

GAO

Report to the Ranking Minority
Member, Committee on Governmental
Affairs, U.S. Senate

December 2001

DEPARTMENT OF STATE

Status of Achieving Key Outcomes and Addressing Major Management Challenges



G A O

Accountability * Integrity * Reliability

Report Documentation Page		
Report Date 00DEC2001	Report Type N/A	Dates Covered (from... to) -
Title and Subtitle DEPARTMENT OF STATE Status of Achieving Key Outcomes and Addressing Major Management Challenges	Contract Number	
	Grant Number	
	Program Element Number	
Author(s)	Project Number	
	Task Number	
	Work Unit Number	
Performing Organization Name(s) and Address(es) U.S. General Accounting Office P.O. Box 37050 Washington, D.C. 20013	Performing Organization Report Number GAO-02-42	
Sponsoring/Monitoring Agency Name(s) and Address(es)	Sponsor/Monitor's Acronym(s)	
	Sponsor/Monitor's Report Number(s)	
Distribution/Availability Statement Approved for public release, distribution unlimited		
Supplementary Notes		
Abstract As you requested, we reviewed the Department of States (State) fiscal year 2000 performance report and fiscal year 2002 performance plan required by the Government Performance and Results Act of 1993 (GPRA) 1 to assess the departments progress in achieving selected key outcomes that you identified as important mission areas. 2 Our review includes a discussion of States past performance and future performance targets for counterterrorism and other key foreign policy efforts, which were developed prior to the terrorist attacks on New York City and Washington, D.C., on September 11, 2001. We recognize the events of that day and subsequent days may greatly alter States approach to its strategic goals and objectives in many of the areas we examined for this review, particularly those involving counterterrorism. We hope that this report provides the department and others with insights that will assist them when developing new efforts to counter terrorism and protect American citizens, assets, and interests, both at home and abroad.		
Subject Terms		
Report Classification unclassified	Classification of this page unclassified	

Classification of Abstract unclassified	Limitation of Abstract SAR
Number of Pages 42	

Contents

Letter		1
	Results in Brief	2
	Background	6
	Assessment of State’s Progress and Strategies in Accomplishing Selected Key Outcomes	7
	Comparison of State’s Fiscal Year 2000 Performance Report and Fiscal Year 2002 Performance Plan With the Prior Year Report and Plan for Selected Key Outcomes	21
	State’s Efforts to Address Its Major Management Challenges Identified by GAO	25
	Conclusions	26
	Recommendations	26
	Scope and Methodology	26
	Agency Comments	27

Appendix I	Observations on the Department of State’s Efforts to Address Its Major Management Challenges	29
-------------------	---	-----------

Appendix II	Comments From the Department of State	38
--------------------	--	-----------

Appendix III	GAO Contact and Staff Acknowledgments	39
	GAO Contact	39
	Acknowledgments	39

Tables		
	Table 1: Major Management Challenges Confronting the Department of State	30

Abbreviations	
GPRA	Government Performance and Results Act of 1993
OIG	Office of the Inspector General
OMB	Office of Management and Budget



United States General Accounting Office
Washington, DC 20548

December 7, 2001

The Honorable Fred Thompson
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Dear Senator Thompson:

As you requested, we reviewed the Department of State's (State) fiscal year 2000 performance report and fiscal year 2002 performance plan required by the Government Performance and Results Act of 1993 (GPRA)¹ to assess the department's progress in achieving selected key outcomes that you identified as important mission areas.² Our review includes a discussion of State's past performance and future performance targets for counterterrorism and other key foreign policy efforts, which were developed prior to the terrorist attacks on New York City and Washington, D.C., on September 11, 2001. We recognize the events of that day and subsequent days may greatly alter State's approach to its strategic goals and objectives in many of the areas we examined for this review, particularly those involving counterterrorism. We hope that this report provides the department and others with insights that will assist them when developing new efforts to counter terrorism and protect American citizens, assets, and interests, both at home and abroad.

In this review, we focused on the same outcomes we addressed in our June 2000 review of the department's fiscal year 1999 performance report and fiscal year 2001 performance plan to provide a baseline by which to measure the department's performance from year to year.³ These selected key outcomes are as follows:

- eliminate the threat from weapons of mass destruction;
- expand foreign markets for U.S. products and services;
- enhance the ability of American citizens to travel and live abroad securely;

¹P.L. 103-62, 107 Stat. 285.

²This report is one in a series of reports on the annual GPRA documents required of the 24 agencies enumerated in the Chief Financial Officers Act.

³*Observations on the Department of State's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan* (GAO/NSIAD-00-189R, June 30, 2000).

-
- reduce international crime and availability and/or use of illegal drugs; and
 - reduce international terrorist attacks, especially against the United States and its citizens.

As agreed, using the selected key outcomes for State as a framework, we (1) assessed the progress State has made in achieving these outcomes and the strategies the department has in place to achieve them and (2) compared State's fiscal year 2000 performance report and fiscal year 2002 performance plan with the department's prior year performance report and plan for these outcomes. Additionally, we agreed to analyze how State addressed its major management challenges, including the governmentwide high-risk areas of human capital and information security, that we and State's Inspector General identified. Appendix I provides detailed information on how State addressed these challenges.

Results in Brief

State reported little progress in eliminating the threat from weapons of mass destruction during fiscal year 2000; however, it reports substantial progress toward achieving the other four key outcomes by meeting many of its performance goals and targets. Based on our analysis, it is difficult to determine the level of progress on the five outcomes because the performance report does not always clearly describe what State sought to accomplish due to a lack of linkages between activity based performance indicators and outcomes and a failure to report on many performance indicators prescribed in the performance plan for fiscal year 2000. The department provided little discussion on why certain indicators were not reported, why others did not meet expected performance, and what strategies would be used to achieve the unmet (and unreported) performance targets. Finally, the report discussed information technology as a strategy for achieving outcomes only for assisting Americans traveling and living abroad, and it did not address human capital issues in the context of achieving any outcome. State's performance plan for 2002 clearly linked the department's strategies and indicators to its key outcomes and discussed how it will address some of the unmet and unreported indicators in both 2001 and 2002.⁴ The plan's performance

⁴Due to many inadequacies with its Performance Plan for Fiscal Year 2001, many of which we highlighted in June 2000, State chose to revise its performance goals and indicators. The Performance Plan for Fiscal Years 2001-2002 will be the basis for State to judge both 2001 and 2002 performance. In this report, we refer to the 2001-2002 plan simply as the performance plan for 2002. Unless otherwise noted, references to State's fiscal year 2001 performance plan refer to its original plan for that fiscal year issued in June 2000.

goals and indicators are objective and measurable, although many are activity rather than outcome oriented.

Planned Outcome: Eliminate the Threat From Weapons of Mass Destruction - State reported little progress in eliminating the threat from weapons of mass destruction, particularly reflected in its inability to achieve the targets for three performance indicators: (1) establishing nonproliferation export controls in the 12 countries formerly comprising the Soviet Union (the Newly Independent States), (2) ratifying the Strategic Arms Reduction Treaty III, and (3) reaching agreement with Russia on antiballistic missile defense and theater missile defense demarcation. The department presented strategies for meeting these indicators in the future. Progress toward achieving targets related to a third indicator—countries joining the Chemical Weapons Convention—was unclear because State did not demonstrate that the countries joining the convention during fiscal year 2000 were the actual targeted nations. Finally, the department reported no progress related to the Antiballistic Missile Defense and Theater Missile Defense treaties. Although State's performance plan for 2002 greatly reduced the number of performance goals and indicators, many of the performance targets lack valid measures of progress.

Planned Outcome: Expand Foreign Markets for U.S. Products and Services - State reported successes in expanding foreign markets for U.S. products and services, saying it fully or partially achieved performance targets for all seven indicators. However, we disagree with State's assessment on two of the seven indicators—the number of Newly Independent States joining the World Trade Organization and the number of countries maintaining a 90-day petroleum stock. In addition, it is difficult to see the relationship between the latter indicator and the goal of expanding foreign markets for U.S. products and services. State's 2002 performance goals and indicators for its two major efforts—opening new markets and expanding trade—are objective and measurable, and the department's strategies clearly link performance goals and indicators to outcomes; however, many of the measures are activity based rather than outcome oriented.

Planned Outcome: Enhance the Ability of American Citizens to Travel and Live Abroad Securely - State reported substantial progress in achieving this outcome; however, we found that only one of the two current performance targets was achieved. Furthermore, the department did not report on basic services it provides. State dropped two performance indicators prescribed in the 2000 performance plan—memoranda of

understanding between State and commercial airlines and status of Year 2000 compliance—because neither remained applicable during 2000. The department achieved its primary targets associated with its indicator for disseminating information via the Internet. However, success in achieving the performance target for reducing the caseload of child abduction caseworkers was overstated because the department did not achieve the actual levels of cases per worker outlined in the performance plan for 2000. In addition, State did not report on two of its most prominent activities—the issuance of passports and the treatment of U.S. citizens in foreign prisons—although the performance plan for 2000 did not list either as specific indicators for these areas. The department stated it would address the partially met indicator related to child abduction caseloads by developing a new case-tracking system. In addition, in 2002, the department will continue using its consular Web site; implement computerized tracking systems for international adoptions and American citizens incarcerated abroad; and report on other prominent services, such as passport services.

Planned Outcome: Reduce International Crime and the Availability and/or Use of Illegal Drugs - State reported success in achieving performance targets; however, it is difficult to determine progress achieving the outcome because State's indicators were output rather than outcome oriented and presented no data related to stemming the flow of illegal drugs. State presented data on the number of people trained and the number of international law enforcement academies established, but it did not report how this training affected the levels of international crime and its impact on the United States and its citizens. In 2002, State is to focus on new anticrime and antismuggling operations; begin negotiating an anticorruption agreement; and take actions to make progress on investigating, prosecuting, and convicting major narcotics criminals. While some of the indicators associated with the international crime performance goals are not easily measurable, they are generally results oriented.

