submitted their final performance plans to Congress after the

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<sup>1</sup>Agencies are required to submit annual program performance reports to the President and Congress that review, among other things, the agencies' success in achieving the performance goals established in their previous year's performance plans. The reports on fiscal year 1999's performance are due by March 31, 2000.

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submission of the President's budget. Appendix II provides a more detailed discussion of the Results Act's planning and reporting requirements.

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## Results in Brief

GSA's performance plan has several performance goals for each of its strategic goals. Some of its performance goals and measures are objective and quantified and provide a way to compare actual to planned performance. In addition, the plan contains some goals and measures that involve comparisons of GSA and the private sector. However, for the most part, the plan falls short of meeting the criteria set forth in the Results Act and related guidance. It does not adequately provide a clear picture of expected performance across the agency because (1) like the goals in its strategic plan, many performance goals, and related measures, are not quantifiable or results oriented; (2) performance plan goals are not always linked to the specific program activities and funding in its budget; and (3) also like the strategic plan, the performance plan does not discuss GSA's coordination efforts for many crosscutting activities. We also found that the performance plan generally does not have an explicit discussion of the strategies and resources that will be needed to achieve goals or the external factors that will affect accomplishment of the goals. Although the plan includes a discussion of how GSA plans to verify performance data that provides partial confidence that performance information will be credible, it does not discuss the actions GSA has taken or will take to address known data limitations.

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## GSA's Plan Does Not Provide a Clear Picture of Intended Performance Across the Agency

We found that overall, GSA's performance plan does not provide a clear picture of expected performance across the agency. First, most of the performance goals and related measures are not quantifiable or results oriented. Second, GSA's performance plan goals are not always linked to the specific program activities and funding in its budget. Finally, the performance plan does not adequately discuss its coordination with other agencies on GSA's many crosscutting activities.

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## Defining Expected Performance

GSA's performance plan does not provide a succinct and concrete statement of expected performance for subsequent comparison with actual performance. Despite the expectations of the Results Act and related OMB guidance that annual performance goals be quantifiable, in our view, only 9 of the 31 performance goals in the plan have measures and targets that decisionmakers can use to gauge progress. For example, the performance goal of improving energy systems is expressed in quantifiable

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and time-bound terms and has a specific unit of measurement, a baseline, and numerical targets. Likewise, the performance goal on keeping GSA's prices competitive has measures that are expressed in percentages or costs with baselines and accompanying targets. However, for the remaining 22 performance goals, 16 lack measures and targets needed to gauge performance; and 6 had a mix of some quantifiable measures and some still under development or had measures that are not specific enough to gauge performance.

Furthermore, some of the performance measures do not appear to provide meaningful information as they relate to their stated goal. For example, the measure tracking the percentage of repair and alteration or new construction projects that are completed on or ahead of schedule seems unrelated to its goal of ensuring that its prices for primary products and services are competitive with those in the private sector. In addition, the plan has some goals that relate to space management but has no measures that relate to cost effectively managing its space—one of GSA's primary functions.

Finally, the goals as written in the performance plan are typically more activity or output oriented rather than results oriented as envisioned by the Results Act. For example, for the performance goal to "continue enhancement of financial, administrative and expert services contracts for Governmentwide asset management," GSA set forth the following "measures": awarding master contracts for payment systems; developing contracts for temporary services; completing the Management, Organization, Business Improvement Schedule; and developing a program for sale of receivables. These activities may be initially important to GSA in achieving its strategic goals and accomplishing its mission. However, these measures appear to us to be activities rather than measures, and the accompanying narrative provides no information that describes what these activities are or what outcomes they aim to achieve so that decisionmakers can understand their importance and gauge progress over time.

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## Connecting Mission, Goals, and Activities

Contrary to the Results Act and OMB guidance, GSA's performance plan does not always show clear connections between the performance goals and the specific program activities and funding in its budget. Without such a linkage, decisionmakers cannot relate the performance goals in the plan to the program activities in the budget. Furthermore, they cannot readily assess how GSA intends to allocate its anticipated budgetary resources

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among its performance goals. Although the plan identifies a specific “funding” and “activity” category for most performance goals, the activity does not generally correspond to the specific program activities used in the agency’s budget request. For example, the performance goal to improve energy systems in federal buildings to meet or exceed the federal energy consumption standards for 2005 identifies the “Federal Buildings Fund” as the funding and “energy” as the activity, but the President’s budget for the Federal Buildings Fund does not have an energy program activity. Also, for some performance goals, the plan shows that “multiple” activities are involved but does not specifically identify the activities.

