



U.S. Department of Agriculture
Office of Inspector General
Headquarters
Audit Report

AUDIT OF THE IMPLEMENTATION OF
THE GOVERNMENT PERFORMANCE AND
RESULTS ACT IN THE FOREST SERVICE

FY 1999

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**Audit Report No.
08-001-0001-HQ
June 2000**



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: JUN 28 2000

REPLY TO
ATTN OF: 08001-1-HQ

SUBJECT: Audit of the Implementation of the Government Performance and Results Act in the Forest Service

TO: Mike Dombek
Chief
Forest Service

ATTN: Linda Washington
Audit Liaison

This report presents the results of the subject audit. Your June 20, 2000, response to the draft report is included as exhibit B with excerpts and the Office of Inspector General's position incorporated into the relevant sections of the report.

We have accepted your management decision for all recommendations contained in the report.

Please follow your internal agency's procedures in forwarding final action correspondence to the Departments' Office of the Chief Financial Officer.

ROGER C. VIADERO
Inspector General

EXECUTIVE SUMMARY

AUDIT OF THE IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT IN THE FOREST SERVICE FISCAL YEAR 1999 WASHINGTON, DC

REPORT NO. 08-001-0001-HQ

RESULTS IN BRIEF

Forest Service (FS) has not effectively implemented the Government Performance and Results Act (GPRA) of 1993. The Act seeks to improve the effectiveness, efficiency, and accountability of Federal programs by requiring Federal agencies to set goals for program performance and to report annual performance compared with goals. The objective of our review was to determine if the FS has effectively implemented GPRA. The FS' fiscal year (FY) 1999 Annual Performance Report is based on flawed data and assumptions to the extent that the report does not provide reliable information about actual performance or the agency's progress in meeting its goals and objectives. Because the conditions that led to problems with the FY 1999 Performance Report have not yet been corrected, it is unlikely that a useful or reliable Performance Report will be produced for FY 2000. A significant coordinated effort to develop valid and verifiable data will be needed before FS can hope to fulfill the objectives of GPRA.

The FY 1999 Annual Performance Report does not accurately reflect agency performance or progress towards goals and objectives. The quality of the underlying data is suspect. Errors and omissions occurred because performance reporting was not incorporated into the business processes of the FS and because field level employees did not understand the need or value of accurate performance reporting. Reported data was garnered through a patchwork of information systems that lacked basic internal controls, to include programmatic reviews, documentation of reported results, and clear written guidance.

As a result of pervasive errors in supporting data, FS has expended scarce resources to develop a report of dubious usefulness. Decision-makers should use information included in the FY 1999 Performance Report as general "background-type" data only, with full consideration of the caveats included in the report itself. As an additional consequence of the unreliable report, FS has likely reinforced the public perception that the agency lacks credibility.

Internal controls over performance reporting were inadequate as designed

and implemented. FS had no effective system to review and correct improper reporting. The minimal review processes in place did not directly address performance reporting and were not effective in obtaining compliance with national office direction. The agency had not developed controls to test the reasonableness of reported performance data at the district, forest, and regional levels. Further, for some performance measures, written policy guidance did not adequately describe reporting requirements, to include the documentation required to support reported accomplishments and a clear definition of what was to be reported. As a result, errors and omissions were not corrected and the resulting data could not be used by FS managers to evaluate performance.

FS is aware of problems in the implementation of GPRA and plans changes, if properly implemented, that are likely to result in substantial improvement in how FS manages its programs and reports on results and accomplishments.

A revised strategic plan, currently out for public review, focuses more on outcomes and long-term results, such as the health of the land. To address weaknesses in internal controls over performance reporting data, the agency plans a thorough review to identify the sources of problems and develop strategies to ensure that reported data is complete, accurate, and consistent.

FS has also included limited language in its proposed revision of the Forest Planning regulation to link the forest planning process to the national goals and objectives. Our discussions with the Strategic Planning Staff disclosed a willingness to make the GPRA process work.

Unlike many Federal agencies, FS has a history of legislatively- mandated strategic planning and performance reporting. Because performance reporting is not new for FS, the problems and issues that the agency encounters may be difficult to correct. There is potential for staff to see GPRA reporting as “yet another hoop” through which the agency must jump. Some of our interviews set forth the view that FS culture is not supportive of clear and accurate performance reporting. We heard numerous anecdotal examples where the employee (or national forest) who properly reported accomplishments did not fare as well as the employee who slanted accomplishment reporting in some fashion. While some staff we interviewed appeared to fully support the GPRA initiative, others saw little benefit to be gained and minimal incentive for careful reporting. Whatever the methods FS management uses to attempt improvements, the agency will first have to overcome a corporate culture where segments consider accomplishment reporting to be an exercise with little relevance to their own responsibilities.

KEY RECOMMENDATIONS

We recommended that FS develop and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance data.

As a part of that strategy, the agency should put in place a set of effective internal controls, to include a plan of comprehensive management reviews, program level reviews, and controls to test the reasonableness of reported performance data. We recommended that the agency continue the process of establishing, publishing, and ensuring adequate written guidance defining each performance measure and setting forth the documentation needed to support reported accomplishments. Until the agency can provide reasonable assurance of the quality of the Annual Performance Reports, FS should report the lack of an effective system of internal controls over performance reporting as a material weakness in the Federal Managers' Financial Integrity Act (FMFIA) report.

For FY 2000, we recommended that FS ensure that the next Annual Performance Report does not provide inaccurate or meaningless performance data. Alternatives to consider include: (1) seeking a waiver from reporting for FY 2000, based on the inadequacies of the data; (2) reporting only those measures where the agency has a reasonable degree of confidence, based on documented verification and validation activities; and (3) issuing a report without quantitative data, that candidly describes the problems the agency faces and planned efforts to move the agency toward meaningful performance reporting.