Planned Outcome: Reduce International Terrorist Attacks, Especially Against the United States and Its Citizens - State reported it successfully achieved its performance targets on all indicators; however, it is difficult to determine progress toward achieving the outcome because linkages between the outcome and its related activities and indicators were not clear. In addition, indicators were output based, generally reporting the number of people trained or training sessions held. Moreover, the department did not report on the two basic measures that define the outcome—the number and severity of terrorist attacks. In 2002, State's

goals are to reduce the number of attacks, bring terrorists to justice, reduce or eliminate state-sponsored terrorist acts, delegitimize the use of terror as a political tool, enhance international response, and strengthen international cooperation and operational capabilities to counter terrorism. In addition, the department will report on the number of terrorist attacks and the number of human casualties, as it did for fiscal year 1999.

The fiscal year 2000 performance report has not changed significantly from the fiscal year 1999 report. Although State has improved the report's clarity and readability, the report has numerous weaknesses, many of which we reported in June 2000, most notably:

- Indicators continue to measure outputs rather than outcomes.
- The relationship between some indicators and strategies is unclear, as is the relationship between some strategies and outcomes.
- Baselines, results of past performance, and methodologies for measuring indicators were changed without discussion.

In addition, State once again failed to report on many of the indicators prescribed by the 2000 performance plan, did not discuss strategies for addressing unmet and unreported goals, and provided no assessments of how fiscal year 2000 performance could affect performance in fiscal year 2001.

State's performance plan for 2002 is a significant improvement over its earlier GPRA products. State used a more unified, agencywide approach rather than the regional focus used in the fiscal year 2001 plan. This approach resulted in more clarity and the elimination of redundant material. In addition, the 2002 plan more clearly delineates the relationships among the various key outcomes, performance goals, strategies, and performance indicators. However, some weaknesses remain, such as the output orientation of many indicators, vague performance targets, and a lack of clear descriptions of how State's efforts relate to efforts of other agencies and where interagency activity is taking place.

State's fiscal year 2000 performance report discussed progress in resolving its major management challenges that we identified. The report discussed seven major management challenges, including two governmentwide and five others related specifically to the department. State's performance plan has performance goals and measures that are directly related to six of these challenges and does not have performance goals, strategies, or

measures to address one of these challenges—rightsizing U.S. overseas presence. However, State subsequently addressed its rightsizing plans in an August 2001 report that assessed recommendations of the Overseas Presence Advisory Panel.⁵ Moreover, the President has announced the realignment of overseas presence as 1 of 14 management priorities for fiscal year 2002. The department also stated it successfully achieved all eight performance targets under its strategic human capital management performance goals; however, it failed to fully report on at least three of the eight indicators.

In this report, we recommend that in future years the Secretary of State report on fiscal year performance for all performance goals and indicators outlined in corresponding performance plans, provide clear and specific explanations for why performance goals and targets were not achieved, and discuss actions the department will take to achieve the unmet goals. The department indicated it would implement these recommendations in its 2001 performance report.

Background

GPRA is intended to shift the focus of government decisionmaking, management, and accountability from activities and processes to results and outcomes achieved by federal programs. New and valuable information on the plans, goals, and strategies of federal agencies has been provided since federal agencies began implementing GPRA. Under GPRA, annual performance plans are to clearly inform the Congress and the public of (1) the annual performance goals for agencies' major programs and activities, (2) the measures that will be used to gauge performance, (3) the strategies and resources required to achieve the performance goals, and (4) the procedures that will be used to verify and validate performance information. These annual plans, issued after transmittal of the President's budget, provide a direct linkage between an agency's longer-term goals and mission and day-to-day activities.⁶ Annual performance reports are to subsequently describe the degree to which performance goals were met. The issuance of the agencies' performance reports, due by March 31 of each year, represents a new and potentially more substantive phase in the implementation of GPRA—the opportunity to assess federal agencies' actual performance for the prior fiscal year and

⁵*Final Report on Implementing the Recommendations of the Overseas Presence Advisory Panel (OPAP)*, U.S. Department of State, August 2001.

⁶The fiscal year 2002 performance plan is the fourth of these annual plans under GPRA.

to consider what steps are needed to improve performance and reduce costs in the future.⁷

The Department of State is the lead government agency representing U.S. interests overseas. As such, it is vested with a wide range of responsibilities, including formulating U.S. policy on diverse international issues, coordinating and implementing U.S. government programs and activities overseas, and influencing other countries to adopt policies and practices consistent with U.S. interests. The department, among other things, monitors and reports political, economic, and other developments in foreign countries; assists U.S. business overseas; provides services to U.S. citizens abroad; issues passports and visas; participates in international drug control programs; and manages facilities and provides security for U.S. personnel stationed at embassies and consulates.

Assessment of State's Progress and Strategies in Accomplishing Selected Key Outcomes

This section discusses our analysis of State's performance in achieving its selected key outcomes and the strategies the department has in place, particularly regarding human capital⁸ and information technology, for accomplishing these outcomes. In discussing these outcomes, we have also provided information drawn from our prior work on the extent to which State verified and validated its performance data.

It is difficult to determine the level of progress toward achieving the five key outcomes that are discussed in the performance report for fiscal year 2000. For some key outcomes, it is unclear what State was trying to accomplish, due to a lack of linkages between activity-based performance measures and outcomes and a failure to report on many of the performance indicators outlined in the plan for 2000. The department provided little discussion on why progress in meeting certain performance targets was not reported, why other performance targets were not met, and what strategies would be used to achieve the unmet (and unreported) performance targets. State's performance plan for 2002 discusses strategies to meet performance goals and more clearly links the key

⁷The fiscal year 2000 performance report is the second of these annual reports under GPRA.

⁸Key elements of modern human capital management include strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staffs whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.

outcomes to strategies and performance indicators. In addition, the department developed new performance indicators for some key outcomes. However, as we reported in June 2000, many indicators continue to be output rather than outcome oriented, and some indicators are not readily measurable.

The performance report for 2000 and the performance plan for 2002 discussed issues of data verification and validation for four of the five outcomes. In the performance report, State discussed data sources and the unit responsible for verifying data quality for four outcomes, but it did not discuss the frequency of data collection and the efforts taken to validate the data for three of those four outcomes (weapons of mass destruction, Americans traveling and living abroad, and counterterrorism). The 2002 plan discussed (1) the sources and management of performance data for four outcomes (weapons of mass destruction, Americans traveling and living abroad, international crime, and counterterrorism); (2) the frequency of data collection for two outcomes (international crime and counterterrorism); and (3) the validation of data for two outcomes (weapons of mass destruction and Americans traveling and living abroad). The department did not discuss how it will collect and validate performance data for the outcome of expanding foreign markets for U.S. goods and services.

The performance report and performance plan provided detailed discussions of departmentwide strategic human capital and information technology efforts under the Diplomatic Readiness initiatives. However, other than for a few instances—such as State’s efforts to use the Internet for disseminating information on consular services and travel safety—the report generally did not discuss these issues within the context of achieving the key outcomes. The performance plan for 2002 listed the number of staff positions the department requested for all five key outcomes, but it did not explain how changes in the number of these positions would affect the achievement of the outcomes. The performance plan included a detailed discussion of information technology issues related to providing services to American citizens traveling and living abroad, but it did not do so for the remaining four outcomes.

The Threat From Weapons of Mass Destruction

State reported it achieved one of its four planned performance targets for this outcome, made progress toward achieving a second, did not achieve a third target, and made no progress toward its fourth target. However, for the two indicators for which State reported progress, one performance target was not achieved and progress toward the other was unclear

because State did not provide a full description of its actual accomplishment.

State's strategic goal for this key outcome was to eliminate the threat to the United States and its allies from weapons of mass destruction and destabilizing conventional arms. State's fiscal year 2000 performance plan identified one performance goal regarding the negotiation and implementation of nonproliferation treaties, agreements, and controls with Russia and the other Newly Independent States.⁹ To measure achievement of this goal, State focused on four performance indicators: (1) establishment of nonproliferation export controls in Russia and the other Newly Independent States, (2) progress on the Strategic Arms Reduction Treaty III (START III) with Russia, (3) accession of Newly Independent States to the Chemical Weapons Convention, and (4) agreement between the United States and Russia on antiballistic missile defense and theater missile defense demarcation. Under nonproliferation activities, State's target was to have export controls in place in all 12 Newly Independent States, with a majority of these countries enforcing them. Actual performance showed that five countries (Belarus, Georgia, Moldova, Kazakhstan, and Ukraine) have the controls in place, and one (Ukraine) enforces them. State did not explain why the targets under this outcome were not met. For the second performance indicator, State reported that the United States and Russia held preliminary discussions about arms reductions under START III during 2000. While important, the result does not meet the target for 2000 of having a treaty signed by the United States and Russia. Under the third indicator, the department stated that 12 additional countries ratified or acceded to the Chemical Weapons Convention, but it is unclear whether this achievement meets the planned target of 2 additional Newly Independent States joining the convention because the department did not report the countries that joined. Finally, State reported it made no progress related to antiballistic missile defense and theater missile defense demarcation because Russia was not willing to engage in formal discussions.