Furthermore, because the plan does not identify the funding level for most of the activities named in the plan or the program activities in the budget request, the reader cannot determine how much funding GSA proposes to use to meet its performance goals. In addition, contrary to the criteria in the Results Act, some program activities assigned large levels of funding in the budget, such as construction and acquisition of facilities and construction of lease purchase facilities, are not linked to specific performance goals. We believe the plan would be more useful if the activity and funding identified with each performance goal could be easily linked to GSA’s budget request.

The plan includes GSA’s mission statement and gives abbreviated versions of its strategic goals presented in its strategic plan, but they are not identified as such. Further, although none of the strategic goals were revised for the performance plan, we noted that GSA appears to have dropped two of the five objectives related to the fourth strategic goal but provides no rationale for this revision. Consequently, it may be difficult for the reader to judge whether the performance goals in the annual performance plan are related to and consistent with GSA’s strategic plan, as envisioned by the Results Act and OMB guidance.

In addition, we noted that like the strategic plan, the performance plan does not address major management problems we and the GSA’s IG have identified in recent years. These include data reliability, which will be discussed in more detail later; insufficient management controls; and impediments to businesslike asset management in the real property area. In a January 29, 1998, memorandum to agencies, the Director of OMB said that “performance goals for corrective steps for major management problems should be included for problems whose resolution is mission-critical, or which could materially impede the achievement of

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program goals.” As we reported in January 1998,<sup>2</sup> our work has shown over the years that major management problems at GSA have significantly hampered GSA’s and its stakeholder agencies’ abilities to accomplish their missions.

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## Recognizing Crosscutting Efforts

Although GSA’s performance plan recognizes the crosscutting nature of its activities, it does not adequately explain how it will coordinate its crosscutting functions with the federal community. OMB Circular A-11, Sec. 220.8, states that the annual performance plan should identify performance goals that reflect activities being mutually undertaken to support programs of an interagency, crosscutting nature. Because GSA is an agency with governmentwide policymaking, oversight, and operational functions, its major activities collectively affect the whole federal community.

Some of GSA’s specific performance goals are crosscutting in nature. For example, according to the plan, three of the performance goals under the goal to “promote responsible asset management” involve “collaboration among many federal agencies brought together by GSA” and “measurement of the results of policy initiatives will require collection of other agencies’ costs.” However, although the discussion of some of the efforts contain references to coordination with other federal agencies, the plan does not discuss how GSA will coordinate these efforts. In another example, GSA’s performance goal to improve access to quality child care for all federal employees does not explain exactly how GSA is coordinating with the federal community for this wide-reaching goal. In the excel-at-customer-service section, GSA generally describes what it is doing to better understand its customers’ needs. These actions include face-to-face meetings with customers or their agency representatives and working with interagency groups and councils. However, it is difficult to relate these actions to the specific crosscutting aspects of the goals in this section of the plan.

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<sup>2</sup>Managing for Results: Agencies’ Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).



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## GSA's Plan Does Not Adequately Discuss How Strategies and Resources Will Help GSA Achieve Its Goals

GSA's performance plan does not explicitly discuss the strategies—how it will use its operational processes, skills, and technologies—and resources (human, capital, information, or other resources) that will be needed to achieve its goals. Without this discussion, decisionmakers cannot determine if GSA has a sound approach for achieving its goals and using its resources wisely.

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## Connecting Strategies to Performance Goals

GSA's performance plan for the most part does not present clear and reasonable strategies for achieving its intended performance goals. The Results Act and OMB Circular A-11 state that the performance plan should briefly describe the agency's strategies to accomplish its performance goals. Specifically, we found that the narrative accompanying each objective and specific performance goal provides descriptive information on GSA activities. However, the narrative does not describe how GSA intends to meet the performance goals in the plan.

