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

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April 2002

# PERFORMANCE REPORTING

## Few Agencies Reported on the Completeness and Reliability of Performance Data



**G A O**

Accountability \* Integrity \* Reliability

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## Report Documentation Page

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<b>Abstract</b> <p>The Government Performance and Results Act (GPRA) seeks to improve the efficiency, effectiveness, and accountability of federal programs by requiring federal agencies to set goals for program performance and to report on their annual progress toward achieving those goals. While no data are perfect, agencies need to have sufficiently credible performance data to provide transparency of government operations so that Congress, program managers, and other decisionmakers can use the information. However, limited confidence in the credibility of performance data has been one of the major weaknesses in GPRA implementation. To help improve the quality of agencies performance data, Congress included a requirement in the Reports Consolidation Act of 2000 that agencies assess the completeness and reliability of their performance data. Under the act, agencies were to begin including this assessment in the transmittal letter with their fiscal year 2000 performance reports.<sup>1</sup> Agencies were also required to discuss in their report any material inadequacies in the completeness and reliability of their performance data and discuss actions to address these inadequacies.</p>		
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G A O

Accountability \* Integrity \* Reliability

United States General Accounting Office  
Washington, DC 20548

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April 26, 2002

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

Dear Senator Thompson:

The Government Performance and Results Act (GPRA) seeks to improve the efficiency, effectiveness, and accountability of federal programs by requiring federal agencies to set goals for program performance and to report on their annual progress toward achieving those goals. While no data are perfect, agencies need to have sufficiently credible performance data to provide transparency of government operations so that Congress, program managers, and other decisionmakers can use the information. However, limited confidence in the credibility of performance data has been one of the major weaknesses in GPRA implementation. To help improve the quality of agencies' performance data, Congress included a requirement in the Reports Consolidation Act of 2000 that agencies assess the completeness and reliability of their performance data. Under the act, agencies were to begin including this assessment in the transmittal letter with their fiscal year 2000 performance reports.<sup>1</sup> Agencies were also required to discuss in their report any material inadequacies in the completeness and reliability of their performance data and discuss actions to address these inadequacies.

To assess the initial year's progress in improving performance data under the Reports Consolidation Act, you asked us to determine the 24 Chief Financial Officers (CFO) Act agencies' compliance with the Reports Consolidation Act's requirements and to identify any useful practices for describing the credibility of performance data in agencies' performance reports. As agreed, this report describes (1) whether or not the 24 CFO Act agencies' fiscal year 2000 performance reports contained an assessment of the completeness and reliability of their performance data, (2) the

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<sup>1</sup>Agencies had the option of using one of three formats for their fiscal year 2000 performance reports—as a stand-alone document, combined with their fiscal year 2000 accountability report, or combined with their fiscal year 2002 performance plan. References to “performance reports” in this report are used to cover any of the three formats.

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standards and methodologies agencies reported they used to assess their performance data and whether the agencies include information as to how they used them, and (3) useful discussions in agencies' performance reports on the completeness and reliability of their performance data and actions to resolve any inadequacies—discussions that may be useful to other agencies in their future reports.

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## Results in Brief

Only five of the 24 CFO Act agencies' fiscal year 2000 performance reports included assessments of the completeness and reliability of their performance data in their transmittal letters. Those five agencies were the Department of Energy (DOE), the Department of Labor (DOL), the Federal Emergency Management Agency (FEMA), the National Science Foundation (NSF), and the Nuclear Regulatory Commission (NRC). The other 19 agencies discussed, at least to some degree, the quality of their performance data elsewhere in their performance reports.

None of the agencies identified any material inadequacies with their performance data in their performance reports. However, concerns about the quality of performance data were identified by the inspector general as either a major management challenge or included in the discussion of other challenges for 11 of the 24 agencies. None of the 11 agencies reconciled the IGs' view with that of the agency's management who did not identify any material inadequacy with the performance data.

Although not required, discussing in performance reports the standard or method used to assess the completeness and reliability of its performance data can provide helpful contextual information to decisionmakers on the credibility of the reported performance data. For example, four agencies said that they used the Office of Management and Budget's (OMB) suggested standards for the completeness and reliability of performance data. Another agency mentioned that it did a self-assessment of the quality of its performance data but did not describe the standards or methods it used. Still another agency hired an external third party to assess the quality of some of its performance data.