The performance report discussed strategies to achieve the unmet performance goal of having all 12 Newly Independent States institute nonproliferation export controls and having the majority enforce them. The department stated that it has expanded into two distinct export control offices—one focused on policy and the other on sanctions and

⁹Russia and the 11 other Newly Independent States formerly comprised the Soviet Union.

assistance. However, State did not report why the performance targets were not met; thus it is difficult to determine how this strategy will help the department achieve the unmet target in the future. The report did not discuss why the START III negotiations were delayed or a likely time frame for when the negotiations would be completed and the treaty signed, nor did the report discuss the actions State will take to meet its targets for theater and antiballistic missile defense demarcation.

Overall, the fiscal year 2002 plan provides a more clear definition of State's intended strategies and performance regarding weapons of mass destruction by organizing the performance goals and indicators in a more logical fashion. State's unified approach eliminated many goals and indicators that resulted from State's prior year approach that was devolved to the regional level. By focusing on agencywide, rather than regional, objectives and limiting its planning to nonmandated activities, State reduced the number of performance goals for this key outcome from 75 for fiscal year 2001 to 7 for 2002 and the number of performance indicators from 64 to 15. In addition, State will continue to use two categories for judging 2002 performance for this outcome—successful and minimally successful—each of which has specific associated levels of performance. However, some of the performance indicators and targets identified continue to lack valid measures of progress. For example, one new indicator measuring performance toward missile defense defines “successful” performance as “undertak[ing] appropriate actions to implement U.S. Government decisions on missile defense.” As in prior plans, State identified the agencies with which coordination is needed for each performance goal, yet failed to discuss the nature and extent of the coordination necessary or the new strategies that may be needed.

In the performance report, State addressed data verification by stating the sources of data. The performance plan for 2002 provided the same information on data verification, in addition to the units responsible for data collection and management. However, the department did not indicate how it would verify the data. In the 2002 plan, State requested an increase of 20 full-time staff for this outcome, but it did not say how the additional positions would be allocated.

Foreign Markets for U.S. Products and Services

State reported it achieved performance targets for all seven indicators outlined in the performance plan for 2000. However, for three indicators that State reported as having been achieved, we found the department only partially met its targets. Finally, the linkage between one of the

performance indicators and the outcome was unclear. State has deleted that indicator from its subsequent performance plan.

State has two strategic goals in the trade area that we treated as one key outcome: (1) opening foreign markets to increase trade and free flow of goods, services, and capital and (2) expanding U.S. exports to \$1.2 trillion by early in the 21st century. Performance goals and indicators were generally objective and measurable. Under the first of the selected outcomes—opening markets—four of five indicators were results oriented. However, it was difficult to see the relationship between one performance indicator—number of countries maintaining a 90-day stock of petroleum—and the outcome of opening markets to U.S. goods and services. Performance indicators for the second selected outcome, expanding U.S. exports, were also objective and measurable. Neither the performance report nor the performance plan discussed data verification and validation for this outcome.

The performance plan indicated the department will reduce the number of staff positions by about 27 percent (256 positions), but it did not state which functions within the 2 strategic goals would be affected.

Open Foreign Markets to Increase Trade and the Free Flow of Goods, Services, and Capital

State reported that it had fully achieved its targets for four of its five performance indicators and partially met the fifth indicator. However, from our assessment, State had successfully achieved only three targets—the number of countries signing more liberal aviation agreements; the total sales of U.S. telecommunication and information technology equipment; and the total foreign operations revenues of U.S. telecommunications, including satellite services. For another indicator, the number of Newly Independent States and former Communist countries acceding to the World Trade Organization, State targeted four countries—Georgia, Croatia, Lithuania, and Moldova. State said it successfully met the target because three countries joined the organization in 2000. However, only one of the targeted countries, Georgia, joined the organization during fiscal year 2000, while another joining country, Albania, was not on State's initial list. Croatia completed its entry requirement during fiscal year 2000, but did not formally join until November 30, 2000. Lithuania and Moldova did not join until well into fiscal year 2001.¹⁰ On the final indicator, the number of countries maintaining a 90-day petroleum stock reserve, we

¹⁰Lithuania was voted as a member on December 8, 2000, and formally joined on May 31, 2001. Moldova formally joined the organization on July 27, 2001.

agree that State successfully met the target of having two target countries—the Czech Republic and South Korea—maintain 90-day petroleum reserves. However, the fact that seven other countries previously maintaining the desired level of oil stocks fell out of compliance with the standard negates this achievement. Regardless of whether State achieved the performance target, as we reported in June 2000, it is difficult to see a linkage between the number of countries maintaining a 90-day petroleum stock and the goal of expanding foreign markets for U.S. products and services. As such, State has dropped this indicator for both 2001 and 2002 performance.

Although State did not establish clear fiscal year 2002 performance goals for this part of the key outcome, it did discuss the strategies to achieve the outcome and the indicators and performance targets it will use to judge progress. State will continue to work toward strengthening international frameworks for open markets for goods, services, and investment; integrating social policy goals into the international agenda for reforming economic policies and rules; ensuring openness of international markets for e-commerce and biotechnology; and integrating developing and transition economies into the world economy. To monitor performance, State will focus on 11 indicators. These indicators are generally objective and measurable and linked to the outcome, but performance targets for three indicators are not clearly defined: (1) needs met in Integrated Framework for Trade-Related Capacity Building Roundtables, (2) status of bilateral investment dialogues, and (3) status of multilateral policy dialogues.

Expand U.S. Exports to \$1.2 Trillion by Early in the 21st Century

State reported success in achieving both performance indicators outlined for this outcome; however, the department did not report on one of the performance targets prescribed by the plan. State's one performance goal and two reported indicators were objective and measurable. The performance goal focused on U.S. government export promotion to the "best international market prospects," and State reported it successfully achieved the targets for two performance indicators—the total level of U.S. exports (goods only) and the attainment of bilateral investment treaties. In developing the 2000 performance plan in 1998, State set 3 targets related to bilateral investment treaties to be achieved in fiscal year 2000: (1) sign 4 additional treaties with undetermined countries, (2) conduct 8 ongoing treaty negotiations, and (3) engage in preparatory discussions with 50 countries. The target for the number of treaties signed was actually achieved during 1999, and State concentrated its efforts in 2000 "on obtaining advice and consent from the Senate on 10 previously signed treaties and engag[ing] in negotiations with 8 countries." The

department did not indicate whether it was preparing discussions with additional countries. For the other indicator, State reported sales of \$755 billion in total U.S. exports of goods, surpassing the 2000 target of \$720 billion.

State's performance goals, strategies, indicators, and performance targets outlined in the performance plan for 2002 are more clearly linked to the key outcome of expanding U.S. exports to \$1.2 trillion than they were in the 2000 performance report. State's two performance goals are to (1) provide support to U.S. businesses competing worldwide and (2) increase exports of oil and gas field equipment and services, telecommunications equipment and services, and agricultural produce. Strategies include promoting business and exports, supporting U.S. foreign direct investments, and promoting corporate responsibility and best practices. State will assess progress toward achieving the outcome using eight performance indicators that are generally objective and measurable. Although all of the indicators have specific baselines for 2000 and performance targets for 2002, most, such as the number of presentations to business audiences, are activity based. However, two indicators—(1) telecommunications and information technology equipment sales and (2) agricultural exports—are outcome oriented. A third indicator—oil and gas sector exports—is also outcome oriented; however, State provided no baseline for this indicator, and its performance target is vague and not measurable.

The Ability of American Citizens to Travel and Live Abroad Securely

State reported that it had fully met two of its performance targets for this key outcome and explained that it did not report on the two other indicators outlined by the 2000 performance plan because these indicators had become obsolete. Based on our assessment, although State made great strides toward achieving planned performance for one of the two indicators discussed, it did not fully achieve the target prescribed by the 2000 plan.

State's strategic goal for this key outcome was to protect the safety and security of American citizens who travel and live abroad, and its performance goal for 2000 was to deliver information and services needed to travel and live abroad knowledgeably, efficiently, and courteously. This performance goal was clearly defined, results oriented, and measurable. Furthermore, State established four measurable and objective performance indicators. However, one of the key services that State provides American citizens traveling abroad—timely, effective passport issuance—is not an indicator under this key outcome. Neither the

performance plan for fiscal year 2000 nor the fiscal year 2000 performance report provides performance information on this prominent activity, although the 2000 report provides a narrative description of what State considers improved passport service.

State dropped two of the four indicators prescribed by the performance plan for fiscal year 2000. The department reported that one of the indicators, status of the American Citizen Services system's Year 2000 compliance, is no longer applicable. For the other indicator, memoranda of understanding between State and commercial airlines serving U.S. citizen passengers in the event of an air disaster, State reported that specific memoranda are no longer necessary because new legislation and regulations serve the same purpose and that the target has been successfully achieved. In the report, State did not specifically cite the relevant legislative and regulatory changes.

For the performance indicator of Internet usage to disseminate information on consular services and travel safety, State surpassed its target of receiving 150,000 hits per day on its Web page, averaging 240,000 hits per day. State also said it achieved its customer satisfaction targets for this indicator. However, it is difficult to determine whether the 2000 target for percent of users who found the information helpful was met. State reported that user satisfaction with consular Web site information was 90 percent, which was 5-percentage points below the target for 2000. State cited three primary sources of user dissatisfaction: (1) inability to get questions answered by telephone, (2) unwillingness or inability to call the passport information 900 (toll) telephone number, and (3) no listing of the winners of the Diversity Visa lottery. However, two of the reasons cited reflected dissatisfaction with telephone-based customer service rather than Web site content. Nonetheless, State said it met the target and therefore all aspects of the indicator. Further complicating the issue, State did not provide data on the relative influence the three sources of dissatisfaction had on the overall user satisfaction rate. Thus, the explanations seem incomplete.

