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# **GIVING THE AMERICAN PEOPLE MORE FOR THEIR MONEY**

*A Report from the President's  
Management Council*

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**July 2005**

Dear Mr. President\*,

Four years ago you charged us, the chief operating officers of the Federal Government, with improving the management of the Government. You challenged us to make a difference.

We report to you that we are making a difference, a big difference. We are effectively establishing the management disciplines that will help us consistently improve performance and efficiency, at a \$50 billion to \$100 billion level each year.

## **Performance**

First and foremost, we are making sure we have a clear definition of success for every program and activity. We are focusing on the desired outcomes we hope to achieve and on understanding what we are really trying to accomplish.

- The Coast Guard's Aids to Navigation program used to judge its performance based on the percentage of time it made radio navigational systems available. Now, the program is focused on the impact of having those systems available by tracking the decrease in maritime accidents as its measure of success.
- The Environmental Protection Agency's Leaking Underground Storage Tanks program used to measure its success by the number of storage tank clean-ups completed. To give greater emphasis to the quality and results of these clean-ups, the program now measures the number of clean-ups that exceed state risk-based standards for human exposure and groundwater migration.
- The Small Business Development Centers program used to judge its performance based on the number of small businesses that it counseled or trained. Now it is focusing on the effects of those efforts by setting targets for jobs created or retained.
- The Federal Employees Health Benefits Program and Federal Employees Group Life Insurance used to only measure whether their payments were timely and accurate. Now they are also measuring whether these benefits help the Federal Government recruit new personnel.

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\* Information from this report will be presented to the President of the United States at a meeting with the President's Management Council on July 28, 2005.

We are systematically assessing the performance of each Federal program to ensure that it has clear performance and efficiency goals and is meeting them. To date, we have assessed 80 percent of Federal programs. (See Attachment A.) We are also identifying the steps we need to take to improve each program's performance and we expect to be held accountable for implementing those actions.

- To help more students earn college degrees, the Department of Education proposed to correct the funding allocation formula for the Work Study Program and Supplemental Education Opportunity Grants as part of the Higher Education Act Reauthorization to direct funds to the schools with the highest proportion of needy students.
- To increase organ donation rates, the Organ Transplantation program is working with the States to increase the effectiveness of Organ Donation Registries and expanding the Organ Donation Breakthrough Collaborative to an additional 150 hospitals. The Collaborative works to increase donation rates at hospitals.
- To help increase the number of assisted multifamily housing units that meet acceptable physical quality standards, the Department of Housing and Urban Development is stepping up enforcement against properties in poor condition. The percentage of units meeting the standards increased from 86.2 percent in FY 2000 to 94.4 percent in FY 2004.

We know that to improve each year we must have the right people in the right jobs at the right time, with good managers to help them grow professionally. To ensure their employees meet their full potential, Departments are strengthening their performance appraisal systems, nurturing future leaders, ensuring their employees have the necessary skills, and reducing how long it takes them to hire new staff. (See Attachment B.)

- The Social Security Administration (SSA) builds leadership bench strength by giving employees developmental assignments where they assume leadership positions on a temporary basis. SSA has been successful in identifying, developing, and coaching leaders at various levels: 28 out of 41 graduates of a 2004 leadership development program have already received Senior Executive Service appointments within the agency.
- The State Department has cut in half the time it takes to hire civil service employees from 80 days to 39 days since 2002. The Department also reduced the hiring time for Foreign Service employees by two-thirds; it now hires Foreign Service employees in 10 months on average as compared to 27 months in 2002.
- The Corps of Engineers used targeted recruitment to close hiring gaps in its mission critical occupation. Since FY 2002, the Corps has reduced hiring gaps for realty specialists from 42 to 10 percent and for mechanical engineers from 66 to 22 percent.
- When the Department of Labor's succession planning identified skill shortages in highly specialized jobs, such as mine safety inspectors, the Department launched a Career Intern Program. Since October 2004, the Department has hired 78 new mine inspectors under this program.

We also know that to improve year-to-year we need aggressive investments in information technology (IT) that are well targeted to leverage and extend the abilities of our employees, and to provide better service to our citizens. We improve performance by being smarter in how we use our resources. For example, agencies are working together and pooling resources on twenty-five E-Gov initiatives that now allow citizens to connect with and be served by their Government more readily and effectively.