We identified additional practices among the 24 agencies' performance reports that could enhance the usefulness of agencies' future performance reports. These examples fall into two categories: (1) discussions of data quality including known data limitations and actions to address the limitations and (2) discussions on data verification and validation procedures and data sources, including proposals to review data collection and verification and validation procedures.

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We provided a draft of this report to the director of the Office of Management and Budget for his review and comment. While we did not receive comments from the director, OMB staff provided us with oral comments on the draft report. OMB staff generally agree with the information contained in the draft report. The staff provided technical clarifications and suggestions that we incorporated where appropriate. OMB staff also said that the draft report implied that problems with an agency's data identified by an IG always equate with material inadequacies in the completeness and reliability of performance data. While we do not agree that our report implies this, we agree that data quality problems identified by an IG do not always equate with a material inadequacy. Our point was that none of the 11 agencies' performance reports addressed whether these conclusions on the part of their IGs were or were not material inadequacies. OMB staff acknowledged that in cases where an IG identified a problem with the quality of an agency's performance data, the agency should have addressed the problem in the performance report.

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## Background

Annual performance reports are essential for communicating to decisionmakers the progress an agency made towards achieving its goals during a given year and, in cases where goals are not met, identifying opportunities for improvement or whether goals need to be adjusted. In passing GPRA, however, Congress emphasized that the usefulness of agencies' performance data depends, to a large degree, on the reliability and validity of their performance data. Our work over the past several years has identified limitations on agencies' abilities to produce credible performance data.<sup>2</sup> In addition, agencies typically have not clearly articulated in their annual performance plans the policies and procedures they plan to use to ensure the credibility of their performance data.

One of the purposes of the Reports Consolidation Act of 2000 is to improve the quality of agency financial and performance data. Thus, the act requires that an agency's performance report include a transmittal letter from the agency head containing, in addition to any other content, an assessment of the completeness and reliability of the performance and financial data used in the report. It also requires that the assessment describe any material inadequacies in the completeness and reliability of

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<sup>2</sup>U.S. General Accounting Office, *Managing for Results: Challenges Agencies Face in Producing Credible Performance Information*, GAO/GGD-00-52 (Washington, D.C.: Feb. 4, 2000).

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the data and the actions the agency can take and is taking to resolve such inadequacies. In addition, the act allows agencies that prepare accountability reports to combine this report with their performance report. This combined report then is called the performance and accountability report. When an agency chooses to issue a performance and accountability report the act requires that the report include a summary of the most serious management and performance challenges facing the agency, as identified by their IGs, and a brief assessment of the agency's progress in addressing those challenges. Agency heads are allowed to comment on the IG's statements but not change them. Seven of the 24 CFO Act agencies had a performance and accountability report.

The remaining agencies had either stand-alone performance reports or combined their report with their performance plans. In their efforts to develop goals and measures for their major management challenges, as suggested by OMB guidance, agencies have included in their annual performance plan, performance report, or both, a listing of the major management challenges they face. Typically, these major management challenges were identified by our prior work or the work of an agency's IG or both and are deemed problems that are of a mission critical nature or could affect achievement of major program goals.

OMB's guidance to agencies on preparing annual performance reports (OMB Circular No. A-11, Part 2) includes guidance on how agencies may comply with the Reports Consolidation Act's requirements and suggested standards for assessing the completeness and reliability of performance data. The suggested standards are shown in figure 1.

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**Figure 1: OMB Circular No. A-11 Standards on Complete and Reliable Performance Data**

Performance data are considered complete if

- actual performance is reported for every performance goal and indicator in the annual plan, including preliminary data if that is the only data available when the annual report is sent to the President and Congress; and
- the agency identifies, in the report, any performance goals and indicators for which actual performance data are not available at the time the annual report is transmitted, and notes that the performance data will be included in a subsequent annual report.

Performance data are considered reliable if

- there is neither a refusal nor a marked reluctance by agency managers or decisionmakers to use the data in carrying out their responsibilities, and
- data are further defined as reliable when the agency managers and decision makers use the data contained in the annual report on an ongoing basis in the normal course of their duties.