AGENCY RESPONSE

In its June 20, 2000 written response to the draft report, the FS agreed with all recommendations contained in the report. However the FS did not agree with our overall conclusion that the FS had not effectively implemented GPRA. The response cited their ongoing efforts to identify and improve the quality of performance measures and data and asserted that agency efforts are consistent with implementation of GPRA.

We incorporated the FS' response, along with our position, in the Findings and Recommendations sections of the report. The full text of the response is included as exhibit B.

OIG POSITION

Based on the June 20, 2000 response, we accepted the FS' management decision for all the recommendations contained in the report. We agree with the FS that their efforts to improve are consistent with the intent of GPRA. However, we believe that the agency has far to go before implementation can be considered effective. Many of the issues we identified in this report have been previously reported to the agency and should have been addressed in the initial stages of implementation of GPRA. Earlier resolution of these known problems would have significantly improved the agency's ability to produce a valid report on the status of progress toward GPRA goals and objectives.

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INTRODUCTION

BACKGROUND

In 1993, Congress passed and the President signed into law a bipartisan initiative designed to fundamentally change the way Government works.

Known as the Government Performance and Results Act (GPRA), it changed the Federal Government's budgeting and policymaking mechanisms in dramatic ways.

GPRA required Federal agencies to prepare and submit a multi-year strategic plan by September 30, 1997, and an annual performance plan starting in FY 1998, as part of the FY 1999 budget submission. The first annual performance reports, assessing the FY 1999 results, were due March 31, 2000.

The Strategic Plan spans a multi-year time frame, and is required to include a mission statement, a set of general goals and objectives, and a description of the linkage between these general goals and objectives and the performance goals that will appear in the annual performance plan. The mission statement sets forth the basic purpose for what an agency does programmatically and operationally. The long-term general goals and objectives define what the agency intends to achieve over the time period of the plan to further its overall mission.

Annual program performance plans are to provide the direct linkage between an agency's longer-term goals (as defined in the strategic plan) and what its managers and staff are doing on a day-to-day basis. These plans are often hierarchical in form, showing what annual performance goals need to be accomplished at each level in order for the next higher level to meet its own goals. Performance goals may relate to either "outputs" or "outcomes," the latter usually being the most important for policy purposes, but the former often being a useful management tool (especially when per-unit costs are also tracked.)

Annual program performance reports are the feedback to managers, policymakers, and the public as to what was actually accomplished for the resources expended -- in other words, how well the original goals were met. The reports are intended to relate performance measurement information to program evaluation findings in order to give a clear picture of the agency's performance and its efforts at improvement.

In order to provide perspective on an agency's performance, the Strategic and Annual Performance Plans contain a baseline. The baseline is a historical performance reference against which follow-on targets can be set and comparisons made. The baseline is intended to clearly communicate the agency's status as measured against a specific goal or objective. For example the FS' FY 2000-2001 Annual Performance Plan's Goal #1 is to "Ensure Sustainable Ecosystems." Objective 1.2 under this goal is "Ecological integrity of forested and rangeland ecosystems restored or protected to maintain biological and physical components, functions and interrelationships, and the capability for self-renewal." An example of a possible baseline for the above objective would be the total number of acres in FS, the total number that met the definition of the objective, and the total number of acres that did not meet the objective as of a given point in time.

Performance data for the FS' FY 1999 Annual Performance Report were gathered from a number of sources, to include the Management Attainment and Reporting (MAR) System, the Performance Management Accountability System (PMAS), the Infrastructure Database (INFRA), and the Wildlife, Fish and Rare Plants (WFRP) Database.

- **Management Attainment Reporting (MAR) System** – MAR is used to set performance targets and report on accomplishments. Each FS region is assigned an accomplishment target for select MAR items after final appropriations and allocation decisions are made. Often, regions request mid-year adjustments to their MAR targets to reflect changes in priorities, needs, costs, or resources. These adjustments may occur after the final version of the Performance Plan is completed, which means MAR targets differ from Performance Plan targets. FS field employees submit MAR data for district accomplishments through forest supervisors to their regional offices.
- **Performance Measures Accountability System (PMAS)** – The State and Private Forestry area tracks performance measures related to its programs using PMAS. PMAS data represents accomplishments for Cooperative Forestry programs throughout the United States. At the start of the fiscal year, Cooperative Forestry Regional Directors are provided with performance measures that require accomplishment reporting. Those indicators are shared with State Foresters who have the responsibility of making sure the data are collected at the local level.

- **Infrastructure database (INFRA)** INFRA is a nationally deployed application providing an integrated inventory of constructed features, roads, trails, and land units while automating several related business functions in financial management, acquisition management, and permits. Separate modules of INFRA were released and installed on the IBM system during FY 1998 and 1999. Basic inventory data migrated from the earlier Data General system to the new IBM INFRA system as modules were developed and completed. INFRA 3.0, which contains data on several performance indicators, was released in July 1999.
- **Wildlife, Fish, and Rare Plants (WFRP) Database** The Wildlife, Fish, and Rare Plants (WFRP) database tracks, among other things, conservation agreements and number of listed species covered by recovery plans. At the end of each fiscal year, field employees submit program data and project narratives for items tracked in the WFRP database to regional office program leaders for these programs. The data are reviewed and entered into an Oracle database. The data is then retrieved from each regional database and merged into a national database at the Washington office.

OBJECTIVES

process for establishing performance goals and objectives; evaluating the agency's internal controls over performance measurement and reporting; and assessing the validity and verifiability of reported accomplishments.