- GovBenefits.gov enables citizens, relief agencies, and faith-based organizations to get information on and apply for over 1,000 benefits programs administered by the Federal Government and all 50 states. To date, this website has served over 17 million visitors and provided over 3.5 million citizen referrals to benefit programs.
- Grants.gov, a single, online portal for all Federal grant customers, makes it easier for potential recipients not only to obtain information about Federal grants, but also submit applications for those grants. All 26 grant-making agencies are posting their grant opportunities on Grants.gov.
- Over five million citizens filed their 2004 taxes online for free using the Internal Revenue Service's Free File initiative, resulting in estimated processing cost savings of \$10.9 million.

We spend over \$60 billion on IT each year. We are working to ensure that this investment gets us what we want when we want it. (See Attachment C.)

- Half of the agencies can make the case that the benefits derived from their IT investments exceed the costs.
- One-fourth of agencies are managing their IT investments to within 10 percent of their cost, schedule, and performance goals.
- Seventy-nine percent of our IT systems are certified as "secure," up from 26 percent in FY 2001.

## **Cost**

We are particularly focused on how much we spend to achieve the desired results.

We are developing and using efficiency measures for each program to focus on what it costs us to deliver each unit of service; so we are always looking for ways to deliver more for the same amount of money.

- The Mint reduced the cost of coin production per 1,000 coin equivalents from \$9.96 in 2003 to \$7.93 in 2004. The Bureau of Engraving and Printing reduced manufacturing cost per 1,000 new design currency notes delivered from \$37.04 in 2003 to \$35.80 in 2004. These efficiencies saved an estimated \$16 million in 2004.
- The Social Security Administration, which processes applications for disability and retirement benefits, increased agency productivity by 2.2 percent in FY 2004 over the FY 2003 level through increased use of information technology and improved business processes. This productivity increase translates into \$126 million in savings to the government in FY 2004.
- Through careful management of its overtime and temporary personnel costs, the Small Business Administration reduced its administrative costs for processing disaster loans from \$4,577 per loan in 2003 to \$3,937 per loan in FY 2004, an estimated savings of \$18 million in FY 2004.
- Last year, the Department of Education re-negotiated its front-end student aid contracts—for processing student aid applications, originating and disbursing loans, and maintaining high quality customer service—in order to improve service and reduce taxpayer costs. This new contract has the potential to save about \$500 million over the next 10 years.

We are making sure our program dollars are spent as intended, that our payments go to the right person in the right amount.

- All Federal programs have now been reviewed for improper payments and the Federal Government is in the process of eliminating the \$45.1 billion in improper payments identified in FY 2004. Agencies are actively implementing corrective actions that should reduce this total by \$4.9 billion by FY 2005; \$8.1 billion by FY 2006; and \$12.3 billion by FY 2007.
- The Department of Housing and Urban Development is the government's leader in this area, eliminating a total of \$1.6 billion in improper payments since FY 2000.

- Through the promotion of state best practices and program simplification, the Department of Agriculture (USDA) continues to make substantial improvements in the accuracy of Food Stamp payments. In FY 2004, the Food Stamp payment error rate hit a historic low of 5.88 percent, down from 8.9 percent in FY 2000, and USDA eliminated \$1.4 billion in improper payments.
- In 2004, the Administration proposed and Congress enacted legislation to allow the States to gain access to the National Directory of New Hires data. As a result, the Department of Labor expects to save \$371 million over ten years by ensuring that people who have returned to work no longer collect unemployment benefits.

Agencies are determining the most effective and efficient way to perform commercial tasks and developing tools to track implementation and ensure results are realized. Approximately one quarter of our employees perform tasks that are highly commercial in nature, such as information technology services, maintenance and property management, and finance and accounting.

- In fiscal years 2003 and 2004, agencies completed approximately 880 competitions involving more than 30,000 positions. These efforts are expected to yield savings of \$2.5 billion over 5 years as well as performance-enhancing management improvements, such as consolidations, process reengineering, workforce realignments, and better leveraging of technologies. (See Attachment D.)
- In February, the Federal Aviation Administration (FAA) completed a public-private competition to modernize its automated flight service station system, which provides weather briefings, in-flight radio communications, flight planning, and search-and rescue-support. By consolidating operations and modernizing facilities and technologies, FAA expects to save more than \$2.2 billion over 10 years.