State also reported that it successfully met the final performance target, reducing the case workload per officer to left-behind parents in child abduction cases from 140 cases to 80, despite an actual reduction to 90 cases per worker. State officials told us they declared success for this performance indicator because the reduction was significant. However, State provided no explanation of why it was not successful in reducing the workload to 80 cases per officer. The department stated that progress

toward achieving this target was due in large part to increasing the number of full-time staff from 11 to 26.

In addition, State's strategy for enhancing American citizen services under the performance plan covering fiscal year 2000 indicated that the department would work closely with foreign governments to improve treatment of U.S. citizens incarcerated abroad, promote greater participation in multilateral treaties to which the United States is a party, and help other agencies provide efficient distribution of benefits overseas. Yet State provided no indicators or targets to measure progress in these areas. The 2000 performance report does not include these activities as strategies State used in fulfilling this goal. The plan also states that ratification of the Hague Convention on International Adoptions was expected and that State must make preparations for dealing with the increased workload the convention would entail. But State did not report on what preparations, if any, had been made for the convention's ratification or a resulting increase in workload.

Although one of the key services State provides American citizens traveling abroad is the timely and effective issuance of passports, neither the 2000 performance plan nor the 2000 performance report provides performance information on this service. However, the 2000 report said that a governmentwide satisfaction survey showed that the service passport customers received exceeded their expectations and that the majority of customers were more satisfied than they were in 1998.

Under its performance plan for 2002, State replaced its past indicator for child abductions—reducing the workload level of caseworkers—by focusing on a new, automated case-tracking system. Performance targets for 2002 include pilot testing and deploying systems that track international parental child abduction cases and international adoption cases. In addition, the system will track U.S. citizens who have been arrested overseas and instances of their mistreatment. State also will report on two passport service indicators: the number issued and the status of efforts to introduce digital passport photos. Finally, State will continue to track consular information activities through the use of the Consular Activities Web site. State will continue to use two alternative levels of measure—successful and minimally effective—for the indicators associated with this outcome. For each performance indicator, the alternative levels of measure have specific results-oriented targets.

In the performance report, State addressed data verification by stating the sources of performance data and the units responsible for data collection

and management. The performance plan for 2002 also provided a brief description of how and by whom the data will be verified and validated.

International Crime and the Availability and/or Use of Illegal Drugs

State reported success in achieving performance targets associated with three indicators presented in the 2000 performance plan. However, overall progress under this outcome is unclear because the department did not discuss progress toward achieving the planned targets for three additional indicators prescribed by the 2000 plan. In addition, the linkages between the outcome and some of the strategies and indicators are unclear, and the indicators on which the department reported were output rather than outcome oriented.

State's 2000 performance plan and prior GPRA products treated international crime and drug trafficking as one strategic goal: to minimize the impact of international crime on the United States and its citizens and reduce significantly, from 1997 levels, the entry of illegal drugs into the United States. State's performance report for 2000 presented one performance goal covering both key outcomes and addressed only the indicators related to international law enforcement training programs outlined in the performance plan for fiscal year 2000. The report did not discuss performance results for its remaining three indicators outlined in the 2000 plan: (1) foreign spending on and commitment to crime control efforts, (2) agreements to counter international organized crime, and (3) antinarcotics awareness campaigns. The report also did not present indicators related to the flow of illegal drugs into the United States. No explanation was provided on why the other indicators and measures were excluded.

For the international training program indicators, the performance plan for fiscal year 2000 identified three performance targets; however, the performance report for fiscal year 2000 addressed only two—the number of academies established and the number of foreign officials trained. State gave no explanation on why “help[ing] countries establish their own national-level law enforcement training institutions” was not discussed. Furthermore, the report did not demonstrate how establishing training academies and training foreign officials help State combat international crime and reduce the availability of illegal drugs.

State reported that targets for the two performance indicators related to law enforcement training were successfully achieved. The department stated that it completed development of two international law enforcement academies but only cited one partnered country—Botswana.

State also worked with the U.S. Agency for International Development and the Department of Justice's Office of Overseas Prosecutorial Development, Assistance, and Training, as we reported in October 2000 and April 2001,¹¹ in addition to other U.S. agencies and host countries, to achieve its target of training 10,500 foreign officials in law-related areas. Both of these indicators were output oriented, and State did not demonstrate tangible effects of training on reducing international crime.

The 2002 performance plan treats international crime and reducing entry of illegal drugs into the United States as two separate strategic goals. This approach provides more clarity and better linkages between State's performance goals and the outcomes than previous performance plans. To minimize the impact of international crime on the United States and its citizens, State has two general goals—strengthening international cooperation against transnational crime and improving law enforcement and criminal justice institutions in targeted countries. To achieve these goals, State plans to continue using training-related items as strategies. In addition, State plans to work with other countries to develop new anticrime and antismuggling/trafficking operations, begin negotiating an international anticorruption agreement, and work with multilateral agencies to implement the Transnational Organized Crime Convention and related protocols. While some of the associated indicators are not easily quantifiable, performance requirements are generally results oriented.

To achieve the objective related to reducing the entry of illegal drugs into the United States, State plans to employ numerous strategies to reduce the cultivation of illicit coca and opium poppy and foreign cultivation of marijuana. These strategies are generally results oriented, and the indicators tracking progress are objective, measurable, and directly related to the performance goal and key outcome. Strategies related to a second goal—criminal justice sectors of foreign governments break up major drug trafficking organizations and effectively investigate, prosecute, and convict major narcotics criminals—are aimed at diplomatic initiatives to get foreign countries to approve and implement the 1988 United Nations Drug Convention, as well as assist others with legislative, training, and law enforcement activities. The two performance indicators—the number of countries adhering to the convention and the number of foreign officers

¹¹*Foreign Assistance: Any Further Aid to Haitian Justice System Should Be Linked to Performance-Related Conditions*, (GAO-01-24, Oct. 17, 2000) and *Former Soviet Union: U.S. Rule of Law Assistance Has Had Limited Impact*, (GAO-01-354, Apr. 17, 2001).

trained—are objective and measurable and clearly linked to the performance goals and key outcome; however, they apply to only two of State’s many planned activities.

In the performance report, State addressed data verification by discussing the sources of performance data, the frequency of data collection, the units responsible for data collection and management, and how the data were validated. Although the performance plan for 2002 addressed the first three items for data verification, it did not discuss how the data would be validated.

The performance plan stated that the department will increase staffing for its anticrime efforts by 18 percent (76 positions), but it did not provide specifics on how these positions will be allocated. The plan also stated that the number of positions for combating the illegal flow of drugs would be reduced by about 22 percent (28 positions), but it did not state how this would affect activities associated with this strategic goal.

International Terrorist Attacks

The events of September 11, 2001, heightened the awareness and importance of this outcome and could affect the strategies the department utilizes to combat terrorism. While the events have no bearing on fiscal year 2000 results that the department presented in its performance report, they could lead to changes to State’s fiscal year 2002 counterterrorism performance goals, strategies, and indicators. The department’s 2002 performance goals, strategies, and indicators were generally results oriented; however, performance targets for the some of the indicators were not well defined. Although the goals, strategies, and indicators remain relevant even after the September 11 events, State officials said they plan to revise the performance targets and may consider altering, replacing, and adding some strategies and indicators.

State reported that it successfully achieved its performance targets on all indicators prescribed by the performance plan for fiscal year 2000. However, progress toward achieving the outcome is difficult to determine because linkages between the outcome and its strategies and indicators were not clear. In addition, indicators were output rather than outcome oriented. Moreover, the department did not report on two basic measures associated with the outcome—the number and severity of terrorist attacks.

State’s strategic goal for this key outcome was to reduce the incidence and severity of international terrorist attacks, particularly against American

citizens and interests. For fiscal year 2000, State reduced the number and type of performance goals (from two in 1999 to one in 2000) and performance indicators (from seven in 1999 to five in 2000), as outlined in the department's performance plan for 2000. The outcome, performance goal, and indicators were objective and measurable; however, the performance goal and performance indicators were output rather than outcome oriented. The department's objective was to reduce the severity and incidence of international terrorist attacks against American citizens and interests by minimizing human casualties, physical destruction of property, and the political effects of terrorism. To accomplish this, State focused predominantly on training—altering the performance goal to “train[ing] foreign governments in methods and techniques of combating terrorism.” All five of the indicators and performance targets involved either holding conferences, coordinating interagency terrorism response exercises and deployments, or training personnel. State reported it achieved each of the performance targets. Although these measures are outputs, some do operate as proxies for outcomes. For example, the 2000 performance report's number of exercises and deployments are outputs that serve as proxies to outcomes—in this case, high readiness to respond to international terrorist incidents.

The fiscal year 2000 report lacks the single most important and easily quantifiable performance indicator for this performance goal: the number of terrorist attacks, especially against American citizens. These figures are readily available and published annually by the Department of State.¹² The fiscal year 1999 report included “level of terrorist attacks” as a performance indicator, but it only discussed the trends in such attacks, not the actual figures. The fiscal year 2000 report dropped the level or number of attacks as a performance indicator.