For example, two of the three measures under the performance goal to increase market share for primary services are (1) the combined market share for information technology solutions and network services and (2) market share for fleet. Target percentages for fiscal years 1998 and 1999 are listed. The accompanying narrative, however, gives little indication of how GSA intends to increase its market share in these areas. GSA makes general statements about leveraging its competitive pricing with broad market penetration and government downsizing—"as the government downsizes agencies are looking to GSA to provide cost effective solutions to the workload needs and requirements." However, it offers no information on its specific approach or strategy for how it plans to leverage prices or take advantage of downsizing to increase its market share for its vehicle fleet.

Although the Results Act does not require that the performance plan specifically discuss the impact of external factors on achieving performance goals, we believe that a discussion of such factors would provide additional context regarding anticipated performance. In its September 1997 strategic plan, GSA identified four external factors—economic conditions, social policy, changes in technology and the marketplace, and legislative framework—that could likely affect its overall performance. GSA's performance plan does not explicitly discuss these factors or their impact on achieving the performance goals. In addition, other external factors that we have reported on over the years—such as the lengthy prospectus authorization process and budget

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scorekeeping rules that favor operating leases over ownership—are not mentioned in the performance plan.

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## Connecting Resources to Performance Goals

GSA's performance plan does not adequately discuss the resources it will use to achieve the performance goals. The Results Act and OMB Circular A-11 specify that the performance plan should briefly describe the human, capital, information, or other resources it will use to achieve its performance goals. Most of the performance goals in GSA's performance plan contain a subheading entitled "Human, Capital, Information, or Other Resources"; however, the information under these subheadings, which typically said "no additional resources required," falls short of the Results Act criterion that the plan briefly describe the resources needed to achieve performance goals.

We found that only 3 of the 31 performance goals specified any amount of budgetary resources associated with the achievement of the performance goal. Even in these three cases, there is no explanation of specifically how the funds will be used. We also noted that two goals made a limited reference to staffing issues. For example, for the performance goal to implement capital planning for information technology to comply with the Clinger-Cohen Act, the plan identifies the type of staff (project managers, planners, budget analysts, and executives) that will be involved. However, the plan does not contain any information on how GSA intends to use its resources to achieve its performance goals.

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## GSA's Plan Provides Partial Confidence That Performance Information Will Be Credible

We found that GSA's performance plan partially meets the Results Act criteria related to including information on verifying and validating performance data. Although GSA included information on the general approaches it will use to ensure that performance information is reliable, the plan makes no reference to ongoing controls and procedures that are in place to ensure data integrity. A succinct discussion of some of these procedures and controls would provide decisionmakers with better insights into, and confidence in, what is being done to prevent the use of unreliable data. Also, we found that the plan does not contain a discussion of actions GSA will take or has taken to address known data limitations. The Results Act does not require a discussion of data limitations in the performance plan; however, an explanation of such limitations can provide decisionmakers with a context for understanding and assessing agencies' performance and the costs and challenges agencies face in gathering, processing, and analyzing needed data. This discussion on data

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limitations can help identify the actions needed to improve the agency's ability to measure its performance.

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## Verifying and Validating Performance

GSA's performance plan partially discusses how the agency will ensure that its performance information is sufficiently verified and validated. Specifically, we found that the plan highlights the importance of having credible data. It also meets the intent of the Results Act by identifying actions that GSA believes will identify data problems. These include audits of its financial records and systems by an independent accounting firm and top level quarterly meetings to review the financial and programmatic results of its various business lines. However, we believe that the performance plan would be greatly improved if GSA were to also highlight some of the specific controls it may use for its major systems to verify and validate performance information on an ongoing basis. Such controls could include periodic data reliability tests, computer edit controls, and supervisory reviews of data used to develop performance measures.

Various financial audits and management reviews are certainly useful steps to identifying data problems that require management attention; but they are no substitute for effective front-end procedures, practices, and controls to ensure data reliability—a critical component of performance measurement. GSA has had financial and program audits on an ongoing basis for many years. However, despite these efforts, the agency has a history of data problems as shown by our work and that of the IG (this work is discussed later in more detail). A succinct discussion of the major procedures and controls that are in place to ensure credible data, at least for the more important systems, would be more helpful to decisionmakers in assessing the reliability of the data being used to gauge performance.