- The Internal Revenue Service (IRS) is expected to cut the cost of processing orders for tax forms and publications by more than 50 percent—from about \$40 million per year to just over \$18 million per year—by relying on digital technologies and consolidating its warehouse and distribution centers. This solution, which was proposed by Federal employees and evaluated by an independent team of IRS officials as the best approach for performing this activity, will save taxpayers about \$108 million over a five-year period.

The Federal Government is working to liquidate \$15 billion worth, or 5 percent, of the properties it no longer needs and put the money toward higher priority asset management uses.

- To achieve this objective, agencies have updated their existing property inventories and are identifying under-utilized assets in preparation for disposing of them.
- The General Services Administration has successfully disposed of upwards of \$1 billion in Federal property within the past year.

Finally, to ensure our managers have the current and accurate financial information they need to make timely and wise decisions, we are managing our finances with more discipline, to a degree that was considered unattainable several years ago. (See Attachment E.)

- Last fall, a record 22 of the 24 major agencies submitted their financial reports by November 15—more than three months earlier than four years ago, and nearly a month earlier than the 75-day deadline for publicly-held companies in FY 2004.
- Improvements in Federal financial management practices have increased the reliability of data, as shown by a 68 percent decrease in material weaknesses from FY 2001 and an 11 percent decrease from last year.



- Most significantly, Federal managers are using these more timely and accurate financial data to drive better results. The Departments of State and Energy are actively using data to improve performance on the costs and schedules of major construction projects. The Social Security Administration and the Department of Education are using data strategically to achieve cost reductions in administrative activities that support their major benefit programs.

Federal agencies are working to make sure they give the American taxpayers a better value for their money, by improving performance and increasing efficiency. In coordination with this report to you, each of us is preparing individual reports to the employees of our respective agencies, describing the ways in which our agencies are giving Americans more for their money. These agency reports will also be available for public review on our websites and at [www.results.gov](http://www.results.gov).

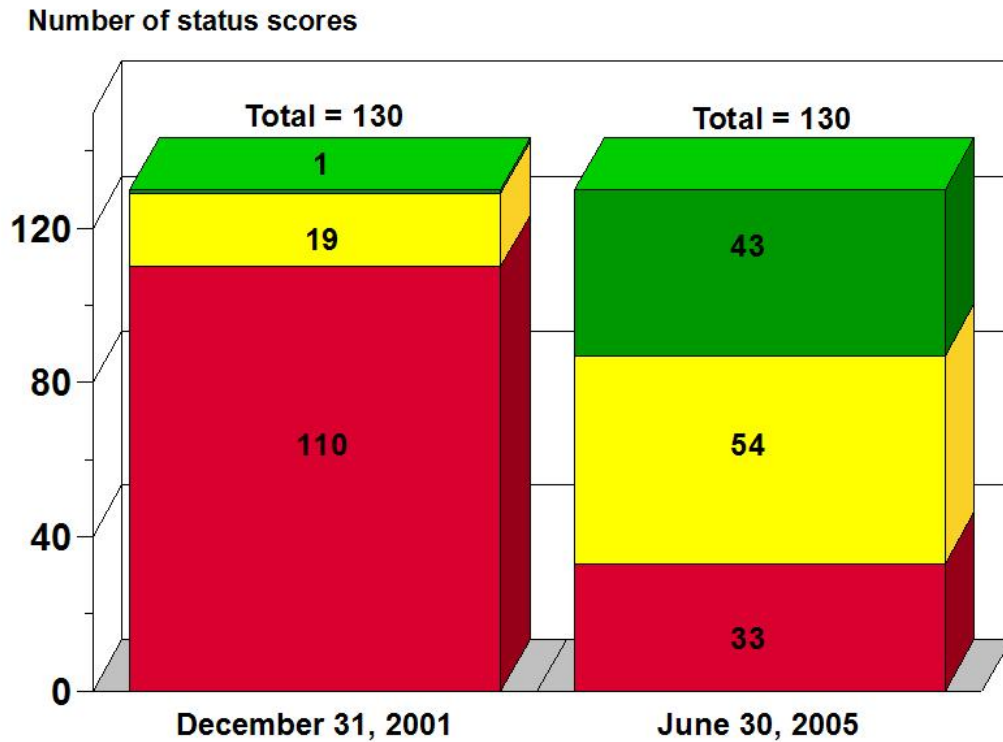
### **The President's Management Agenda**