The primary objective of our audit work was to assess the FS' implementation of GPRA. Additional objectives included determining the effectiveness of the

SCOPE

1999 Annual Performance Report, and the FY 2000-2001 Annual Plan. We focused our fieldwork on the FY 1999 Annual Plan and Annual Performance Report, because FY 1999 was the first year the FS was required to report to Congress under the law. Our audit included interviews and visits to the Washington office, three FS Regions, four national forests, and six ranger districts. Locations were judgmentally selected to provide geographic diversity and variety of activities for which performance was reported. (See exhibit A) Our audit field work was conducted between October 1999 and

To evaluate the FS' implementation of GPRA, we reviewed the FS' FY 1997 Strategic Plan, the proposed FY 2000 revision to the Strategic Plan, the FY

May 2000. The audit was conducted in accordance with Government Auditing Standards.

Because FS acknowledged in the FY 1999 Annual Performance Report weaknesses in the current data collection and reporting system, we did not attempt to quantify the degree of misstatements and omissions. An additional scope limitation was the absence of FS guidance clearly defining certain performance measures. Because the agency had not fully defined the measures and the requirements for supporting documentation, in many cases we could not conclusively determine whether performance was properly reported.

FS reported a total of 129 performance measures and we attempted to perform substantive tests for 13 judgmentally-selected measures. We selected measures to obtain a diversity of data sources and disciplines within FS. To assess the systems that accumulated performance information, we relied upon the results of prior Office of Inspector General (OIG) and Government Accounting Office (GAO) audits and evaluations.

METHODOLOGY

To accomplish our audit objectives, we reviewed the FS' Strategic and Annual Plans and compared them to the requirements set forth in the GPRA legislation, and GAO and Office of Management and Budget policy guidance. We interviewed personnel at the Washington office, regional offices, national forests, and ranger districts. We visited national forest worksites to compare work accomplishments with reported performance and to validate data accuracy. We followed-up on corrective actions planned or taken in response to prior OIG and GAO audit and evaluation reports addressing performance measurement and systems used to collect accomplishment data.

FINDINGS AND RECOMMENDATIONS

CHAPTER 1	The Annual Performance Report is Not Useful for Measuring FS Progress Towards Goals and Objectives
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FS' FY 1999 Annual Performance Report is based on flawed data and assumptions to the extent that the report does not provide reliable information about actual performance or the agency's progress in meeting its goals and objectives. Because the conditions that lead to problems with the FY 1999 report have not been corrected, it is unlikely that a useful or reliable Performance Report will be produced for FY 2000. A significant coordinated effort to develop valid and verifiable data will be needed before FS can hope to fulfill the objectives of GPRA.

FINDING NO. 1

The FY 1999 Annual Performance Report is based on inaccurate and unvalidated data. Errors and omissions in data supporting reported accomplishments occurred because (1) performance reporting was not incorporated into the business processes of FS; and (2) field-level employees did not understand the need for or value of accurate performance reporting. As a result, the FY 1999 Annual Report is unreliable and should not be used to support agency decision-making. Even when individual FS units reported carefully and thoughtfully about their accomplishments, the poor quality of reporting by other units made the aggregated data meaningless. As a final effect, the unreliable data is likely to furnish additional support for critics of FS who have admonished the agency for its lack of credibility.

FS acknowledges serious problems with the FY 1999 Annual Performance Report. To its credit, the agency clearly sets forth limitations in the reported data. Concerning the quality of MAR data, the FS report states:

“During our GPRA report preparation process, FS identified several weaknesses in the MAR report process. Current checks are not sufficient to ensure that MAR data are complete, accurate, and consistent. We found cases of missing, incomplete, or inaccurate data and discovered that we do not have sufficient

checks in place to ensure that our performance data from MAR are complete, accurate, and consistent with other data sources. We took steps to correct these problems when we identified them and the data contained in this report represent what we believe to be the best currently available. However, we know that weaknesses currently exist in our current data collection and reporting system. Consequently, we will undertake a more thorough review during FY 2000 to identify the sources of these problems and develop strategies to correct them to ensure improvements in our performance measures in the near future.”

At each of the four national forests we visited, we found instances where reported performance contained material errors and omissions. Because FS was aware of the limitations of performance data, we did not attempt to make estimates of the degree to which specific performance measures were incorrect. Instead, we focused our efforts on determining the causes for improper reporting and identifying the weaknesses in internal control that allowed the misstatements to occur.

“After the Fact” Reporting

Performance reporting was not integrated into the day-to-day business practices at three of the four national forests we reviewed. This led to “after the fact” and ad hoc reporting, unsupported estimates, and guesses about the degree to which a national forest accomplished its performance targets. The following is an example of how erroneous reporting occurred because the national forest did not have a systematic method for recording performance information.

Under the Goal “Ensure Sustainable Ecosystems,” FS reported the measure “Streams and Lakes Restored or Enhanced for Fish Habitat: inland stream miles.” The FY 1999 Performance Report appropriately acknowledged that FS did not have reliable baseline data to make a general statement whether the agency had achieved its performance goal in this area, but suggested instead a comparison of accomplishments to the target. The measure was defined, in part, as “the miles of inland fish bearing rivers and streams which were restored or enhanced ... for the explicit purpose of improving fish habitat.”

One national forest reported restoring or enhancing a total of 17.7 miles of inland fish stream, far exceeding its established target of 9 miles of FY 1999. However, the reported figure was based on an “after the fact” recollection of habitat management staff. Forest employees had not systematically captured this information over the course of the year as the work had been

done.