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## Recognizing Data Limitations

GSA's performance plan does not discuss known data limitations that could raise questions about the validity of the performance measures GSA plans to use. For several years, our work and that of the IG have identified several data reliability problems at GSA. Our work showed that GSA lacked the timely, accurate, and reliable program data needed to effectively manage and oversee its various activities and programs. Between 1994 and 1997, IG audits of the internal controls over the production of reliable data to support various GSA performance measures found problems. Specifically, of the eight audits conducted, controls designed to produce reliable data to support various GSA performance measures were found to be at moderate risk in three, high risk in one, and low risk in the other

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four. In February 1998, the IG reported on reviews of two additional performance measures; one was low risk, and the other was removed from the Fiscal Year 1997 Annual Report as a result of issues raised during the IG review.

In addition, the IG reported in its October 31, 1997, Semiannual Report to Congress that many of the 87 major systems GSA uses to support its functions are old and incorporate inefficient technologies compared with today's advanced systems. Modification and maintenance of these old systems have become complex and costly. Finally, the independent audit of GSA's 1996 and 1997 financial statements noted data problems related to property account classifications for construction projects and access controls over the Federal Supply Service's information systems. Also, the independent auditors reported that although the Public Buildings Service has addressed certain deficiencies in its internal control structure, attention to improving internal controls in its business and financial processes is required to assess, improve, and report the results of program performance. Despite such evidence that suggests data reliability is still a major problem, the performance plan is silent on this critical issue. At a minimum, it would have been helpful if the plan had an explicit discussion of current data reliability problems and how GSA plans to address them.

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## Conclusions

GSA's performance plan falls short of meeting the criteria set forth in the Results Act and related OMB guidance. It is not a stand-alone document that provides a clear road map of what GSA wants to accomplish, how it plans to get there, and what results it expects to achieve. The plan does not fully meet the Results Act criteria for objective, measurable, and quantifiable goals and measures and lacks clear connections between the performance goals and the specific program activities in GSA's budget. The performance plan also lacks an adequate explanation of how it will coordinate its crosscutting functions with the federal community. In addition, it often does not contain meaningful discussions on the strategies and resources GSA plans to use to meet its goals and achieve intended results and on the questions surrounding data reliability. We recognize that this is the first performance plan developed under the Results Act, and, as such, there is a large learning process in understanding what constitutes a good plan. However, this and future plans can be significantly improved if they follow the criteria set forth in the Results Act and related guidance more closely.

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## Recommendations

We recommend that the GSA Administrator take steps to ensure that GSA's fiscal year 2000 performance plan (1) conforms with the criteria in the Results Act and related OMB guidance and (2) gives decisionmakers a better framework for gauging GSA's performance. Specifically, in developing the next plan, we recommend that the Administrator take steps to

- refine GSA's performance goals to make them more quantifiable and results oriented;
- clarify how GSA's performance goals link to specific program activities in GSA's budget;
- explain how GSA has coordinated its crosscutting functions with the federal community;
- discuss GSA strategies to be used and resources needed to achieve its performance goals and their intended results, as well as external factors that could affect its overall performance; and
- discuss specific controls for verifying and validating data used to measure performance, recognize existing data limitations, and explain GSA efforts to overcome those limitations.

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## Agency Comments

On April 9, 1998, we obtained oral comments from GSA's Chief Financial Officer, Director of the Office of Performance Management, and Managing Director for Planning on a draft of this report. They said that GSA generally agreed with our analysis and will implement our recommendations when it prepares the fiscal year 2000 performance plan.

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As you know, 31 U.S.C. 720 requires that the head of a federal agency submit a written statement of actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Reform and Oversight not later than 60 days after the date of this report. A written statement must be sent to the Senate and House Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of this report. We would appreciate receiving a copy of the statement.

We are sending copies of this report to each of the individual requesters of our work in this area; the Chairmen and Ranking Minority Members of other Committees that have jurisdiction over GSA activities; and the Director, Office of Management and Budget. Copies will be made available to others on request.

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Major contributors to this report are listed in attachment III. If you or your staff have any questions concerning this report, please contact me at (202) 512-8387.

Sincerely yours,



Bernard L. Ungar  
Director, Government Business  
Operations Issues

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## Abbreviations

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| FASAB | Federal Accounting Standards Advisory Board |
| GSA   | General Services Administration             |
| IG    | Inspector General                           |
| OMB   | Office of Management and Budget             |



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# Annual Performance Plan Guidance

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This appendix contains a compilation of guidance on annual performance plans, including the Results Act, GAO reports, and OMB documents, and is arranged by the major issues discussed in this report.