Agencies have become more disciplined and results-oriented about the way they manage their programs, people, costs, and investments, with the help of the President's Management Agenda. For each management area, agencies identify clear goals and timeframes. They then develop plans, identify responsible individuals, and apply resources to achieve these goals. An agency earns green status when it has successfully adopted all the desired disciplines in the initiative.

A few agencies stand out in their adoption of sound management disciplines. The Department of Labor is the first and only department to earn five green status scores. Labor has installed all the management disciplines and habits called for in each of the five government-wide initiatives and is the government leader in implementation of the President's Management Agenda. Both the Departments of Energy and State have earned four green and one yellow status score.

All agencies have shown steady improvement in achieving the overall goals of the President's Management Agenda. While 85 percent of the status scores were red on the first scorecard, today 75 percent of status scores are green or yellow.

# Scorecard Comparison



## Explanation of Status Scores

**Green**—Agency meets all the Standards for Success (i.e., goals of the initiative).

**Yellow**—Agency has achieved intermediate levels of performance in all areas of the initiative.

**Red**—Agency has any one of a number of serious flaws.











































The most recent scorecard as of June 30, 2005 follows. Quarterly scorecards are also available at [www.results.gov](http://www.results.gov).

# Executive Branch Management Scorecard

	Current Status as of June 30, 2005					Progress in Implementing the President's Management Agenda				
	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration
AGRICULTURE	Yellow	Yellow	Red	Yellow	Yellow	Green	Green	Green	Green	Green
COMMERCE	Green	Yellow	Green	Yellow	Yellow	Green	Green	Green	Yellow	Green
DEFENSE	Yellow	Red ↓	Red	Red	Yellow	Green	Red	Red	Red	Green
EDUCATION	Yellow	Yellow	Green	Yellow	Yellow	Green	Green	Green	Green	Green
ENERGY	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Yellow	Green
EPA	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Green	Green	Green
HHS	Green	Green	Red	Yellow	Yellow	Green	Green	Green	Green	Yellow
DHS	Yellow	Yellow	Red	Red	Yellow	Green	Red	Yellow	Red	Green
HUD	Yellow	Yellow ↑	Red	Yellow ↑	Yellow ↑	Yellow	Green	Green	Green	Green
INTERIOR	Yellow	Green	Red	Yellow	Yellow	Green	Green	Yellow	Red	Green
JUSTICE	Yellow	Yellow	Red	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow
LABOR	Green	Green ↑	Green	Green	Green	Green	Green	Green	Green	Green
STATE	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green
DOT	Green	Green	Red	Green	Green	Green	Green	Green	Green	Green
TREASURY	Yellow	Green	Red	Red	Yellow	Green	Green	Yellow	Yellow	Green
VA	Yellow	Red	Red	Red	Red	Green	Red	Yellow	Red	Green
AID	Yellow ↑	Red	Red	Yellow	Yellow	Green	Green	Green	Green	Green
CORPS	Green ↑	Yellow	Red	Red	Red	Green	Green	Yellow	Red	Red
GSA	Yellow	Green	Yellow ↑	Yellow	Yellow ↑	Green	Green	Green	Green	Green
NASA	Green	Green ↑	Red	Green	Green	Green	Green	Red	Green	Green
NSF	Green ↑	Red	Green	Green	Green	Green	Yellow	Green	Green	Green
OMB	Yellow	Red	Red	Yellow ↑	Red	Green	Green	Green	Green	Green
OPM	Green	Green	Red	Yellow ↓	Yellow	Green	Green	Green	Green	Green
SBA	Yellow	Yellow	Red	Green	Green	Green	Green	Green	Green	Green
SMITHSONIAN	Red	Red	Red	Red	Yellow ↑	Green	Red	Green	Green	Green
SSA	Green	Yellow	Green	Yellow ↓	Green	Green	Yellow	Green	Green	Green