When we asked for details of the reported performance, habitat management staff attempted to recreate their understanding of how amounts had been reported. We attempted to verify the re-created figures at two of the four ranger districts reporting accomplishments in this area. At one ranger district, a project work plan appropriately documented the reported accomplishment. However, the other ranger district reported two miles of stream enhancement but had no project work plan available. When we asked to view the two miles of claimed stream enhancement, ranger district staff confirmed that two miles of **road repair** had been reported as two miles of **stream enhancement**.



(See photograph of road improperly reported as a stream.) The official who prepared the report explained that he had assumed that the miles of road should be claimed as miles of stream because “fish” funding had been used to make the repairs and the road repairs improved access for trout stocking. After reviewing the definition of the performance measure, the district ranger agreed that miles of road should not have been reported as miles of stream and that reported performance had been overstated.

If the national forest had accumulated performance information as part of its normal business practices, perhaps by marking on stream maps the

enhancements as they were completed, it is less likely that a road would have been claimed as a stream. Documentation of work performed would have allowed a comparison of what was reported to the criteria for reporting.

However, because reporting was “after the fact” and documentation of the specific accomplishments was not developed, it was difficult or impossible for either the district ranger or the forest supervisor to assess whether the target had been met or the degree of compliance with reporting requirements.

Miles of Stream Enhancement was not the only measure where the cited national forest had not integrated performance reporting into its business practices. Other measures that were reported based on guesses, estimates, or recall included:

- Noxious Weed Treatment, acres
- Special Use Permits Administered to Standard
- Land Line Maintenance, Miles
- Communities Utilizing Locally Based Measurement Systems
- Seasonal Capacity Available, and
- Forest Resource Inventory, acres

Our December 1997 Audit Report No. 08099-1-At, on the FS’ Wildlife, Fish, and Rare Plants Management System described a similar problem. We found that documentation of data to be input into the WFRP system was not routinely accumulated during the year as project work was performed. This contributed to our conclusion that WFRP could not be relied upon to provide correct wildlife and fisheries information. At the end of FY 1999, FS had not completed the agreed-upon corrective actions to improve the reliability of this system that serves as the basis for two of the FS’ reported performance measures.

To improve the quality of performance reporting, national forests must integrate the process of accumulating performance data into the day-to-day business practices of the forest.

Field Level Commitment to Meaningful Reporting

Many of the errors and misstatements we discovered during our review occurred because the field level employees with responsibility for a particular area did not consider accuracy and compliance with established standards to be important. For example, at one ranger district, we reviewed the

support for the performance measurement, Noxious Weed Treatment, acres, and determined that the district had sprayed a total of 18 acres of wildlife roads with Plateau, an herbicide. However, we noted that the district had reported only 5 acres treated for noxious weeds. The Natural Resource Management Team Leader explained that, because his target was only five acres, he reported achieving only five acres. His rationale for this incorrect reporting was that he had received a very good price for the contracted herbicide treatment and he did not choose to report the additional accomplishments for fear that he would be expected to achieve the high level of performance the next year, when he might not be able to get the low contract price. He did not consider the effect of misreporting to be important, as he did not value performance reporting and did not believe that accurate performance reporting was a high priority within his agency.

As a result of reporting the target amount, regardless of the amount actually achieved for this ranger district, the average cost per acre for noxious weed treatment is shown to be \$360 per acre, when it was actually only \$100 per acre. The data gathered is of little use. While we did not determine the extent, it is likely that the practice of reporting target amounts was widespread in this national forest. Each of the other three ranger districts also reported exactly the target amount for Noxious Weed Treatment. Fourteen additional performance measurements at this national forest were reported at exactly the target level, to include:

MEASURE	TARGET	ACCOMPLISHMENT REPORTED
Terrestrial Wildlife Habitat Restored or Enhanced	1,302 Acres	1,302 Acres
Wildlife Structures	55 Structures	55 Structures
Soil and Water Resource Improvements	29 Acres	29 Acres
Special Uses Permits Administered to Standard	126 Permits	126 Permits
Youth Conservation Corps Participation	24 Enrollee Weeks	24 Enrollee Weeks

We suggested to the forest supervisor that it was unlikely that so many of the forest's accomplishments were exactly equal to the target amount. The supervisor was aware that many employees reported the target amount and explained that many believed this was appropriate as long as performance had, at least, reached the minimum level of the target. This practice did not interfere with management of the national forest, as the supervisor did not use the performance reports to make managerial decisions.

At one forest we visited, the data being reported as Roads Decommissioned included the same portion of road year after year. FS decommissioned this road by putting up barriers to block use. However, visitors frequently breached the barrier and continued to use the road. FS employees then went back and replaced the barriers. For performance reporting purposes, the national forest would claim accomplishment for closure of the road each year where some action was taken to decommission the road. Indeed, work was actually done to decommission the road. However, reporting it year after year is misleading since most users of the data would believe the national forest is progressing towards its overall goal of adjusting its transportation system to meet the goals reflected in the forest plan. In this case the national forest has made no progress until the road is successfully decommissioned.

On two of the forests we visited, the planning staff directly involved in the implementation of GPRA told us that the performance measures being reported at the time of our review did not represent progress toward

achieving the objectives contained in the Strategic Plan. They stated that, even if all the information was accurate, it would not provide FS with an accurate assessment of how the agency was progressing towards achieving its goals. Therefore, they believed that it was difficult to obtain field level commitment to ensuring the completeness and accuracy of performance data.

Some FS employees set forth the view that performance reporting had been going on, in one form or another, for many years. However, the information had rarely proven useful to either managers or to staff. GPRA requirements represented a paperwork exercise, with little relevance to success in accomplishing their jobs. Each person we interviewed expressed a willingness to report accurately and completely if the data to be gathered was to be used as part of a genuine effort at managing FS programs and improving the effectiveness of the agency.