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## Defining Expected Performance

The Government Performance and Results Act (Results Act), 31 U.S.C. 1115(a)(1), 1115(a)(2), 1115(a)(4), 1115(a)(5), 1115(b), and 1115(c).

Senate Committee on Governmental Affairs Report accompanying the Results Act (Senate Report 103-58, June 16, 1993), pp. 15-16, “Performance Plans”; p. 29, “Performance Goals”; pp. 29-30, “Performance Indicators”; and p. 30, “Alternative Forms of Measurement.”

OMB Circular A-11, secs. 220.1, 220.4, 220.10(a), 220.10(b), 220.10(c), 220.14, 220.16, 220.17, 221.4(a), 221.4(b), and 221.4(d).

OMB Checklist for Agency Annual Performance Plans (Nov. 24, 1997), pp. 1-2, “Coverage of Program Activities”; pp. 3-4, “Annual Performance Goals”; p. 4, “Performance Indicators”; and p. 5, “Alternative Form of Measurement.”

The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997), pp. 55-57, 61-63, and 71-72.

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996), pp. 24-26.

Implementation of the Government Performance and Results Act (GPRA), A Report on the Chief Financial Officer’s Role and Other Issues Critical to the Governmentwide Success of GPRA, Chief Financial Officers Council, GPRA Implementation Committee, May 1995.

Agencies’ Annual Performance Plans Under The Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18; Feb. 1998, Version 1), pp. 10-11.

The Results Act: An Evaluator’s Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20; Apr. 1998, Version 1), pp. 14-19.

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## Connecting Mission, Goals, and Activities

Results Act, 5 U.S.C. 306(c), 31 U.S.C. 1115(a), and 31 U.S.C. 1115(c).

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Senate Committee on Governmental Affairs Report accompanying the Results Act (Senate Report 103-58, June 16, 1993), pp. 15-16, "Performance Plans"; p. 29, "Performance Goals"; and p. 31, "Coverage of Program Activities."

OMB Circular A-11, secs. 210.2(c), 210.4, 220.3, 220.4, 220.5, 220.6, 220.7, 220.8, 220.9(a), 220.9(b), 220.9(d), 220.9(e), 220.10(c), 221.3, 221.4(b).

OMB Checklist for Agency Annual Performance Plans (Nov. 24, 1997), pp. 1-2, "Coverage of Program Activities"; pp. 3-4, "Annual Performance Goals"; p. 7, "Mission Statement and General Goals and Objectives"; and p. 8, "Budget Account Restructuring."

The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997), pp. 90-93.

Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation (GAO/AIMD-97-46, Mar. 27, 1997).

Integrating Performance Measurement into the Budget Process, Chief Financial Officers Council, GPRA Implementation Committee Subcommittee Project, September 22, 1997.

Agencies' Annual Performance Plans Under The Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18; Feb. 1998, Version 1), pp. 12-14.

The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20; Apr. 1998, Version 1), pp. 19-29.

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## Recognizing Crosscutting Efforts

OMB Circular A-11, secs. 220.8, 220.10(b), and 221.4(c).

OMB Checklist for Agency Annual Performance Plans (Nov. 24, 1997), p. 8, "Cross-cutting Programs."

Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap (GAO/AIMD-97-146, Aug. 29, 1997).

The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997), pp. 53-55.

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Agencies' Annual Performance Plans Under The Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18; Feb. 1998, Version 1), p. 15.

The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20; Apr. 1998, Version 1), p 29-30.

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**Connecting Strategies to Results**

Results Act, 31 U.S.C. 1115(a)(3) and 31 U.S.C. 9703.

Senate Committee on Governmental Affairs Report accompanying Results Act (Senate Report 103-58, June 16, 1993), pp. 15-16, "Performance Plans"; pp. 17-18, "Managerial Flexibility Waivers"; and pp. 34-36, "Section 5. Managerial Accountability and Flexibility."

OMB Circular A-11, secs. 220.10(b), 220.12(a), 220.12(b), 220.12(c), and 221.4(b).