For 2002, State's performance goals are to reduce the number of attacks, bring terrorists to justice, reduce or eliminate state sponsored terrorist acts, delegitimize the use of terror as a political tool, enhance international response, and strengthen international cooperation and operational capabilities to counter terrorism. To achieve these goals, State has developed strategies that strengthen international conventions and resolutions and U.S. laws; isolate sources of support, including freezing

¹²The Department of State annually publishes *Patterns of Global Terrorism*, which provides extensive detail on the number of terrorist attacks, attacks on Americans, types of attacks, attacks by region, number of casualties in attacks, and number of facilities attacked.

financial assets; and train foreign officials in counterterrorism through bilateral exercises. State will measure progress in 2002 using seven new indicators. State said it will report on the number of terrorist attacks and the rate of deaths and casualties against baseline data for fiscal year 2000, with performance targets to reduce the levels of each. The department also established an indicator and baseline for the number of countries signing and implementing international treaties on counterterrorism; however, part of the performance target for this indicator is unclear, focusing on “increased effective recourse to treaties for extraditions and renditions.” Two indicators—the level of cooperation and coordination among friendly governments and the level of professionalism, training, and quality of key equipment in key friendly countries—are not easily measurable. State established baselines for each, stating the current level is fair or good, but it does not explain what is meant by these categories, nor how one measures “increased professionalism” or “improved coordination.” State used a similar baseline for another indicator, the successful collection of evidence and obtaining witness cooperation for prosecutions under U.S. laws, but the performance target—increased use of foreign collected evidence and witnesses in U.S. prosecutions—seems quantifiable and, we believe, should have a consistent baseline.

Due to the sensitive nature of the information for the remaining two indicators—(1) identification of terrorist threats and prevention of terrorist attacks and (2) the level of fund-raising activity on behalf of terrorist groups—State reported no baseline data. Performance for the former indicator will be measured by assessing the number and lethality of attacks. The target for the latter indicator is a reduction in funds raised through front organizations.

In the performance report, State addressed data verification by discussing the sources of performance data and the units responsible for data collection and management. The performance plan for 2002 also included a statement of the frequency of data collection, but it did not discuss how the data would be validated. The performance plan also stated that the number of staff positions for this outcome would be reduced by 23 percent (58 positions), but it did not state which areas would be affected by the cuts.

Comparison of State's Fiscal Year 2000 Performance Report and Fiscal Year 2002 Performance Plan With the Prior Year Report and Plan for Selected Key Outcomes

For the selected key outcomes, this section describes major improvements or remaining weaknesses in State's (1) fiscal year 2000 performance report compared with its fiscal year 1999 report and (2) fiscal year 2002 performance plan compared with its fiscal year 2001 plan. It also discusses the degree to which State's fiscal year 2000 report and fiscal year 2002 plan address concerns and recommendations by the Congress, GAO, and State's Inspector General.

Comparison of Performance Reports for Fiscal Years 1999 and 2000

Despite efforts to improve the clarity and readability of its performance report, State's report for 2000 suffered from many of the same weaknesses of the 1999 report. Two major weaknesses are that (1) many indicators continue to be activity based rather than outcome oriented and (2) relationships between some key outcomes and strategies and indicators remain unclear. In addition, State changed some indicators, or the methodologies for measuring them, with little or no discussion on why it did so; and like 1999, the department failed to report on many of the performance indicators defined by its plan for 2000. Moreover, State did not discuss strategies for addressing unmet (and unreported) performance targets and did not provide assessments of how performance in fiscal year 2000 could affect estimated performance levels for 2001.

Little Connection Between State's Actions and the Achievement of Key Outcomes

The 2000 performance report continues to rely on activity- or output-based indicators, rather than outcome-oriented indicators; and State did not establish connections between its actions and the success or failure of key outcomes. We recognize that the nature of State's mission and operating environment makes it difficult for the department to avoid either having very broad key outcomes that are then not addressed sufficiently by the indicators or broad indicators that make it difficult to assess State's role in the outcome. Given this difficulty, we find it commendable that most reported indicators are quantifiable and that all reported indicators have baselines and targets. Nevertheless, as we suggested in 1999, there are opportunities to better describe State's outputs and clarify how they affect outcomes. For example, assessing whether terrorist attacks were reduced requires either a comparison of the relative number of terrorist attacks or a count of instances when specific attacks were prevented. In the 1999

report, one of the indicators for this issue was the “level of terrorist attacks against American citizens and interests.” This indicator provided a direct measure of whether the goal was met (outcome), but it is unclear on what action the United States took (output) to influence the outcome. Rather than linking an action or strategy to the indicator, as noted above, in its 2000 report State did not report the number or severity of terrorist attacks.

Unclear Relationships Among Key Outcomes, Strategies, and Indicators

The relationships between some strategies and key outcomes were not always apparent. For example, State does not clearly explain how some strategies, such as establishing law enforcement academies in southern Africa and New Mexico, related to the key outcome of minimizing the impact of international crime and stemming the flow of illegal drugs. State also reported on some indicators that were not clearly linked to key outcomes. For example, it is not clear how a nation maintaining a 90-day stock of petroleum reserves becomes a more open market for U.S. goods and services. In addition, reducing the caseload of overseas child-abduction investigators appears more closely related to reducing the impact of international crime on American citizens than providing efficient, knowledgeable, and courteous services to Americans traveling and living abroad.

Furthermore, the relationship between performance indicators and strategies were not always clear. In particular, it is unclear whether each strategy is designed to pursue specific indicators under a performance goal or whether the strategies are part of a more general effort. For example, three of the five indicators for the key outcome, “opening foreign markets” to U.S. goods and services, related to a single strategy—“advancing civil aviation, transport, telecommunications, and energy initiatives”—while most of the remaining nine strategies had no readily associated indicators.

Little or No Explanation for Changes to Performance Indicators

Some indicators to measure performance in 1999 were changed in 2000 without explanation, which makes it difficult to track performance from one year to the next. For some indicators used in 1999, measurement methodologies were altered with no discussion in either the performance plan or performance report for 2000, resulting in orders of magnitude differences. For the indicator “sales of U.S. telecommunications and information technology equipment,” State’s 1999 performance report showed a 1998 baseline of \$18.9 billion in sales and a 1999 target of \$20.6 billion, but it did not provide actual performance for 1999. For the same indicator in 2000, State reported a 1998 baseline of \$111 billion in sales, a 1999 actual level of \$123 billion, a 2000 target of \$120 billion, and a 2000

actual level of \$140 billion. It is apparent that State changed the methodology for assessing this indicator, but the department did not explain why it did so.

In addition, State changed past performance results for some indicators. For example, regarding expansion of markets for U.S. products and services, the actual level for the total exports of goods for 1999 cited in State's 1999 performance report was \$693 billion. However, the 2000 performance report adjusted the 1999 actual level for the total exports of goods to \$673 billion. State provided no explanation for this change. If the fiscal year 2000 report's actual level for 1999 is correct, then State did not reach its 1999 performance target of \$685 billion that it reported it had successfully met in its 1999 performance report.

Comparison of Performance Plans for Fiscal Years 2001 and 2002

In contrast to the performance report, State's 2002 plan represents a major improvement over 2001 by (1) focusing more on the overall agency level, rather than upon geographic regions; (2) eliminating redundant performance goals and indicators, and goals and indicators that were not clearly linked to outcomes; and (3) associating performance with necessary resources. However, the plan still has certain weaknesses. Many performance goals and indicators continue to be activity based rather than outcome oriented, and some performance indicators remain vague and unmeasurable. Furthermore, although State listed its partner agencies, offices, and bureaus; it did not explain its roles and responsibilities in these partnerships.

State's performance plan for 2002 uses a more unified, agencywide approach than the regional focus used in the 2001 plan. This approach resulted in more clarity and the elimination of redundant material. State agreed with our 2000 assessment that the goals and objectives in the 2001 performance plan were overly scattered. State formed key outcome teams that identified performance goals for the department, rather than have the various bureaus set their own goals. Using this approach, State achieved a drastic reduction in the number of performance goals and indicators across all outcomes. For example, in 2000, we reported that State's plan for 2001 had 75 performance goals and 64 performance measures over 5 regions for its efforts to reduce threats from weapons of mass destruction. In the 2002 plan, State reduced the number of performance goals and measures to 7 and 15, respectively. By deleting redundancies, combining related or subsidiary goals and indicators, and eliminating goals and indicators not clearly linked to key outcomes, State devised a performance plan for 2002 that is more focused and is more useful for understanding its intentions and for monitoring progress against baselines.

Another improvement over the plan for fiscal year 2001 is the inclusion of a resources summary for the selected outcomes. The performance plan for 2002 presented a summary chart showing the actual funding and number of positions for fiscal year 2000 and the estimated funding and number of positions for fiscal years 2001 and 2002 for each key outcome. However, the plan did not indicate how these resources would be applied to the various goals and strategies within the outcomes.

Nonetheless, some deficiencies remain with State's 2002 plan. Many indicators continue to be activity based rather than outcome oriented. For example, regarding expansion of U.S. exports by \$1.2 trillion, five of eight indicators describe outputs of activities, four of which tallied the number of meetings, conferences, and training opportunities, while the fifth indicator measured the status of the launching of an intranet Web site. In addition, a number of performance targets are vague and not measurable. For example, the target for "status of bilateral investment policy dialogues" for the opening of foreign markets outcome is undefined ("measurable progress on improvement of investment climates"). Similarly, it is unclear how progress will be measured for the counterterrorism indicator "level of coordination among friendly governments" ("improved coordination in countries, including close allies, countries with major terrorist presence, and those receiving [antiterrorism and Foreign Emergency Support Team] training"). In addition, it will be difficult to measure a "[d]eepening of new energy investment . . . resulting in increased flows of energy equipment and service exports from U.S. firms" for oil and gas exports, even assuming a baseline for judging was provided. A better performance target would be the total value of oil and gas sector exports.

Finally, although State provides a list of the agencies, offices, and bureaus working together to achieve the outcomes, it does not explain how the organizations interact or their respective roles. State's role in establishing international law enforcement academies and increasing the technical capabilities of law enforcement and judicial institutions, for example, is not as apparent as the roles played by some of its partnered agencies, such as the Department of Justice. Although State may be involved in negotiating agreements for establishing law enforcement academies and other training institutions, other organizations, such as the Department of Justice's Office of Overseas Prosecutorial Development and Assistance Training, actually provide the training services.