↑ ↓ Arrows indicate change in status since evaluation on March 31, 2005

## Program Initiatives Scorecard

	Current Status	Progress in Implementation
<b>Faith-Based and Community Initiative:</b>		
• Agriculture		
• Education		
• HHS		
• HUD	 ↑	
• Justice		
• Labor		
• AID		
<b>Real Property Asset Management:</b>		
• Agriculture		
• Defense		
• Energy	 ↑	
• HHS		
• DHS		
• Interior		
• Justice		
• Labor	 ↑	
• State	 ↑	
• DOT		
• VA		
• Corps		
• GSA		
• NASA	 ↑	

## Program Initiatives Scorecard

	Current Status	Progress in Implementation
<b>Eliminating Improper Payments:</b>		
• Agriculture	● ↑	●
• Defense	● ↑	●
• Education	●	●
• HHS	●	●
• HUD	● ↑	●
• DHS	●	●
• Labor	●	●
• DOT	●	●
• Treasury	●	●
• VA	●	●
• EPA	●	●
• NSF	●	●
• OPM	●	●
• SBA	●	●
• SSA	●	●
<b>Privatization of Military Housing</b>	●	●
<b>R&amp;D Investment Criteria</b>	●	●
<b>Housing and Urban Development Management and Performance</b>	● ↑	●
<b>Broadening Health Insurance Coverage Through State Initiatives</b>	●	●
<b>A "Right-Sized" Overseas Presence</b>	●	●
<b>Coordination of VA and DoD Programs and Systems</b>	●	●

Clear expectations, detailed action plans, and accountability for performance are also being used successfully to address specific program opportunities.

- The Department of Defense (DOD) is partnering with the private sector to accelerate the refurbishment of domestic military housing and improve the quality of life for our service members. To date, DOD has privatized 93,794 units and is on track to eliminate all inadequate housing by FY 2007.
- Agencies are working to ensure that faith-based and community organizations (FBCO) have the same access to Federal grants as other organizations by reducing barriers to participation and increasing outreach. For example, from FY 2002 to FY 2004 the number of Department of Housing and Urban Development grants awarded to FBCO increased from 659 to 835; the number of Department of Health and Human Services grants awarded to FBCO increased from 483 to 908.
- To ensure that Federal overseas staffing is based on current needs and is efficiently deployed, the State Department is pursuing regionalization and shared-services to shift personnel and functions to regional centers abroad or to the United States. All agencies are working to better estimate and manage their costs for overseas personnel.
- To reduce risk in the Federal Housing Administration (FHA) mortgage insurance program, the Department of Housing and Urban Development banned the predatory lending practice of “property flipping” in FHA programs and issued a new “Appraiser Qualifications Rule” to establish stronger professional credentials for FHA-approved appraisers who play a key role in validating the values of FHA insured mortgages.

We are working to spend the American people’s money better each year. When we eliminate improper payments, we will save approximately \$40 billion annually. When we fully implement competitive sourcing, we will save at least \$6 billion each year. Government-wide, a one percent improvement in efficiency saves approximately \$20 billion. Together, these efforts will save American taxpayers at least \$50 billion annually. We are working to make that goal a reality.

**Attachment A. AGENCIES ARE ESTABLISHING CLEAR PROGRAM GOALS AND MEASURING EFFICIENCY**

**Information on Programs Reviewed Using the Performance Assessment Rating Tool (PART)<sup>1</sup>**

<b>Department/Agency</b>	<b>Percent of Programs Reviewed</b>	<b>Percent of Programs with Acceptable Performance Measures</b>	<b>Percent of Programs with Efficiency Measures</b>
AGRICULTURE.....	86%	62%	62%
COMMERCE.....	90%	80%	75%
DEFENSE.....	71%	84%	59%
EDUCATION.....	76%	64%	53%
ENERGY.....	82%	79%	79%
EPA.....	92%	86%	84%
HHS.....	65%	75%	50%
DHS.....	79%	50%	83%
HUD.....	99%	70%	50%
INTERIOR.....	60%	59%	52%
JUSTICE.....	76%	85%	74%
LABOR.....	96%	90%	100%
STATE.....	51%	87%	100%
DOT.....	97%	100%	100%
TREASURY.....	95%	67%	83%
VA.....	99%	56%	100%
AID.....	84%	75%	100%
CORPS.....	94%	64%	91%
GSA.....	88%	39%	50%
NASA.....	86%	88%	100%
NSF.....	78%	100%	100%
OPM.....	99%	100%	100%
SBA.....	93%	100%	100%
SMITHSONIAN.....	21%	100%	100%
SSA.....	22%	100%	100%
<b>GOVERNMENT-WIDE.....</b>	<b>79%</b>	<b>78%</b>	<b>82%</b>