OMB Checklist for Agency Annual Performance Plans (Nov. 24, 1997), p. 6, "Means and Strategies"; p. 8, "Tax Expenditures and Regulation"; and p. 8, "External Factors."

The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997), pp. 63-66.

Business Process Reengineering Assessment Guide, Version 3 (GAO/AIMD-10.1.15, Apr. 1997).

Privatization: Lessons Learned by State and Local Governments (GAO/GGD-97-48, Mar. 14, 1997).

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996), pp. 18-21 and 24-26.

Agencies' Annual Performance Plans Under The Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18; Feb. 1998, Version 1), pp. 17-18.

The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20; Apr. 1998, Version 1), pp. 32-36.

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**Connecting Resources to  
Strategies**

Results Act, 31 U.S.C. 1115(a)(3).

Senate Committee on Governmental Affairs Report accompanying Results Act (Senate Report 103-58, June 16, 1993), pp. 15-16, “Performance Plans”; and pp. 29-30, “Performance Indicators.”

OMB Circular A-11, secs. 220.1, 220.9(a), 220.9(e), 220.10(c), 220.11(a), 220.11(b), 220.11(c), 220.12(a), 220.12(d), and Part 3.

OMB Checklist for Agency Annual Performance Plans (Nov. 24, 1997), p. 5, “Future Year Performance”; p. 5, “Performance Goals Funded By Prior Year Appropriations”; and p. 6, “Means and Strategies.”

OMB Capital Programming Guide, v. 1.0 (July 1997).

Executive Guide: Measuring Performance and Demonstrating Results of Information Technology Investments ([GAO/AIMD-97-163](#), Sept. 1997).

The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven ([GAO/GGD-97-109](#), June 2, 1997), pp. 90-97.

Year 2000 Computing Crisis: An Assessment Guide ([GAO/AIMD-10.1.14](#), Sept. 1997).

Assessing Risks and Returns: A Guide for Evaluating Federal Agencies’ IT Investment Decision-making, Version 1 ([GAO/AIMD-10.1.13](#), Feb. 1997).

Information Technology Investment: Agencies Can Improve Performance, Reduce Costs, and Minimize Risks ([GAO/AIMD-96-64](#), Sept. 30, 1996).

Executive Guide: Effectively Implementing the Government Performance and Results Act ([GAO/GGD-96-118](#), June 1996), pp. 18-21 and 39-46.

Transforming the Civil Service: Building the Workforce of the Future—Results of a GAO-Sponsored Symposium ([GAO/GGD-96-35](#), Dec. 26, 1995).

Federal Accounting Standards Advisory Board (FASAB) Volume 1 Original Statements: Statements of Federal Financial Accounting Concepts and Standards, Statement of Federal Financial Accounting Standards No. 1, Objectives of Federal Financial Reporting ([GAO/AIMD-21.1.1](#), Mar. 1997), pp. 11-62.

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FASAB Volume 1 Original Statements: Statements of Federal Financial Accounting Concepts and Standards, Statement of Federal Financial Accounting Standards No. 4, Managerial Cost Accounting Standards (GAO/AIMD-21.1.1, Mar. 1997), pp. 331-394.

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**Recognizing Data  
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# The Results Act's Planning and Reporting Requirements

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The Results Act is designed to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for program performance and to measure results. Specifically, the Act requires executive agencies to prepare multiyear strategic plans, annual performance plans, and annual performance reports.

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## Multiyear Strategic Plans

The Results Act requires virtually every executive agency to develop strategic plans covering a period of at least 5 years forward from the fiscal year in which it is submitted and to update those plans at least every 3 years. Agencies' first strategic plans were to be submitted to Congress and the Director of OMB by September 30, 1997. The strategic plans are to (1) include the agencies' mission statements; (2) identify long-term general goals and objectives; (3) describe how the agencies intend to achieve those goals through their activities and through their human, capital, information, and other resources; and (4) explain the key external factors that could significantly affect the achievement of those goals. Under the Act, strategic plans are the starting point for agencies to set annual performance goals and to measure program performance in achieving those goals. Consequently, strategic plans are also to include a description of how long-term general goals will be related to annual performance goals as well as a description of the program evaluations that agencies used to establish their long-term general goals and a schedule for subsequent evaluations. As part of the strategic planning process, agencies are required to consult with Congress and solicit the views of other stakeholders—those governmental and nongovernmental entities potentially affected by, or interested in, the agencies' activities.