FINDING NO. 2

Internal controls over performance reporting were inadequate as designed and implemented. FS did not have an effective system to review and correct

improper reporting. The minimal review processes in place did not directly address performance reporting and were not effective in obtaining compliance with national office direction. While the national office performed limited reasonableness checks on aggregated data, the agency had not developed controls to test the reasonableness of reported performance data at the regional, forest, and district levels. Further, for some performance measures, written policy guidance did not adequately describe reporting requirements, to include the documentation required to support reported accomplishments and a clear definition of what was to be reported. As a result, many errors and omissions were not corrected and the resulting data was not useful to FS managers.

Strategy for Reviews

The FY 1997 Strategic Plan stated that FS was developing a strategy for reviews that addressed the need for management and accountability at the strategic, corporate, and integrated scale. However, this strategy has not been developed nor has an effective substitute been put into place. According to the Associate Chief for Natural Resources, this process had not yet been developed because other portions of the FY 1997 Strategic Plan were inadequate and required revision. Resources were focused more on ensuring that the FY 2000 revisions would better reflect the goals and objectives of the FS. This decision may have been an appropriate one. However, the absence of a coordinated strategy of reviews contributed to the flawed data included in the FY 1999 Annual Performance Report.

Reasonableness of Reported Data

FS had not developed controls to test the reasonableness of reported performance at the regional, forest, and district levels. While some types of errors and omissions stemmed from causes that may take significant effort to correct, we identified another type of error in performance reporting that can easily be corrected. At one national forest, we identified numerous clerical errors, many of which could have been identified by simply comparing the reported performance for the fiscal year to other information, such as the target or the year-end projection. For example, the measure Forest Resource Inventory was reported to be 5,000 acres when the program manager had intended to report 50,000 acres. This clerical error could have been easily identified by comparing the reported amount to the target (60,000 acres) or the year-end projection (50,000 acres).

National office staff with responsibility for preparing the Annual Performance Report had implemented a review to check for the reasonableness of data at the national level. This review identified some errors and omissions and allowed an opportunity for error correction. At the regional, forest, and district levels, reported achievements should be routinely compared with targets and projections. Major differences should be investigated, and the possibility of clerical error reduced.

Alternative Methods of Data Verification and Validation

The FY 1999 Annual Performance Plan detailed alternative methods of data verification and validation and tied the alternatives to specific goals, objectives, and measures. However, we found that the monitoring and review activities spelled out in the Annual Plan were either not performed, or not effective in identifying errors and omissions, generally because they did not specifically address performance reporting. In some cases, the performance measures themselves were so poorly designed that review or validation would be nearly impossible. The following example demonstrates the shortcomings of the review practices described in the FY 1999 Annual Performance Plan.

To validate and verify accomplishments relating to the objective "Quality recreation experiences with minimal impacts to ecosystem stability and condition," the FY 1999 Annual Plan states, "Periodic management reviews of organizational units and resource programs will contribute to effective monitoring and evaluation of the agency's progress toward the goals identified in the strategic plan." However, we found that the cited periodic management reviews had generally not been performed. At one region, a decision had been made to forego management reviews of performance data so that regional management could emphasize financial information and the agency's move toward financial accountability. However, the regional

performance reporting coordinator cited forest level reviews that he considered adequate to substitute for the regional review activity.

We visited a national forest in this region and attempted to assess the quality of the forest level reviews. However, the forest supervisor had substituted informal reviews of the various districts for the more formalized activity review. Further, the forest supervisor did not include an assessment of the adequacy of performance reporting as a part of the informal review. Thus, for this national forest, the process prescribed in the FY 1999 Annual Plan to validate progress towards the goal of “quality recreation experiences” had not been implemented. None of the regions or national forest we visited had performed management reviews with the objective of assessing the adequacy of performance reporting.

Inadequate Guidance for Documenting Accomplishments

In some cases, reported performance could not have been reviewed or validated because the guidance for documenting accomplishments was inadequate or incomplete. For example, when we attempted to verify, at one national forest, the performance measure, Seasonal Capacity Available, Person at One Time (PAOT) Days¹, we were unable to do so. A total of 400,000 PAOT Days was reported by the national forest. According to the individual reporting performance, “my target was 400,000 and my assumption was that we easily had 400,000.” When asked how the target number was derived, he stated that the forest had a tradition of reporting 400,000, but that he did not have any details of the underlying calculations. We also attempted to determine how this measure should have been documented and the source of the target data, by contacting the regional office staff responsible for performance reporting. However, the regional performance reporting coordinator was also unable to describe the source of the target data, which was used in turn as reported performance. No one that we contacted was able to provide documentation of the derivation of the original target or the reported performance. Thus, we had nothing to review.

The forest supervisor’s office did not perform a formal review with the objective of verifying the performance measure, Seasonal Capacity Available, PAOT Days. However, even if such a review had been performed, it is unlikely that the forest’s performance reporting for this measure would have been improved. District, forest, and regional level staff were all aware

¹ The FY 1999 Annual Performance Report discusses this performance measure in detail and concludes that the Forest Service exceeded its target in this area and that FY 2000 targets were adjusted upward. The FY 2000 Annual Performance Plan discontinued use of this measurement as a method to assess recreation objectives.

of the shortcomings of the performance measure and all agreed that it was an estimate based on previously reported numbers. None were aware of what documentation or support would have been appropriate for this performance measure. Thus, even if the prescribed internal control of management review had taken place, inappropriate reporting would have occurred. The performance measure was so poorly designed as to make meaningful reporting unlikely.