<sup>1</sup> Estimates as of June 30, 2005. PARTs are currently being completed.

## Attachment B. AGENCIES ARE USING KEY WORKFORCE MANAGEMENT TOOLS<sup>1</sup>

Department/Agency	Employee Appraisal System Links Performance Expectations to Agency Mission <sup>2</sup>	Critical Talent Gaps in Mission Critical Occupations are Being Closed <sup>3</sup>	Average Number of Days to Hire a GS Employee <sup>4</sup>
AGRICULTURE.....	In Progress	Yes	28
COMMERCE.....	Yes	Yes	22
DEFENSE.....	In Progress	In Progress	30
EDUCATION.....	Yes	In Progress	45
ENERGY.....	Yes	Yes	30
EPA.....	In Progress	In Progress	40
HHS.....	Yes	Yes	61
DHS.....	In Progress	In Progress	41
HUD.....	Yes	In Progress	33
INTERIOR.....	In Progress	Yes	38
JUSTICE.....	Yes	In Progress	26
LABOR.....	Yes	Yes	42
STATE.....	Yes	Yes	39
DOT.....	Yes	Yes	32
TREASURY.....	In Progress	In Progress	32
VA.....	In Progress	In Progress	60
AID.....	Yes	In Progress	36
CORPS.....	Yes	Yes	32
GSA.....	Yes	In Progress	29
NASA.....	Yes	Yes	21
NSF.....	Yes	Yes	33
OMB.....	Yes	In Progress	33
OPM.....	Yes	Yes	39
SBA.....	Yes	In Progress	24
SMITHSONIAN.....	In Progress	In Progress	80
SSA.....	Yes	Yes	23
<b>GOVERNMENT-WIDE....</b>	<b>73% of agencies</b>	<b>50% of agencies</b>	<b>36</b>

<sup>1</sup> Data reported in June 2005.

<sup>2</sup> "In progress" indicates that the agency is currently implementing appraisal plans that link performance expectations for 60% of employees to the agency's mission.

<sup>3</sup> "In progress" indicates that the agency is currently implementing plans to reduce competency gaps.

<sup>4</sup> Days from the vacancy announcement closing to initial offer of employment.



**Attachment C. AGENCIES ARE ACHIEVING RESULTS THROUGH IMPROVED IT PORTFOLIO MANAGEMENT**

<b>Department/Agency</b>	<b>IT Funding in FY 2006 Budget (in millions)</b>	<b>Percent of Major IT Investments with Acceptable Justifications<sup>1</sup></b>	<b>Cost/Schedule/ Performance Variance<sup>2</sup></b>	<b>Percent of IT Systems Secure<sup>3</sup></b>
AGRICULTURE.....	\$1,931	greater than 50%	less than 30%	92%
COMMERCE.....	\$1,549	100%	less than 30%	98%
DEFENSE.....	\$30,087	greater than 50%	less than 30%	72%
EDUCATION.....	\$391	100%	less than 30%	100%
ENERGY.....	\$2,889	100%	less than 30%	94%
EPA.....	\$466	100%	less than 10%	98%
HHS.....	\$5,358	greater than 50%	less than 30%	99%
DHS.....	\$5,964	greater than 50%	<sup>4</sup>	48%
HUD.....	\$328	greater than 50%	less than 30%	42%
INTERIOR.....	\$882	greater than 50%	<sup>4</sup>	98%
JUSTICE.....	\$2,704	greater than 50%	less than 30%	100%
LABOR.....	\$409	100%	less than 10%	100%
STATE.....	\$810	100%	less than 10%	100%
DOT.....	\$2,621	100%	less than 10%	100%
TREASURY.....	\$2,332	greater than 50%	<sup>4</sup>	87%
VA.....	\$2,146	less than 50%	<sup>4</sup>	15%
AID.....	\$119	100%	less than 30%	100%
CORPS.....	\$287	less than 50%	<sup>4</sup>	<sup>5</sup>
GSA.....	\$574	greater than 50%	less than 30%	79%
NASA.....	\$1,903	100%	less than 10%	98%
NSF.....	\$54	100%	<sup>4</sup>	100%
OPM.....	\$127	greater than 50%	<sup>4</sup>	100%
SBA.....	\$41	100%	less than 10%	100%
SMITHSONIAN.....	\$57	100%	<sup>4</sup>	100%
SSA.....	\$958	100%	less than 30%	100%
<b>GOVERNMENT-WIDE....</b>	<b>\$64,988</b>			<b>79%</b>