State's Efforts to Address Its Major Management Challenges Identified by GAO

We have identified two governmentwide high-risk areas: strategic human capital management and information security. Regarding human capital, we found that State's 2002 performance plan has performance goals and measures related to human capital, and its 2000 performance report explained its progress in resolving human capital challenges. The department reported that one of its performance goals for 2002 is to be staffed with a fully skilled workforce. State reported the number of employees in training and related programs and other efforts to better prepare its existing workforce, declaring these efforts to be successful. However, it did not address efforts to recruit new staff, including possible incentives for information technology and other hard-to-attract staff. Regarding information security, we found that State's performance plan has performance goals and measures related to information security, and the department's performance report explained its progress in resolving its information security challenges. State said that, primarily based on our recommendations, it has undertaken efforts to improve information technology security to close several material weaknesses. However, we have not determined the effectiveness of these programs. Also, the independent auditor who reviewed State's 2000 principal financial statements said that implementing our recommendations does not necessarily mean that the related material weaknesses have been corrected.

In addition, we have identified five other major management challenges facing State: (1) enhancing overseas communications, information technology, and knowledge management; (2) rightsizing U.S. overseas presence; (3) improving the security of overseas facilities and enhancing the management of overseas security programs; (4) improving financial management capabilities; and (5) improving visa processing and enhancing border security. We found that the department's performance report discussed its progress in addressing all of these challenges. Of these major management challenges, State developed performance goals and measures for 2002 that are directly related to four of these challenges. State did not detail performance goals, strategies, or measures to address one of these challenges—rightsizing U.S. overseas presence—in the performance plan. For that challenge, State reported it had been unable to achieve a consensus with other agencies, which is essential since rightsizing is an interagency effort. However, in August 2001, State reported on actions it plans to take to address the recommendations of the Overseas Presence Advisory Panel. Moreover, the President identified rightsizing overseas presence as 1 of 14 initiatives in his management agenda for fiscal year 2002.

Appendix I provides detailed information on how State addressed these high-risk areas and other major management challenges, as identified by both GAO and State's Office of the Inspector General.

Conclusions

Weaknesses in State's fiscal year 2000 performance report made it difficult to determine the department's progress toward achieving the key outcomes. These weaknesses are rooted in performance goals and indicators established in its performance plan for 2000, which was prepared in 1998 and which we have criticized in a prior report. State acknowledged flaws in its previous GPRA products and sought to correct many of them in its performance plan for 2002. State has taken a major step toward implementing GPRA requirements by producing a fiscal year 2002 plan that is superior to earlier efforts. Although we identified several areas where improvements can be made, such as developing indicators that are focused on results instead of outputs, we believe that the improved plan lays the groundwork for State to provide a more clear assessment of its performance and progress next year. In its future performance report, State will need to focus its efforts on reporting on all indicators in the plan and, if targets are not achieved, providing clear explanations of the reasons why and what actions State plans to achieve the targets in the future.

Recommendations

We recommend the Secretary of State ensure that performance reports for 2001 and subsequent years (1) address all performance goals and indicators outlined in State's performance plans, (2) provide clear and specific explanations for why performance goals and performance targets were not met, and (3) outline the actions the department will take to achieve unmet goals.

Scope and Methodology

As agreed, our evaluation was generally based on (1) the requirements of GPRA, (2) the Reports Consolidation Act of 2000, (3) guidance to agencies from OMB for developing performance plans and reports (OMB Circular A-11, part 2), (4) previous reports and evaluations by us and others, (5) our knowledge of State's operations and programs, (6) our identification of best practices concerning performance planning and reporting, and (7) our observations on State's other GPRA-related efforts. We discussed our review with officials in the Office of Management Policy and Planning, which is responsible for preparing the performance reports and plans required by GPRA. We also discussed our work with State's OIG. The department outcomes that were used as the basis for our review were

identified by the Ranking Minority Member of the Senate Committee on Governmental Affairs as important mission areas for the department and generally reflect the outcomes for all of State's programs or activities. The major management challenges confronting State, including the governmentwide high-risk areas of strategic human capital management and information security, were identified by us in our January 2001 performance and accountability series and high-risk update and by State's Office of the Inspector General in December 2000. We did not independently verify the information contained in the performance report and plan, although we did draw from our other work in assessing the validity, reliability, and timeliness of State's performance data. We conducted our review from April 2001 through November 2001 in accordance with generally accepted government auditing standards.

Agency Comments

We obtained written comments on a draft of this report from the Department of State (see app. II). The department indicated that it is taking action to improve its GPRA processes and products and would implement our recommendations in its fiscal year 2001 performance report. The department also provided technical comments, which we have appropriately incorporated into this report.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to appropriate congressional committees; the Secretary of State; and the Director, OMB. Copies will also be made available to others upon request.

If you or your staff have any questions, please call me at (202) 512-4128.

Sincerely yours,

A handwritten signature in black ink, reading "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J" and a distinct "T" and "F".

Jess T. Ford
Director
International Affairs and Trade

Appendix I: Observations on the Department of State's Efforts to Address Its Major Management Challenges

The following table identifies the major management challenges confronting the Department of State, including the governmentwide high-risk areas of human capital and information security. The first column lists the challenges identified by our office and State's Office of the Inspector General (OIG). The second column discusses what progress, as discussed in its fiscal year 2000 performance report, State made in resolving its challenges. The third column discusses the extent to which State's fiscal year 2002 performance plan includes performance goals and measures to address the challenges that we and OIG identified. We found that State's performance report discussed State's progress in resolving most of its challenges, but it did not discuss State's progress in resolving the following two challenges: (1) enhancing emergency preparedness and conducting crisis management exercises and (2) correcting weaknesses in federal financial assistance management. Of the agency's 10 major management challenges, its performance plan for fiscal year 2002 included goals and measures applicable to 5 of the challenges and partly applicable to 3 additional challenges. The plan does not address the remaining two challenges and therefore does not include goals and measures for them.

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Table 1: Major Management Challenges Confronting the Department of State

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
GAO-designated governmentwide high-risk major management challenges: <u>Human Capital:</u> GAO has identified shortcomings at multiple agencies involving key elements of modern human capital management, including strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staff whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures. (GAO identified this as a major management challenge specific to State in January 2001. State's Office of the Inspector General (OIG) also identified this area as a major management challenge.)	State reported that it is developing a human resource strategy. The first element of this strategy, the Diplomatic Readiness Plan, has been completed. State plans to develop a domestic staffing model by early 2002. State said the strategy would address recruitment, development, and retention problems. In addition, State developed a recruitment plan emphasizing skills and diversity needs. State also created a new School of Leadership and Management at the Foreign Service Institute that offers numerous leadership courses and seminars. It is also addressing retention issues, such as overseas spousal employment, by negotiating 137 bilateral work agreements with foreign countries to make it easier for spouses to seek employment abroad. The OIG found that State has made significant progress in hiring foreign service specialists, but since many months may elapse before candidates for these positions are hired, some may tend to lose interest. State has two Diplomatic Readiness performance goals addressing human capital workforce issues. The first is to develop an integrated workforce plan for determining the size, distribution, composition, and recruitment needs of State's American workforce through 2010. Two of the three performance indicators deal with integrating the U.S. Information Agency's workforce into State and incorporating public diplomacy functions into State's overseas staffing model. State declared it had done both of these and therefore was successful at meeting its targets. It also declared that the third target, to seek funding to develop the domestic staffing model, was successfully met. State reported that it sought funding to develop a staffing model, but the report did not say whether State received this funding or the types of activities it plans to fund. Further, State did not address steps to meet its recruitment and retention needs, such as improving the quality of life overseas and reforming evaluation and feedback systems. The second performance goal is that State is staffed with a fully skilled workforce and is ready to	The performance plan said that State needs to attract, train, promote, and retain the best employees. The plan includes four performance goals with specific and measurable indicators. The first goal is to hire and retain an adequate number of talented and diverse employees. Although State did not specify how many employees would be adequate, it did set three specific and measurable indicators for (1) the number of registrants for Foreign Service exams and specialist and student programs, (2) hiring levels, and (3) resignation rates. Starting in fiscal year 2002, State expects to hire 1,250 new employees to provide training float. Resignation rates are expected to remain constant through 2002. The second goal is to develop training and professional development programs for full-time employees. The three indicators address the numbers of Civil Service employees expected to be in career development programs, the percent of language students who meet their training goal, and the number of Foreign Service national employees receiving training. For language training, State's targets for fiscal year 2002 are to "maintain and improve" on the 2000 rate of 66 percent, but no specific improvement target is given. Also, the indicator for training Foreign Service nationals gives no indication of what type or amount of training each employee should receive. The third goal is to configure and equip the Foreign Service Institute to provide the full range of distance-learning offerings and support via at least two delivery systems to every post and facility worldwide by the end of fiscal year 2002, and ensure that the National