Source: Office of Management and Budget, *Circular No. A-11, Part 2, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports* (2000).

This recent trend toward linking government programs to their results and outcomes is not isolated to the United States. There is widespread attention in other countries, as well, on the importance of performance reporting to help enhance government performance, transparency, and accountability. As in the United States, the national audit offices of other countries have identified opportunities to make performance reporting more useful. For example, the United Kingdom's National Audit Office issued a report in 2000 on good practices in performance reporting.<sup>3</sup> The Canadian Office of the Auditor General has also conducted similar work.<sup>4</sup>

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<sup>3</sup>United Kingdom's National Audit Office, *Good Practice in Performance Reporting in Executive Agencies and Non-Departmental Public Bodies*, (HC 272 Session 1999-2000) (London: March 2000).

<sup>4</sup>Auditor General of Canada, *Chapter 19, Reporting Performance to Parliament: Progress Too Slow*, Report to the House of Commons, (Dec. 2000).

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## Scope and Methodology

To meet our objectives, we did a content analysis of the 24 CFO Act agencies' fiscal year 2000 annual performance reports. To specifically address the first and second objectives, we also reviewed the GPRA requirements for agencies' performance reports; the requirements of the Reports Consolidation Act of 2000; and guidelines contained in OMB Circular No. A-11, Part 2. Additionally, we reviewed the IG's list of major management challenges to determine whether data problems or issues had been identified. To address our third objective we also reviewed work done by other national audit organizations to determine whether they identified useful reporting practices consistent with those examples we identified in agencies' fiscal year 2000 performance reports.

We conducted our work from September 2001 through February 2002 in Washington, D.C., in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from OMB.

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## Most Reports Lacked Statements in Their Transmittal Letters on the Completeness and Reliability of Performance Data

Although the Reports Consolidation Act requires agencies to include in the transmittal letters of their performance reports assessments on the completeness and reliability of their data, 19 of 24 CFO Act agencies' fiscal year 2000 performance reports lacked such statements. The five agencies that included statements assessing the completeness and reliability of their data in their reports' transmittal letters were DOE, DOL, FEMA, NSF, and NRC. OMB told us that it intends to underscore to agencies the importance of complying with the performance reporting requirements of the Reports Consolidation Act of 2000.

While 19 agencies did not have statements assessing the completeness and reliability of their performance data in their reports' transmittal letters, they either included related statements or commented to some degree on the quality of their data elsewhere in their performance reports. For example, the Department of Interior's (DOI) performance report had a statement on the completeness and reliability of its performance data in a section entitled "Additional GPRA Information." The preface to the General Services Administration's (GSA) performance report included a comment that the performance data were "generally complete and reliable." However, the agency also stated that it was reviewing its procedures for collecting performance data and the basis for making its comment on the data. The Department of Veterans Affairs' (VA) performance report had a data quality section in which VA noted that, while the quality of its performance data was much better than it was

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when VA started its results-oriented management efforts, data quality is not yet where VA wants it to be. VA further states that improving its data is a long-term project that it will continue to pursue. The agency describes some of the specific actions it is taking to improve the quality of the data. While the Department of Agriculture's performance report did not have a statement on the completeness and reliability of its performance data for the department as a whole, several agricultural agencies, such as the Food Safety and Inspection Service and the Food and Nutrition Service, commented on the completeness and reliability of some or all of the data they used in their reports.

In addition to discussing the completeness and reliability of their performance data, agencies are required by the act to identify in their performance report any material inadequacies of their performance data and actions to address these inadequacies. None of the 24 agencies' reports identified any material inadequacies regarding the performance data. However, performance data quality for 11 agencies was noted by each respective agency's IG either as a major management challenge, or concerns about data quality were included in discussions of an agency's other major management challenges. None of the 11 agencies reconciled these views with those of the agencies' management who did not identify any material inadequacy with the performance data. For example, even though DOL stated in its performance report that it had no material inadequacies in its performance data, DOL's IG identified the quality of program and cost data as one of the more serious management and performance challenges facing DOL. While not specifically citing fiscal year 2000 performance data, the IG raised concerns about the quality of DOL's program results data and briefly summarized its concerns about limitations in DOL's performance data. The Environmental Protection Agency's (EPA) IG also included data management as one of the agency's top management challenges. Again, while not addressing specific data in EPA's fiscal year 2000 performance report, the IG stated that its audits of EPA's programmatic areas typically cover environmental information systems, and it frequently identifies deficiencies in these systems. Such problems included EPA's and the states' reporting inconsistent data because they use different data definitions and, at times, collect and input different data. EPA's IG provided comments in the report indicating that these problems continue to exist. The Small Business Administration's (SBA) IG cited the need for SBA to improve its managing for results processes and produce reliable performance data as a new management challenge for fiscal year 2001.