<sup>1</sup> As with all capital assets, IT investments must be supported by sound justifications. Criteria for acceptable justifications for major IT investments is available in circular A-11, Section 300 and includes 10 elements such as Risk Management, Security, Project Management, etc. Estimates as of June 30, 2005.

<sup>2</sup> IT investment justifications include cost, schedule, and performance goals; this measures variance from these goals. Tracking cost/schedule/ performance variance is a method for measuring project performance. Also called Earned Value Management, it compares the value of work that was planned with what was actually accomplished to determine if cost and schedule performance is as planned. Estimates as of June 30, 2005.

<sup>3</sup> Secure IT systems are operational systems that have been certified and accredited. Appropriate security and privacy controls have been identified, implemented, and tested. This data was taken from the quarterly FISMA update.

<sup>4</sup> Metric is not available.

<sup>5</sup> The Corps reports IT security status through the Department of Defense.

**Attachment D. COMPETITIVE SOURCING HELPS AGENCIES REDUCE COST OF THEIR COMMERCIAL ACTIVITIES**

**Summary of FY 2003-2004 Competitive Sourcing Activity<sup>1</sup>**

<b>Department/Agency</b>	<b>Number of Competitions Completed</b>	<b>Number of FTEs Assessed</b>	<b>In-House Provider Selected</b> (Based on FTEs)	<b>Incremental Costs of Conducting Competitions</b> (in millions)	<b>3-5 Year Net Anticipated Savings</b> (in millions)
AGRICULTURE.....	416	5,076	98%	\$10.0	\$170.3
COMMERCE.....	6	324	100%	\$1.7	\$10.5
DEFENSE.....	136	16,737	85%	\$124.9	\$1,473.5
EDUCATION.....	3	230	100%	\$0.5	\$87.4
ENERGY.....	5	402	98%	\$2.7	\$74.0
EPA.....	4	39	97%	<sup>2</sup> \$0.0	<sup>2</sup> \$0.0
HHS.....	90	3,049	98%	\$8.9	\$293.4
DHS.....	3	144	100%	\$1.3	\$11.0
HUD.....	0	0	NA	NA	NA
INTERIOR.....	92	885	99%	\$2.5	\$19.6
JUSTICE.....	4	173	95%	\$1.1	\$10.8
LABOR.....	6	66	88%	\$0.1	\$3.4
STATE.....	6	33	63%	\$0.0	\$0.5
DOT.....	12	268	100%	\$1.4	\$9.5
TREASURY.....	23	994	93%	\$2.5	\$218.1
VA.....	1	276	NA	\$1.7	\$45.3
AID.....	0	0	NA	NA	NA
CORPS.....	0	0	NA	NA	NA
GSA.....	34	347	60%	\$0.9	\$24.6
NASA.....	21	450	<sup>3</sup> 100%	\$0.0	\$0.0
NSF.....	0	0	NA	NA	NA
OMB.....	0	0	NA	NA	NA
OPM.....	10	344	100%	\$0.6	\$10.8
SBA.....	4	229	65%	<sup>2</sup> \$0.0	\$3.0
SMITHSONIAN.....	0	0	NA	NA	NA
SSA.....	3	102	91%	\$0.3	\$35.9
<b>GOVERNMENT-WIDE.....</b>	<b>879</b>	<b>30,168</b>	<b>90%</b>	<b>\$161.2</b>	<b>\$2,501.6</b>