A system of internal controls includes written guidance, policies, and procedures detailing how a particular procedure is intended to operate. Clear, written guidance is needed to define what constitutes a reportable accomplishment and to set forth the requirements for the supporting documentation necessary to allow verification and validation. For this performance measure, as well as others, the national office had not provided guidance about how performance should be reported and what documentation should be retained to support accomplishments.

We reviewed the guidance issued to the field for reporting FY 1999 performance and noted that none of the recreation management performance measures included details of the documentation required to support accomplishment. Concerning the performance measure Special Uses Permits Administered to Standard, national office staff stated "There has yet to be established an agency-wide definition of what constitutes 'administered to standard' in the administration of special use authorizations." Other examples of measures where the required documentation was so poorly defined that a reviewer would not have been able to conduct an effective review, based on the national office guidance, included: Heritage Sites Preserved and Protected, Land Line Maintenance (each reported through the MAR system) and Communities Utilizing Locally Based Measurement Systems (reported through PMAS).

In a few cases, the written guidance did not even define what constituted performance. For example, at one forest, when we attempted to confirm the performance measure Communities Utilizing Locally Based Measurement Systems, the Rural Community Assistance Coordinator explained that he had reported "10" but that he could have put down almost any number and provide some sort of support, as the definition of this performance measure is vague.² He stated that he was really unsure of what he was counting, but

² The measure was undefined in the National Office Guidance for MAR reporting. The definition for PMAS reporting was "total communities using outcome measurement process. ... Process being used by a community may be the FS methodology or another process; all count." Neither the Regional Program Manager for Rural Community Assistance nor the National Program Coordinator for Rural Community Assistance Programs could provide a more definitive explanation of what should or should not be included.

that he reported “10” as a conservative number. In response to our request, he provided a handwritten list including 28 communities, which he did not consider to be all-inclusive. We attempted to determine a method for ensuring that all communities were included, but the coordinator stated that this was impossible, as records relating to his work were “at home in his basement and all over the floor of his office.” We concluded that there were essentially no controls in place over the proper reporting of this measurement.

We attempted further verification of this performance measure by contacting the Deputy Area Budget Coordinator for State and Private Forestry – National Office and the Regional Program Manager. Information provided by the regional program manager showed a total of 18 communities reported, instead of the 10 reported by the national forest. For the entire region, the regional program manager provided a spreadsheet showing that he had reported a total of 69 communities, but the documentation provided by the national office cited 86 communities. Neither regional nor national office staff could explain why the numbers varied from report to report. Because there was no clear definition of what was to be included, it was not possible to determine an “actual” number for this measure.

Other measures that were either undefined or only minimally defined included: Land & Resource Management Plan Revisions/New Plans Initiated; Grazing – Sheep & Goats; Grazing – Cattle and Horses; Abandoned Sites Reclaimed; Land Line Maintenance; Youth Conservation Corps Participation; Senior Community Service Employees; Volunteers in National Forest Programs; and Hosted Programs and Other HRP.

FMFIA Reporting

The FS and Office of the Chief Financial Officer have not disclosed in the Department’s FY 1999 FMFIA Report, the material weakness of the lack of internal control over the accuracy and relevancy of management data in the FS. The lack of internal control over management information should have been reported as a material weakness under Section 2 of the Federal Managers’ Financial Integrity Act.

Section 2 defines a material weakness as a condition that:

- Significantly weakens safeguards against waste, loss, unauthorized use or misappropriation of funds, property or other assets,
- Significantly impairs the fulfillment of the Department or organization mission, or
- Is of a nature that omission from the report could reflect adversely on

the actual or perceived management integrity of the Department.

Given the FS' acknowledgement of the scope of problems with published performance data for FY 1999 and the lack of an effective system of internal controls to ensure complete and accurate reporting in the future, we concluded that the agency should report a material weakness in internal controls as part of the FMFIA report for FY 2000.

RECOMMENDATION NO. 1

Develop and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance

data. Ensure that the strategy addresses cultural issues and provides training to field level staff on the uses and value of performance data.

Agency Response

In its written response, the FS stated that by September 1, 2000, the agency would develop and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance data.

OIG Position

We accept the FS' management decision on this recommendation.

RECOMMENDATION NO. 2

As part of the strategy to be developed in Recommendation No. 1, require managers of field units at each level of the organization to attest to the accuracy

of reported accomplishments in a written certification. If managers cannot attest to the accuracy, a written explanation of the reasons and proposed corrective action should be provided.

Agency Response

In its written response, the FS said it would require managers of field units at each level of the organization to attest to the accuracy of reported accomplishments in a written certification. If managers cannot attest to the accuracy a written explanation of the reasons and a proposed corrective action would be provided. These actions will be taken as part of the comprehensive strategy to be completed by September 2000.

OIG Position

We accept the FS' management decision on this recommendation.

RECOMMENDATION NO. 3

Ensure that the strategy developed in response to Recommendation No. 1 incorporates a set of effective internal controls, to include a plan of strategic management review, program level review, and controls to test the reasonableness of reported performance data.

Agency Response

In its response, the FS said it will ensure that the strategy it develops will include a set of internal controls to include a plan of strategic management review, program level review, and controls to test the reasonableness of reported performance data.

OIG Position

We accept the FS' management decision on this recommendation.

RECOMMENDATION NO. 4

As part of the strategy to be developed, continue the process of establishing, publishing, and ensuring adequate written guidance defining each performance measure and setting forth the documentation needed to support reported accomplishments.

Agency Response

In its response the FS stated that as part of the strategy to be developed, the agency would establish, publish, and ensure adequate written guidance defining each performance measure and setting forth the documentation needed to support accomplishment.

OIG Position

We accept the FS' management decision on this recommendation.

RECOMMENDATION NO. 5

Report the lack of an effective system of internal controls over performance reporting as a material weakness in the FY 2000 FMFIA submission for FS.