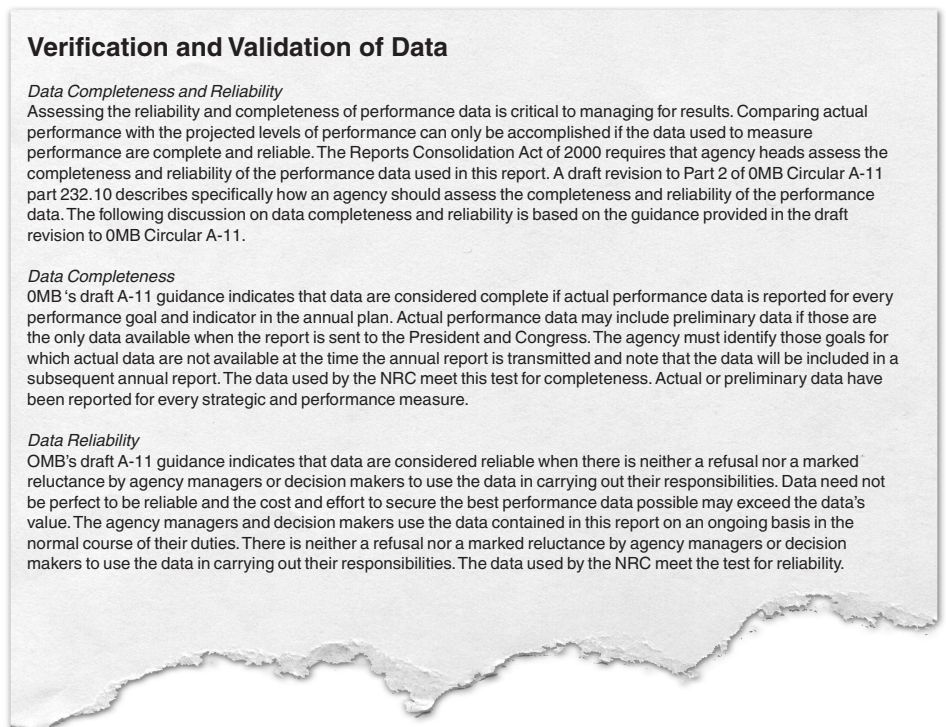
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## Some Agencies' Reports Discussed Standards and Methods Used for Assessing Performance Data

Although not required, including discussions of standards and methods used by agencies to assess the quality of their performance data in their performance reports provides decisionmakers greater insight into the quality and value of the performance data. Four agencies—DOL, DOI, the Department of Justice (DOJ), and the Nuclear Regulatory Commission (NRC)—stated that they used OMB's suggested standards for completeness and reliability of performance data. For example, NRC's performance report included a descriptive section on how it assessed the completeness and reliability of its data. As shown in figure 2, NRC stated that based on OMB's standards on completeness and reliability, "the data used by the NRC meet this test for completeness. . . and meet the test for reliability."

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**Figure 2: Excerpt of NRC's Performance Report's Discussion on Assessing Its Performance Data Using the OMB Standards**



Source: U.S. Nuclear Regulatory Commission, *Performance and Accountability Report Fiscal Year 2000* (Washington, D.C.: 2001).

Also, DOJ's performance report indicated that each of its reporting components assessed the credibility of its own data, and the department surveyed the components to ensure that their reported data met the OMB suggested standards.