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
	handle the surge of "baby boomer" retirements without major disruptions. State has five performance indicators for this goal: (1) employee enrollment in leadership and management courses, (2) implementation of leadership competencies, (3) establishment of Civil Service overseas mobility initiative positions, (4) development of programs to fulfill organizational skill requirements, and (5) status of support for career development and resource needs. The five targets are based on objective and measurable indicators, and State has declared implementation of all five to be successful. However, State did not address two of its targets. For the target that 15 percent of State's Civil Service employees will enroll in the Leadership Competencies Development Initiative, State reports success because 1,030 employees enrolled; but it does not say what percentage this represents compared with the target. The target for new or current programs to meet organizational skill requirements was to continue the Senior Executive Service Candidate Development Program for five additional participants. State declared that this target was successfully met, although it said only that "candidates were selected and enrolled," not how many candidates were actually in the program.	Foreign Affairs Training Center is adequate to support staff and student needs. The two indicators are status of upgrade of analog multimedia laboratories to digital multimedia laboratories and preparation of a formal capacity review of the National Foreign Affairs Training Center. Targets are that a second digital lab be made operational and that the recommendations in the capacity review be made and reviewed. State has one indicator for the fourth performance goal—to maintain current work-life programs and introduce new ones to improve workplace quality for all employees and improve quality of life for Foreign Service employees and their dependents overseas to foster the recruitment, hiring, and retention of talented personnel. The performance indicator for this goal is that resignation rates remain constant—there is no specific retention indicator. There are no indicators for the satisfaction of employees working overseas or for specific programs, such as improving spousal employment, which would be one indication of ability to retain employees.
<u>Information Security</u>: Efforts to strengthen information security have gained momentum and have expanded both at individual agencies and at the governmentwide level. However, recent audits continue to show that federal computer systems are riddled with weaknesses that make them highly vulnerable to computer-based attacks and place a broad range of critical operations and assets at risk for fraud, misuse, and disruption. (GAO identified this as a major management challenge specific to State in January 2001. State's OIG also identified this area as a major management challenge.)	State said it has undertaken initiatives designed to strengthen the security of its information technology, closing a number of material weaknesses, including mainframe and information systems security. State also said it has developed an agencywide Systems Security Program Plan. State added that the OIG concurred with the closure of material weaknesses concerning the security of information systems networks for domestic operations, if there first was independent validation that improvements would prevent unauthorized access and abuse. However, the independent auditor who reviewed State's 2000 principal financial statements noted that closing these weaknesses on paper does not necessarily mean that the weaknesses themselves have been corrected. The independent auditor believes that State's information systems security networks for domestic operations remain vulnerable to unauthorized access and that other systems, including State's financial management systems,	State's performance plan indicated that protection of classified and sensitive information is a continued priority. State set a fiscal year 2002 target that 100 percent of its network intrusion detection systems would be installed abroad and domestically for OpenNet—its main network for storing and processing sensitive but unclassified information. The plan does not address the installation of detection systems for classified or other department networks. State discussed plans for providing security awareness training for its employees and testing software used on department networks to reduce security risks. The plan did not provide performance goal indicators or targets for these planned actions.

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
	may also be vulnerable. State, working with the OIG and GAO, plans an independent review of system security vulnerabilities in 2001. State reported on two indicators related to keeping information technology systems and the information processed and stored in them safe from unauthorized access and abuse: (1) implementing GAO recommendations and (2) performing information systems penetration testing, which included three target levels for 2000. The department said it had addressed all eight GAO recommendations in fiscal year 1999. We agree that State has made progress in improving its information security program, but note that the extent and effect of its improvements have not been determined. State provided a narrative on its accomplishments but did not characterize whether it was successful in meeting its targets. State indicated that it modified its Foreign Affairs Manual to include critical computer security policies to show it had made progress in establishing and enforcing these policies. However, State did not address enforcement of these policies.	
GAO-identified major management challenges: <u>Enhance overseas communication, information technology, and knowledge management capabilities:</u> U.S. agencies located overseas have great difficulty communicating electronically with each other and sharing available information with other agencies located domestically as well as abroad.	State reported it is addressing two of its biggest information technology problems—unreliable E-mail and antiquated computer equipment—by continuing to connect its workforce to one network. To track progress against this goal, State has three performance indicators: • Complete the unclassified overseas modernization effort. State reported success in meeting this indicator. However, it did not report whether the modernization was fully implemented. • Connect all unclassified users to the Internet. State reported partial success in meeting this indicator because not all users have a desktop connection. • User satisfaction with the modernized equipment. State reported success in meeting this indicator based on formal and informal assessments at a sample of locations. However, it did not mention, for example, whether the sample is representative of the entire user population.	State set a performance goal of providing secure, commercial-quality information technology support for the full range of U.S. international affairs activities. The plan identifies four measures for this goal: • percentage of commercial networking facilities completed, • percentage of desktop computers that are older than 4 years, • reduction of overseas servers and progress toward eliminating the cable system. Performance targets for three of the measures were precisely defined: • beginning deployment of a commercial-style network and infrastructure to all domestic and overseas posts, • reducing the number of overseas servers by 25 percent each year, and • completing a comprehensive requirements analysis concerning

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
Efforts needed to realign the U.S. workforce overseas with the U.S. government's mission: The U.S. presence at embassies and consulates needs to be adjusted to reflect the emerging economic, political, security, and technological requirements of the 21st century.	State's fiscal year 2000 performance report does not address an important initiative. State is leading an interagency effort to devise a system that meets the collective knowledge management and collaboration needs of the overseas foreign affairs community. State has begun to work with other federal agencies that have a significant overseas presence and is in the early stages of planning for this system. A system is scheduled to be prototyped and piloted at two overseas locations. While State originally planned to complete a prototype evaluation by April 2001 and pilot testing by December 2001, these dates have slipped to April 2002 and September 2002, respectively, because of funding restrictions. In response to numerous recommendations, State reported that it has begun a process to evaluate the existing mix and size of agencies' overseas staffing. In 2000, interagency teams assessed staffing at six missions. The studies concluded that a centralized process to review overseas staffing, as proposed by the Overseas Presence Advisory Panel, would not be effective or workable. The studies did not result in a methodology for staffing subsequent rightsizing reviews, nor did it identify opportunities to significantly reduce staff. State said there is agreement that the U.S. government footprint overseas should be limited to that required to carry out the government's key outcomes. However, State noted that other agencies believe their staffing is commensurate with the government's interests. State also said it had limited authority and influence over the staffing of other agencies operating overseas. State did not include performance goals or measures for rightsizing.	elimination of the current cable system and processes. However, the performance target for out-of-date computer technology is somewhat vague: "the deployment of classified computers to a significant number of overseas posts." The plan might be enhanced if this target was more precise. For example, instead of reporting a "significant" number of posts, it could provide a schedule of posts where classified computers are to be deployed. State's plan has no specific performance goal addressing the interagency effort to devise a system that meets the collective knowledge management and collaboration needs of the overseas foreign affairs community. However, it describes an ongoing activity to develop a prototype and pilot to enable information access and sharing capabilities for the international affairs community. The plan does not include goals or measures that specifically address this challenge. However, an agency objective is that State's workforce be at an optimum number, distribution, and configuration to respond to the foreign policy priorities identified in the strategic plan. The related performance goal is that State will hire and retain an adequate number of staff. However, in our opinion, this agency objective and goal do not address rightsizing the overall U.S. presence overseas.

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge GAO- and State OIG-identified major management challenges:	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
<u>Improve the security and maintenance of U.S. facilities overseas and enhance the management of overseas security programs:</u> State faces many challenges and risks in its program to replace its most vulnerable facilities, improve security at all posts, and improve facility maintenance.	Although State's performance report addressed efforts to replace its most vulnerable posts worldwide, it did not address State's ability to run a large construction program or the need for long-term planning that could help State effectively plan its resource use and control costs. According to the OIG, the department could have difficulty managing its major overseas construction projects over the next 5 years. The OIG also said that none of the 42 embassies it evaluated met all of the government's physical security standards. The lack of a 30-meter setback was the most prevalent deficiency. State listed quantitative indicators for the status of new construction projects. State said it was successful in fulfilling the three performance indicators: acquire/obtain options for sites, initiate/design construction projects, and complete construction. However, it did not meet the last target since it completed only four of its seven planned projects. In January 2001, we reported on State's embassy construction program and recommended that State develop a long-term capital plan to enhance program decisionmaking and accountability.^a In August 2001, State completed a detailed long-term plan that establishes performance targets for building new embassies and maintaining existing buildings. State also continued other security upgrade projects overseas under two diplomatic readiness performance goals. These upgrades included (1) deployment of additional security officers overseas, (2) provision of fully and lightly armored vehicles, (3) provision of updated security equipment, and (4) acquisition of additional facilities' setback. The report provided fiscal year 2000 targets for these programs and for the number of physical security upgrade projects started, funded, and completed. The targets for all indicators were measurable, calling for either numbers of security officers deployed, number of armored vehicles ordered or in process of delivery, number of projects started and completed, number of posts with added setback, or percentage of projects completed. The report declared that all six indicators were successful, although State did not meet the target levels for two of these indicators. The report stated that smaller	State's plan has four performance goals that address security, maintenance, and management of U.S. facilities overseas. These goals are (1) to continue the worldwide security upgrade program; (2) to expeditiously relocate staff into safe, secure, and functional facilities; (3) to extend, through rehabilitation, the useful lives of facilities and enhance their functionality; and (4) to heighten security for formerly lower-threat posts to meet standards used at higher-threat posts. There are seven specific performance indicators for these goals. One addresses the number of projects completed and the number of posts with added security setback; however, there is no indicator for the number of projects started, although there was such an indicator provided in the fiscal year 2000 report. Two other indicators are the status of new construction projects and major rehabilitation projects. These indicators all have specific targets based on numbers of projects addressed. Performance indicators for the goal of heightening security at formerly lower-threat posts deal with the percentage of 38 projects that have been completed, the percentage of posts with technical security equipment upgrades, and the number of Foreign Service Nationals trained in crisis management. The last indicator is that no Accountability Review Board will find that a serious injury, loss of life, or destruction of a U.S. government mission was due to inadequate security management or countermeasures. The plan does not include specific indicators on number of security officers deployed overseas and percentage of embassies/consulates with fully and lightly armored vehicles, as did the 2000 report.