<sup>1</sup> Data developed by PMA agencies in response to section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199). These data reflect only streamlined and standard competitions completed in FYs 2003-2004. For additional information on competitions conducted under Circular A-76, see OMB's Reports on Competitive Sourcing Results, Fiscal Years 2003 and 2004, at the following web addresses: [http://www.results.gov/agenda/cs\\_omb\\_647\\_report\\_final.pdf](http://www.results.gov/agenda/cs_omb_647_report_final.pdf) and [http://www.whitehouse.gov/results/agenda/cs\\_2004\\_report\\_rev5a2\\_doc.pdf](http://www.whitehouse.gov/results/agenda/cs_2004_report_rev5a2_doc.pdf).

<sup>2</sup> Value of less than \$100,000.

<sup>3</sup> All NASA competitions completed in FY 2004 were science competitions awarded under a deviation to multiple providers in both the public and private sectors, and are not included in this calculation.

"NA" indicates not applicable as no competitions were reported.

**Attachment E. AGENCIES ARE STRENGTHENING FINANCIAL MANAGEMENT PRACTICES**

**Recent Results on Audits and Material Weaknesses**

Department/Agency	Days to Issue Audited Financial Report		Audit Opinion		Auditor-Identified Material Weaknesses <sup>1</sup>		Integrity Act Weaknesses <sup>2</sup>	
	2001	2004	2001	2004	2001	2004	2001	2004
	AGRICULTURE.....	150	46	Disclaimer	Unqualified	7	2	32
COMMERCE.....	150	46	Unqualified	Unqualified	1	0	3	1
DEFENSE.....	150	46	Disclaimer	Disclaimer	13	11	268	47
EDUCATION.....	150	46	Qualified	Unqualified	1	0	7	0
ENERGY.....	149	46	Unqualified	Unqualified	0	0	13	0
EPA.....	150	46	Unqualified	Unqualified	0	0	4	0
HHS.....	149	70	Unqualified	Unqualified	2	2	3	4
DHS.....	n/a	50	n/a	Disclaimer	n/a	10	n/a	10
HUD.....	150	46	Unqualified	Disclaimer	5	3	3	2
INTERIOR.....	150	46	Unqualified	Unqualified	6	4	18	4
JUSTICE.....	150	46	Unqualified	Disclaimer	3	2	12	3
LABOR.....	150	46	Unqualified	Unqualified	0	0	0	0
STATE.....	150	46	Unqualified	Unqualified	1	0	4	0
DOT.....	150	46	Unqualified	Unqualified	2	4	2	5
TREASURY.....	150	46	Unqualified	Unqualified	2	1	29	8
VA.....	150	46	Unqualified	Unqualified	6	2	6	2
AID.....	150	46	Disclaimer	Unqualified	3	1	4	2
CORPS.....	150	46	Disclaimer	Disclaimer	3	3	3	3
GSA.....	150	46	Unqualified	Unqualified	0	0	5	0
NASA.....	150	46	Disclaimer	Disclaimer	1	4	1	3
NSF.....	150	46	Unqualified	Unqualified	0	0	0	0
OPM.....	150	46	Unqualified	Unqualified	0	1	2	1
SBA.....	150	46	Disclaimer	Qualified	1	2	0	3
SMITHSONIAN.....	n/a	n/a	Unqualified	Unqualified	0	0	0	0
SSA.....	81	46	Unqualified	Unqualified	0	0	1	0
<b>AVERAGE DAYS.....</b>	<b>147</b>	<b>47</b>						
<b>TOTAL WEAKNESSES.....</b>					<b>57</b>	<b>52</b>	<b>420</b>	<b>101</b>

<sup>1</sup> An auditor-identified material weakness is a condition in which the design or operation of the internal control fails to adequately reduce the risk of error, fraud or noncompliance and such failure materially affects the integrity or trustworthiness of the financial statements.

<sup>2</sup> An integrity act weakness is a material weakness in the agency's systems of internal accounting and administrative control that the head of an agency reports to the President and the Congress. These material weaknesses may or may not be the same as those reported by the independent auditor.

"NA" = Not available.