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Similar to the agencies above, DOE did a self-assessment of the quality of its performance data. Specifically, DOE stated in its performance report that the “reliability of the data is based on the Department’s policy that the primary tool used at all levels to assess and evaluate results is self-assessment. The DOE program offices provided the performance information and concurred with this report.” However, unlike the agencies above, DOE did not elaborate on the standards or methods used for the self-assessment, including whether it used OMB’s suggested standard.

NSF used an approach different from a self-assessment; it hired an independent third party to assess selected NSF performance data. NSF stated in its performance report that it contracted with PricewaterhouseCoopers to verify and validate selected performance data as well as the process used in collecting and compiling data. NSF stated that PricewaterhouseCoopers concluded that

“NSF was reporting its GPRA measures with sufficient accuracy such that any errors, should they exist, would not be significant enough to change the reader’s interpretation as to the Foundation’s success in meeting the supporting goal. . . .”

NSF continued that PricewaterhouseCoopers concluded that NSF

“relies on sound business processes, system and application controls, and manual checks of system queries to confirm the accuracy of reported data. We believe that these processes are valid and verifiable.”

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## Additional Practices of Useful Discussions about the Quality of Performance Data

In addition to discussing standards and methods used to assess the quality of performance data, we saw additional practices, in several agencies’ performance reports, that would help foster transparency to the public and assist decisionmakers in understanding the quality of an agency’s data. The additional practices we observed were useful discussions that fall into two categories:

- Discussion of data quality, including known data limitations and actions to address the limitations.
- Discussion of data verification and validation procedures, including proposals to review data collection and verification and validation procedures.

Several of the useful practices we identified are consistent with those identified in the United Kingdom’s National Audit Office’s report, *Good Practice in Performance Reporting in Executive Agencies and Non-*

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*Departmental Public Bodies.* Specifically, the document discusses that one good reporting practice is for an agency to discuss the quality of data by explaining (1) the sources of data collected by external sources, (2) actions taken by the agency where data are unavailable or poor, (3) survey methodologies, and (4) the approach used by an agency to validate performance data.

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## Data Quality

We previously reported that the usefulness of agency performance plans could be improved by including discussions on an agency's capacity to gather and use performance information. Some of the practices we identified associated with performance plans—identifying internal and external data sources and identifying actions to compensate for, and discussing implications of, data limitations for assessing performance—would make performance reports more useful.<sup>5</sup> Discussing data credibility issues in performance reports provides important contextual information to congressional and executive branch decisionmakers to help them understand the data and proposed actions to address any data weaknesses.

A few of the agencies' fiscal year 2000 performance reports incorporated some of these practices and discussed data quality issues including (1) why an agency thought some data are credible and (2) when problems were known, actions being taken to address them. For example, the Department of Transportation's (DOT) performance report included a section entitled, "Performance Measurement, Verification and Validation." In this section, DOT summarized some general rules it had established regarding the data it uses and how they are evaluated and discussed, data verification and validation procedures, data limitations, and data needs for each strategic goal. DOT also included an appendix describing, for each performance measure, the scope of the measure, source of the data, data limitations, statistical issues, verification and validation procedures, and a comment on the usefulness of the data. (See fig. 3.)

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<sup>5</sup>U.S. General Accounting Office, *Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers*, GAO/GGD/AIMD-99-69 (Washington, D.C.: Feb. 26, 1999).