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
	projects were combined into larger ones in both instances, implying that the targets were met. The report does not address facility maintenance, although both GAO and State's OIG have identified it as a major long-standing management challenge. State's unfunded maintenance and repair requirement in 1999 exceeded \$100 million for more than 650 buildings. The OIG stated that while the department has made progress in maintaining its facilities, fundamental challenges remain. State officials largely attributed cost-cutting over several years as a reason for the poorly maintained properties. The OIG agreed that funding is an issue but reported that State needs to do more to address maintenance as a management concern.	
<u>Improve financial management capabilities:</u> GAO and State's OIG agree that State has long-standing shortcomings related to the absence of an effective financial management system.	Financial management continues to be a major management challenge for State. However, according to the OIG, State has made significant improvements in recent years. For the first time, State submitted its principal financial statements (for fiscal year 2000) to the Office of Management and Budget by the required March 1 deadline. These statements received an unqualified opinion—the independent auditor said the statements were presented fairly in all material aspects. The OIG and the independent auditor identified several significant outstanding issues, including the security of information systems networks for domestic operations and weaknesses in managerial cost accounting and State's financial and accounting systems. The independent auditor's report also stated that the department's financial management systems do not comply with at least five federal laws and regulations, including the Chief Financial Officers Act of 1990. State has one performance goal aimed at improving financial management capabilities, with four performance indicators. State declared it was successful in implementing two of these indicators and partially successful in implementing the other two. The two partially successful targets dealt with percentage of domestic and overseas financial services transactions conducted electronically. State declared the domestic indicator partially successful, although the department fell 9 percent below the target. It declared the overseas indicator partially successful because it met one of the two targets set for that indicator.	One performance goal is to obtain funding to achieve all of the department's foreign policy and diplomatic readiness goals and to effectively administer the funds obtained. The second goal is to improve financial management infrastructure and operating capacity responsive to departmental needs. State established three performance indicators to fulfill the first goal: (1) timeliness of budgets, (2) department's resources allocated by GPRA Plan goals; and (3) status of joint program planning with the national security community. Only the last indicator that State and partner agencies negotiate changes in programs and budgets, does not include a specific, measurable target. For the second goal, State established 12 performance indicators, which include some of the following: the audit opinion on the previous year's financial statement, status of the yearly accountability report, quantity and amount of debt collections, amount of credit-card collections, and security orientation and training. While all but one indicator (data used for effective decisionmaking) have specific and measurable targets, there is no indication how these measures will help overcome State's problems with its financial management systems, such as

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
	State said it was successful in complying with federal financial management system requirements. However, since the department is still not in compliance with federal financial laws and regulations, it appears State has not successfully met this indicator.	noncompliance with federal financial laws and regulations.
<u>Improve the visa processing system and enhance border security:</u> Staffing shortages, insufficient training, and other problems need to be addressed to better prevent entry of those who are a threat to Americans at home or are likely to remain in the United States illegally.	State reported that staffing shortages, inexperienced staff, and insufficient training for consular line officers have had a negative impact on visa processing operations and fraud prevention. According to the OIG, a more fully integrated lookout system between State and the Immigration and Naturalization Service would make visa fraud easier to deal with. State has initiatives under way or completed to improve visa processing while countering fraud, for example by issuing machine-readable visas, advising overseas posts about fraudulent document problems, and upgrading consular training. Another challenge to controlling illegal immigration is timely implementation of the border biometric crossing-card program. State said it took several steps during fiscal year 2000 to address this issue, including expanding its capacity to process applications in Mexico and along the U.S. border. Since the Immigration and Naturalization Service does not have the capacity to produce the number of cards required by statute, State has developed a pilot program to produce cards in Mexico. State discusses one performance goal, to replace 5.5 million border-crossing cards by October 1, 2001, and 1 agency objective, that all persons using border-crossing cards to enter the United States after October 1, 2001, will use a card issued after April 1, 1998. Both the goal and the department objective are specific and measurable. However, the targets for the 2 performance indicators address the number of applications received and processed, but only at 2 of the 16 locations processing applications. Furthermore, the report does not address whether enough cards can be made by October 1, 2001, to satisfy existing law. The OIG does not believe these targets can be met and that State and the Immigration and Naturalization Service will need to pursue some legislative remedy to this deadline. In addition, the report does not address visa fraud and other immigration problems occurring outside Mexico.	State has one agency objective concerning border security: the travel and immigration to the United States of legitimate visa applicants and denial of visas to ineligible applicants. State has six performance goals to achieve this outcome, including meeting anticipated workload increases, ensuring training of consular personnel, sharing data with law enforcement and intelligence agencies, and reducing the risk of illegitimate entry of foreign terrorists, criminals, and others hostile to our interests. However, there is no goal concerning issuance of border-crossing cards. State has two performance indicators under this agency objective: the number of immigrant and nonimmigrant visa applications to be processed. Although the targets for these two indicators are specific and measurable, they only address the first two performance goals dealing with increased workloads. Also, they do not address how State will deal with increased workload, saying only that it will have more visas to process. There are no targets that address any of the other four performance goals.

**Appendix I: Observations on the Department
of State's Efforts to Address Its Major
Management Challenges**

Major management challenge	Progress in resolving major management challenges discussed in State's fiscal year 2000 performance report	Applicable goals and measures in State's fiscal year 2002 performance plan
State OIG-identified major management challenges:		
<u>More effectively oversee and monitor the drug eradication program in Plan Colombia:</u> State's OIG designated more effective oversight and monitoring of the drug eradication program in Plan Colombia as a management challenge for State.	State reports that it continued to address the management challenge of drug control during fiscal year 2000. The most significant development discussed was U.S. involvement in Plan Colombia, which included providing equipment and training for a new Colombian helicopter battalion. State also addressed these efforts under the key outcome to reduce entry of illegal drugs into the United States.	The plan addresses drug control under the key outcome of reducing entry of illegal drugs into the United States. There are nine performance goals and six measurable indicators under this goal, but none deals specifically with overseeing, monitoring, or managing Plan Colombia.
<u>Pay greater attention to enhancing emergency preparedness and conducting crisis management exercises:</u> State's OIG designated paying more attention to emergency preparedness and the importance of conducting crisis management exercises overseas as a management challenge. The OIG found that most posts are not conducting missionwide exercises of all required drills at all facilities and recommended that State direct immediate attention to security awareness and emergency preparedness training of domestic and overseas personnel.	State did not report on this management challenge.	The plan includes one performance indicator that addresses this management challenge: the number of Foreign Service Nationals trained in crisis management. The plan also includes several strategies for improving emergency preparedness and crisis management under the diplomatic readiness goal infrastructure and operations. Proposed tactics include conducting crisis management exercises at overseas posts, providing collaborative training with other foreign affairs and national security personnel, and implementing a distance learning component for crisis management training.
<u>Correct weaknesses in federal financial assistance management:</u> State's OIG designated management of the department's billion-dollar federal financial assistance program as a significant management challenge. It stated that the department does not use standardized systems, policies, or procedures to manage programs funded through grants, cooperative agreements, and transfers, resulting in heightened potential for loss or fraud. It found examples of disputed and undocumented claims under selected contracts concerning overhead and fringe benefits that could result in substantial reimbursements to the government.	State did not report on this management challenge.	The plan does not include performance goals or indicators that specifically address this management challenge. However, the plan does address improving financial management of its grants management program as part of the diplomatic readiness goal infrastructure and operations. Proposed tactics to improve grant management include maximizing electronic fund transfer to grant recipients, reducing the administrative burden on grantees, and developing measures for determining the extent of improper payments.

**Embassy Construction: Better Long-Term Planning Will Enhance Program Decisionmaking, (GAO-01-11, Jan. 22, 2001).*

Appendix II: Comments From the Department of State



United States Department of State

Washington, D.C. 20520

November 9, 2001

Jess T. Ford
Director,
International Affairs and Trade
U.S. GAO
441 G Street, N.W.
Room 4055A
Washington, DC 20548

Dear Mr. Ford,

We appreciate your comment that our FY 2001 - 2002 performance plan was a significant improvement over our earlier GPRA products. The use of goal teams has been key to our ability to create greater clarity in articulating the impact of our work. We note the report's recommendation about performance indicators and have begun working with representatives of GAO as well as performance management experts at George Mason University's Mercatus Center as an integral part of action we are already taking to re-tool our overall planning process.

The draft GAO report has been passed along to our goal teams as they deliberate over the contents of the FY '01 Report and refine the FY '03 Performance Plan. Future performance reports, beginning with the FY 2001 Report, will address all performance goals and indicators, provide clear and specific explanations if any goal or target is not met, and outline the actions the Department will take to achieve any unmet goal.

Sincerely,

A handwritten signature in dark ink, appearing to read "Peter W. Bodde".

Peter W. Bodde
Director,
Office of Management Policy
and Planning

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

John Brummet (202) 512-5260

Acknowledgments

In addition to Mr. Brummet, Claude Adrien, David G. Bernet, Stephen Caldwell, Janey Cohen, Albert Huntington III, Cynthia Jackson, Edward Kennedy, Beth Sirois, and Eve Weisberg made key contributions to this report.

GAO's Mission

The General Accounting Office, the investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO E-mail this list to you every afternoon, go to our home page and complete the easy-to-use electronic order form found under "To Order GAO Products."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
P.O. Box 37050
Washington, D.C. 20013

To order by phone: Voice: (202) 512-6000
 TDD: (301) 413-0006
 Fax: (202) 258-4066

Visit GAO's Document Distribution Center

GAO Building
Room 1100, 700 4th Street, NW (corner of 4th and G Streets, NW)
Washington, D.C. 20013

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm,
E-mail: fraudnet@gao.gov, or
1-800-424-5454 (automated answering system).

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G. Street NW, Room 7149,
Washington, D.C. 20548