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## Annual Performance Plans

Building on the decisions made as part of the strategic planning process, the Results Act requires executive agencies to develop annual performance plans covering each program activity set forth in the agencies' budgets. The first annual performance plans, covering fiscal year 1999, were to be submitted to OMB in the fall of 1997 and to Congress after the President's budget in 1998. The Results Act requires that each agency prepare an annual performance plan that shall:

“(1) establish performance goals to define the level of performance to be achieved by a program activity;

“(2) express such goals in an objective, quantifiable, and measurable form unless authorized to be in an alternative form . . . ;



“(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

“(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

“(5) provide a basis for comparing actual program results with the established performance goals; and

“(6) describe the means to be used to verify and validate measured values.”<sup>3</sup>

The Act authorizes agencies to apply for managerial flexibility waivers in their annual performance plans. Agencies' authority to request waivers of nonstatutory administrative procedural requirements and controls is intended to provide federal managers with more flexibility to structure agency systems to better support performance goals. An example of increased flexibility would be to allow an organization to recapture unspent operating funds because of increased efficiencies and then to use these funds to purchase new equipment or expand employee training. Another example might involve delegating more authority to line managers to make procurement decisions.

OMB is to use the performance plans that agencies submit to develop an overall federal government performance plan. OMB is to submit this governmentwide plan each year to Congress with the President's budget. According to the Senate Committee report accompanying the Act, the overall federal government performance plan is to present to Congress a single, cohesive picture of the federal government's annual performance goals for the fiscal year.<sup>4</sup> The first overall plan was due with the President's fiscal year 1999 budget.

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## Annual Performance Reports

Finally, the Results Act requires each executive agency to prepare annual reports on program performance for the previous fiscal year. The first performance reports for fiscal year 1999 are due to Congress and the President no later than March 31, 2000; subsequent reports are due by March 31 for the years that follow. In each report, an agency is to review

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<sup>3</sup>31 U.S.C. 1115.

<sup>4</sup>S. Rep. No. 58, 103d Cong. 1st Sess. (1993).

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**Appendix II**  
**The Results Act's Planning and Reporting**  
**Requirements**

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and discuss its performance compared with the performance goals it established in its annual performance plan. When a goal is not met, the agency is to explain in the report the reasons the goal was not met; plans and schedules for meeting the goal; and, if the goal was impractical or not feasible, the reasons for that and the actions recommended. According to the Senate committee report on the Act, actions needed to accomplish a goal could include legislative, regulatory, or other actions. If an agency finds a goal to be impractical or not feasible, it is to include a discussion of whether the goal should be modified.

In addition to evaluating the progress made toward achieving its annual goals, an agency's program performance report is to evaluate the agency's performance plan for the fiscal year in which the performance report was submitted. Thus, in their fiscal year 1999 performance reports that are due by March 31, 2000, agencies are required to evaluate their performance plans for fiscal year 2000 on the basis of their reported performance in fiscal year 1999. This evaluation is to help show how an agency's actual performance is influencing its performance plan. The report also is to include (1) the summary findings of program evaluations completed during the fiscal year covered by the report and (2) the use and effectiveness of any of the Results Act managerial flexibility waivers that an agency received.

Agencies also are to include baseline and trend data in annual performance reports to help ensure that their reports are complete and that performance is viewed in context. Such data can show whether performance goals are realistic given the past performance of an agency. Such data can also assist users of reports to draw more informed conclusions than they would if they compared only a single year's performance against an annual goal, because users of reports can see improvements or declines in an agency's performance over prior years.<sup>5</sup> For fiscal years 2000 and 2001, agencies' reports are to include data on the extent to which their performance achieved their goals, beginning with fiscal year 1999. For each subsequent year, agencies are to include performance data for the year covered by the report and 3 prior years. Congress recognized that in some cases not all the performance data will be available in time for the required reporting date. In such cases, agencies are to provide whatever data are available with a notation as to their incomplete status. Subsequent annual performance reports are to include the complete data as part of the trend information.

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<sup>5</sup>GPRA Performance Reports (GAO/GGD-96-66R, Feb. 14, 1996).

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