**Figure 3: Excerpt from DOT's Performance Report Discussion on Data Issues Associated with Each Measure**

<b>Highway injured persons rate</b>		<b>Page 13</b>
<b>Measure:</b>	<b>Injured persons per 100 million vehicle-miles of travel (VMT) (CY)</b>	
<b>Scope:</b>	<p>The number of injured persons is an estimate of the total number of persons injured in motor vehicle traffic crashes that occur on public roadways in the 50 States and Washington, D.C.</p> <p>Vehicle-Miles of Travel (VMT) represent the total number of vehicle-miles traveled by motor vehicles on public roadways within the 50 States and Washington, D.C.</p>	
<b>Source:</b>	<p>The number of injured persons data are derived from the NHTSA's National Automotive Sampling System (NASS) General Estimates System (GES). The NASS GES is a nationally representative probability sample that yields national estimates of total nonfatal injury crashes, injured persons, and property-damage-only crashes. NASS GES data cover all roadways open to the public, using the National Highways System classification of roads.</p> <p>VMT data are derived from FHWA's monthly report, Traffic Volume Trends (TVT), a monthly report based on hourly traffic count data in the Highway Performance Monitoring System (HPMS). Information is transmitted to NHTSA where it is reviewed for consistency and accuracy before being entered into the system. These data, collected at approximately 4,000 continuous traffic counting locations nationwide, are used to determine the percentage change in traffic for the current month from the same month of the previous year. The percentage change is applied to the nationwide travel for the same month of the previous year to obtain an estimate of nationwide travel for the current month. The data are recorded as monthly totals and cumulative yearly totals.</p>	
<b>Limitations:</b>	<p>GES data are obtained from a nationally representative sample of 60 sites. The results provide only national data, not State level data, and are subject to sampling error. The magnitude of the sampling error depends on the number of Primary Sampling Units (PSUs) in the sample and the number of crash reports sampled within each PSU.</p> <p>VMT data are subject to sampling errors, whose magnitude depends upon how well the continuous counting locations represent nationwide traffic rates. HPMS is subject to estimating differences in the States, although FHWA works to minimize such differences and differing projections on growth, population, and economic conditions which impact driving behavior.</p>	
<b>Statistical Issues:</b>	<p>The estimate of the injury rate includes three main sources of uncertainty. The numerator count of injuries has a standard error of 5.1% (cf. Appendix C of <i>Traffic Safety Facts</i>). The denominator estimate of VMT contains both complex sampling and non-sampling errors. Based on data from 1993-1999, the annual variation in the injury rate has a regression standard error of 5.68.</p> <p>The estimates of the number and percentages of persons injured in motor vehicle traffic crashes during 2000 are preliminary and are based on NHTSA's Early Assessment.</p>	
<b>Verification &amp; Validation:</b>	<p>Data are reviewed and analyzed by NHTSA's National Center for Statistics and Analysis. Quality control procedures are built into annual data collection at 6 and 9 months, and at year's end. A study was completed in 1993, looking at samples of FARS cases in 1989 through 1990 to assess the accuracy of data being reported. VMT data is reviewed by FHWA for consistency and reasonableness.</p>	
<b>Comment:</b>	<p>This data program has been in use for many years and is generally accepted for describing safety on the Nation's highways. GES records injury severity in four classes: incapacitating injury, evident but not incapacitating injury, possible but not visible injury, and injury of unknown severity. Adjusting raw highway fatalities and injuries by VMT provides a means of portraying the changes in highway fatalities on a constant exposure basis – to facilitate year-to-year comparisons.</p>	

Source: U.S. Department of Transportation, *Fiscal Year 2000 Performance Report and Fiscal Year 2002 Performance Plan* (Washington, D.C.: April 2001)

VA's performance report contains a section discussing the quality of its performance data. In this section, VA summarizes some of the

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departmentwide data quality issues and its response to them. VA also describes data quality issues within each of its administrations and the actions, either in place or planned, intended to improve the quality of the data.

EPA's performance report also provides a useful discussion of data quality. The agency discusses the source and quality of the data associated with each performance goal. (See fig. 4.)