Agency Response

In its response, the FS stated that it would report the lack of an effective system of internal controls over performance measures reporting as a material weakness in the FY 2000 FMFIA submission.

OIG Position

We accept the FS' management decision on this recommendation.

The FY 2000 draft Strategic Plan represents a significant improvement over the FY 1997 Strategic Plan which formed the basis of the FY 1999 Annual Performance Plan and Annual Performance Report. Implementation of the revised performance measures set forth in the draft Strategic Plan will go far toward increasing the agency's accountability for performance. However, much remains to be done before FS fully implements GPRA. Past OIG audits and evaluations described systemic shortcomings in MAR, INFRA, and the WFRP reporting system. These weaknesses in internal controls must be addressed before FS can have full confidence in the data provided by the systems. Additionally, the Annual Performance Plan for FY 2000 and 2001 has not been updated to harmonize with the new, outcome based process set forth in the FY 2000 draft Strategic Plan.

FINDING NO. 3

The performance measures contained in the FS' FY 1997 strategic plan and its FY 1999 annual plan did not measure progress towards the FS' goals and objectives. The measures focused on units of production or output and not on outcome. Many key words and terms had not been defined. In some cases, performance measures were not comparable and could not be combined. FS officials agreed with our conclusion that the management data in the FY 1999 Annual Performance report is of limited use in determining the FS' progress towards its goals and objectives. Thus, without significant, additional expenditures of resources and effort, the FY 2000 Annual Performance Report will almost certainly suffer from the same weaknesses as the FY 1999 Annual Performance Report. Given that more than half of the fiscal year has already passed, perhaps accurate and meaningful reporting is simply not possible for FY 2000.

Outputs, Not Outcomes, Were Measured

The FY 1997 Strategic Plan performance measurements were not outcome-oriented and did not relate directly to the FS' goals and objectives. For example, of the thirty-eight performance measures listed in the FY 1997 strategic plan, 26 (about 69%) were not adequate to measure progress.

During our interviews in three regions and four national forests, FS management personnel told us they did not believe the GPRA measurement process was accurate or effective. Most questioned the relevance of the performance reporting system data and its accuracy. Few of the officials believed the performance measures actually measured progress toward the FS' goals and objectives

Audits and Evaluations Described Shortcomings

FS was aware of the limitations of the performance measures contained in its Strategic and Annual plans. Over the past 9 years, OIG and GAO have issued numerous reports describing issues that FS should address to ensure appropriate performance reporting.

The financial audit of the FS' FY 1991 financial statements reported that "Our testing of the ... performance information in the Overview submitted by FS in its 1991 fiscal year financial statements disclosed that officials could not provide written support for many items in the Overview. The undocumented items are considered to be significant." Problems with the relevancy and reliability of performance data were detailed in an OIG report in 1995 and again by GAO in 1998. While the FS had agreed to take remedial steps, these were not reflected in FS FY 2000-2001 Annual Plans as of April 2000.

The absence of adequate support for MAR data (the source of over half of the FS' reported performance measures) was reported in Audit Report No. 08401-1-At, issued July 18, 1996 and in Audit Report No. 08801-2-At, issued May 5, 1995. In reply to the audits, FS agreed to revise its procedures to require support for MAR data. However, as shown by our limited review, these corrective actions have not been effective.

The INFRA system, source of five performance indicators, was the subject of extensive OIG review efforts. In a consulting report issued in January 2000, we reported the continuation of problems with agency efforts to document and validate certain real property inventory information. Financial statement audits for FY's 1997, 1998, and 1999 described shortcomings in the system. However, the automated system was not complete at FY 1999 year-end.

In December 1997, Audit Report No, 08099-1-At described our conclusion that WFRP database internal controls were not adequate to ensure reliable information was recorded. Final action to correct these internal control weaknesses was not reported to have been corrected at the close of FY 1999.

Forest Service officials must address and correct the previously cited internal control weaknesses before the agency can have full confidence in the data provided by the systems.

FY 2000 Strategic Plan is Much Improved

FS has taken significant steps to improve its FY 2000 Strategic Plan. In the FY 2000 revision of the Strategic Plan, FS has provided a glossary of terms that establishes some basic definitions. The glossary includes citations of

authority or reference for these definitions. The performance measures in the FS' FY 2000 revision of the Strategic Plan have been completely revised.

The FS has made a concerted effort to ensure the new measures are outcome based and will measure progress towards the stated goals and objectives.

While the FY 1997 Strategic Plan focused largely on outputs, the FY 2000 Strategic Plan focuses on outcomes. For example, objective 1.b of the FY 2000 Strategic Plan is:

Increase the amount of habitat capable of sustaining viable populations of all native species and support desirable levels of selected species.

To measure whether the habitat is actually achieving the goal of supporting the identified species, the FS plans to measure population and habitat trends for key ecological types. The target is an increase of habitat capacity by a specified percent. Habitat capacity and the appropriate level of populations of species are to be identified in the forest plans. This demonstrates that the plan focuses on an outcome (increased populations of identified species); has a measurable target (a specified percentage increase); and has an identifiable base or reference point (the forest plans). Generally, the plan focuses on percentage improvements in identifiable measures.

Although the agency has made significant strides in improving the Strategic Plan, the Annual Performance Plan for FY 2000 and 2001 has not been updated to harmonize with the new, outcome-based process. Further, since the agency has not implemented effective internal controls to ensure that performance data is valid and verifiable, (See Finding No. 2) it is likely the FY 2000 accomplishment data will continue to contain material errors and omissions. Thus, without significant additional expenditures of resources and effort, the FY 2000 Annual Performance Report will almost certainly suffer from the same weaknesses as the FY 1999 Annual Performance Report. Given that more than half of the fiscal year has already passed, perhaps accurate and meaningful reporting is simply not possible for FY 2000.