Figure 4: Excerpt from EPA's Performance Report

FY 2000 Annual Report Annual Performance Goals and Measures - Table of Results			
Summary FY 2000 Performance		GOAL 2 - CLEAN AND SAFE WATER	
8 Goals Met	2 Goals Not Met	0 Other	
FY 2000 ANNUAL PERFORMANCE GOALS AND MEASURES	FY 2000		FY 1999
	Planned	Actual	Actual
<p><b>BY 2005, PROTECT HUMAN HEALTH SO THAT 95% OF THE POPULATION SERVED BY COMMUNITY WATER SYSTEMS WILL RECEIVE WATER THAT MEETS DRINKING WATER STANDARDS, CONSUMPTION OF CONTAMINATED FISH AND SHELLFISH WILL BE REDUCED, AND EXPOSURE TO MICROBIAL AND OTHER FORMS OF CONTAMINATION IN WATERS USED FOR RECREATION WILL BE REDUCED.</b></p>			
<p><b>FY 2000 APG 9:</b> 91% of the population served by community drinking water systems will receive drinking water meeting all health-based standards that were in effect as of 1994, up from 83% in 1994. ↔ Corresponds with FY 2000 NEPPS Core Performance Measure.</p> <p><i>(FY 1999)</i> 89% (increase of 1% over 1998) of the population served by community water systems will receive drinking water meeting all health-based standards in effect as of 1994, up from 83% in 1994.</p> <p><b>Explanation:</b> Goal met.</p> <p><b>Data Source:</b> The Safe Drinking Water Information System (SDWIS) serves as the central repository for data on both the states' implementation of and compliance with existing and new drinking water regulations. States and EPA regions (for "direct implementation" jurisdictions) enter data representing public water systems characteristics and drinking water monitoring into the SDWIS database.</p> <p><b>Data Quality:</b> SDWIS has a full suite of software-based edit checks and quality assurance procedures to aid accurate data entry. However, there are recurrent reports of discrepancies between national and state data bases, as well as specific mis-identifications reported by individual utilities. Given the particular need for confidence in the completeness and accuracy of data about drinking water quality, EPA designated SDWIS content as an Agency material weakness in 1999, under the Federal Managers' Financial Integrity Act.</p>	91%	91%	91%
<p><b>FY 2000 APG 10:</b> Reduce exposure to contaminated recreational waters by increasing the information available to the public and decision-makers.</p> <p><b>Performance Measures</b></p> <ul style="list-style-type: none"> <li>- Cumulative number of beaches for which monitoring and closure data is available at "beaches" web-page. 1,800</li> <li>- Number of digitized maps on the web-page. 150</li> </ul> <p><b>Explanation:</b> Goal met. The additional electronic information enables the public to precisely locate beach closings, reducing exposure to contaminated recreational waters.</p> <p><b>Data Source:</b> The National Health Protection Survey of Beaches Information Management System database.</p> <p><b>Data Quality:</b> Self-reported data for public use; participation is voluntary and presently incomplete. Therefore no rigorous quality assurance requirements are in place. Inconsistencies between different reporting jurisdictions are possible.</p>	1,800 150	1,981 150	No FY 1999 APG

Goal 2 - Clean and Safe Water

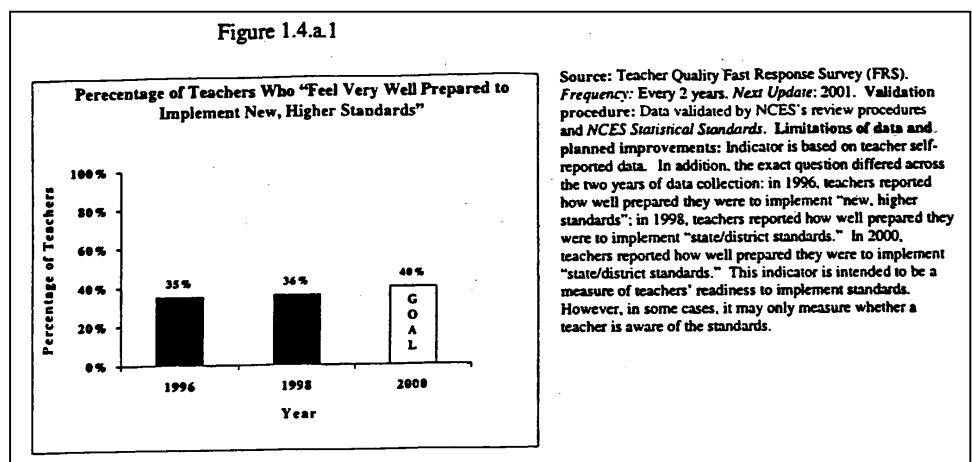
Source: U.S. Environmental Protection Agency, *Fiscal Year 2000 Annual Report* (Washington, D.C.: March 1, 2001)

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## Data Verification and Validation

While agencies are required to discuss in their performance plans the procedures they will use to verify and validate performance data, there is no similar requirement for performance reports. Although not required, some agencies' performance reports included discussions of their data verification and validation procedures. This additional information helps to place the credibility of an agency's reported performance data in context for decisionmakers. For example, as shown in figure 5, the Department of Education's performance report also described the validation procedure related to each performance measure. In addition, the department included, for each performance measure, information on the frequency of data collection and, if any, data limitations and planned improvements to address the limitations.

**Figure 5: Excerpt from the Department of Education's Performance Report**



Source: *Interim U.S. Department of Education Department-wide Fiscal Year 2000 Performance Report* (Washington, D.C: April 13, 2001).

In addition, Education's report contained an appendix that showed the department's draft quality standards. These standards cover the issues of validity, accurate definitions, accurate counts, editing, calculation, timeliness, reporting, and burden reduction.

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## Concluding Observations

While limited confidence in the credibility of performance data has been one of the major weaknesses with GPRa implementation, few agencies took the step of increasing confidence in performance data by including a statement in their performance report's transmittal letter assessing the completeness and reliability of their data. Although agencies often discussed data quality issues elsewhere in their reports, statements attesting to the completeness and reliability of performance data are

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important so that decisionmakers can rely with confidence on the performance data when making decisions. This issue should be addressed by OMB's intention to underscore in its guidance on performance reporting the importance of compliance with the provision of the Reports Consolidation Act of 2000 that an agency's transmittal letter for its performance report contain either a statement that the report's performance data are complete and reliable or a statement identifying material inadequacies in the data and the importance of an agency's actions to address these inadequacies.

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## Agency Comments

We requested comments on a draft of this report on March 18, 2002, from the director of the OMB or his designee because of OMB's leadership responsibilities for government-wide implementation of GPRA. We did not request comment from individual agencies. We did, however, provide a draft of this report to each of the 24 CFO Act agencies for informational purposes. While we did not receive comments from the OMB director, as of April 8, OMB staff provided us with oral comments on the draft report. OMB staff generally agreed with the information contained in the draft report.

OMB staff had three specific comments on the draft report. First, the staff agreed that if an agency did not have a completeness and reliability statement in the transmittal letter of its performance report—or at least in a report's preface, forward, or somewhere in the front of the report—then the agency fell short of the Reports Consolidation Act's requirement.

Second, OMB staff asked that we clarify that the Reports Consolidation Act requires an agency's performance and accountability report to include a summary of the agency's most serious management and performance challenges, as identified by its IG office, and the agency's progress in addressing those challenges. Performance and accountability reports are created when an agency's performance report is combined with its accountability report. The act's requirement does not pertain to stand-alone performance reports or performance reports combined with performance plans. We made clarifications in the report where appropriate.

Third, OMB staff stated that our report implies that data quality identified by an IG always equates with material inadequacies in the completeness and reliability of performance data. While we do not agree that our report implies this, we agree that data quality problems identified by an IG do not always equate to a material inadequacy. However, as our draft noted, the

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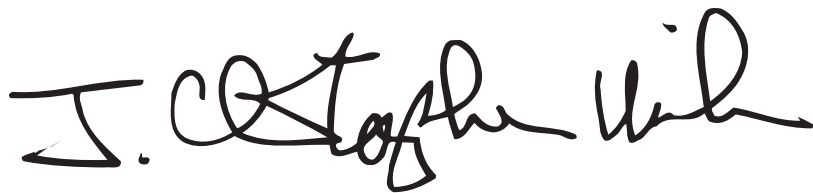
IGs for 11 agencies specifically identified performance data quality as either a major management challenge in itself or a part of other major management challenges, and none of the 11 agencies' performance reports addressed whether these conclusions on the part of their IGs were or were not material inadequacies. OMB staff acknowledged that in cases where the IG identified a problem with the quality of an agency's performance data, the agency should address the problem in its performance report.

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date. At that time, we will send copies to the chairman, Senate Committee on Governmental Affairs; the chairman and ranking minority member, House Committee on Government Reform; and the director of OMB. In addition, we will make copies available to others upon request.

If you have any questions about this report, please contact me or Boris Kachura on (202) 512-6806. Allen Lomax, Sharon Hogan, and Adam Roye were key contributors to this report.

Sincerely yours,

A handwritten signature in black ink that reads "J. Christopher Mihm". The signature is written in a cursive, flowing style.

J. Christopher Mihm  
Director, Strategic Issues

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