FS should give serious consideration to changing plans for issuance of the FY 2000 Annual Report. Alternatives include (1) seeking a waiver from reporting for FY 2000, based on the inadequacies of the data; (2) reporting only those measures where the agency has a reasonable degree of confidence, based on documented verification and validation activities; and (3) issuing a report without quantitative data, that candidly describes the problems the agency faces and planned efforts to move the agency toward meaningful performance reporting.

If FS management decides to issue an alternative report for FY 2000, the resources that the agency would have used to develop the data and produce the report should be redirected to establishing the internal controls needed to ensure effective reporting and to training the field level staff in the value of accurate and meaningful performance data. As an additional benefit, the credibility of the agency with the public and other stakeholders, to include FS employees, could be improved. At a minimum, the agency's reputation for truthfulness will not be further damaged.

RECOMMENDATION NO. 6

Ensure that the FY 2000 Annual Performance Report does not provide inaccurate or meaningless performance data. Alternatives to consider include:

(1) seeking a waiver from reporting for FY 2000, based on the inadequacies of the data; (2) reporting only those measures where the agency has a reasonable degree of confidence, based on documented verification and validation activities; and (3) issuing a report without quantitative data, that candidly describes the problems the agency faces and planned efforts to move the agency toward meaningful performance reporting.

Agency Response

In its response the FS said that it would ensure that the FY 2000 Annual Performance Report provides accurate and meaningful performance data by reporting only those measures where the agency has a reasonable degree of confidence, based on documented verification and validation activities. In select cases they would use non-quantitative data or estimates with clear explanations of the data limitations of those data.

OIG Position

We accept the FS' management decision on this recommendation

EXHIBIT A – SITES VISITED

SITE	CITY	STATE
FS Headquarters	Washington	DC
Regional Offices		
Southern Region (8)	Atlanta	GA
Rocky Mountain Region (2)	Denver	CO
Pacific Northwest Region (6)	Portland	OR
Forest Supervisor Offices		
Cherokee NF	Cleveland	TN
Arapaho-Roosevelt NF	Ft. Collins	CO
Ochoco NF	Prineville	OR
Gifford Pinchot	Vancouver	WA
Ranger Districts		
Mt. Adams	Trout Lake	WA
Wind River	Carson	WA
Prineville	Prineville	OR
Pawnee National Grassland	Greeley	CO
Ocoee	Benton	TN
Tellico	Tellico Plains	TN

EXHIBIT B – FOREST SERVICE RESPONSE TO DRAFT REPORT



United States
Department of
Agriculture

Forest
Service

Washington Office

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

File Code: 1430
Route To: 1930

Date: JUN 20 2000

Subject: Office of Inspector General Discussion Draft
Audit of the Implementation of the Government Performance and Results Act
in the Forest Service, FY 1999
May 19, 2000

To: James R. Ebbitt
Assistant Inspector General for Audit
Office of Inspector General

We have completed our review of the Office of Inspector General (OIG) Discussion Draft Audit Report entitled "Audit of the Implementation of the Government Performance and Results Act in the Forest Service" – FY 1999, Report No. 08-001-0001-HQ, Issued May 19, 2000. Except where noted in our response, we concur with the audit findings and recommendations.

Enclosed is our response to the OIG report. If you have any questions, please contact Linda Washington, the External Audit Liaison, on (202) 205-3761.

VINCETTE L. GOERL
Chief Financial Officer
Deputy Chief, Office of Finance

Enclosure



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**United States Department of Agriculture
Forest Service**

**Office of Inspector General (OIG)
Audit of the Implementation of the Government Performance
and Results Act in the Forest Service, FY 1999**

May 19, 2000

**Forest Service Review Comments
June 12, 2000**

GENERAL COMMENTS CONCERNING THIS REPORT: The Forest Service is aware of the issues mentioned in the OIG discussion draft and has already started implementing several initiatives to address them. As part of the FY 1999 Annual Program Performance Report, we conducted a review of performance data and, in compliance with the Government Performance and Results Act (GPRA) of 1993, we noted several reporting problems with performance data including those identified in the OIG discussion draft. We have taken several steps that should improve the quality of our performance measures and data used to support them, including an improved strategic plan to be released in September 2000. Because of this, we disagree with the first sentence of the OIG discussion draft and view our efforts to identify data problems and develop corrective actions as consistent with implementation of GPRA.

OIG RECOMMENDATION NO. 1: Develop and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance data. Ensure that the strategy addresses cultural issues and provides training to field level staff on the uses and value of performance data.

FOREST SERVICE RESPONSE TO RECOMMENDATION NO. 1: The Forest Service concurs with this recommendation. The Forest Service will develop and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance data. This strategy will address cultural issues and include a program to train field level staff on the uses and value of performance data. The strategy will be developed by September 1, 2000, and be implemented during FY 2001.

OIG RECOMMENDATION NO. 2: As part of the strategy to be developed in Recommendation No. 1, require managers of field units at each level of the organization to attest to the accuracy of reported accomplishments in a written certification. If managers cannot attest to the accuracy, a written explanation of the reasons and proposed corrective action should be provided.

FOREST SERVICE RESPONSE TO RECOMMENDATION NO. 2: The Forest Service concurs with this recommendation. As part of the strategy to be developed in Recommendation

No. 1, the Forest Service will require managers of field units at each level of the organization to attest to the accuracy of reported accomplishments in a written certification. If managers cannot attest to the accuracy, a written explanation of the reasons and proposed corrective action should be provided. The strategy will include a timetable for when the certification will be required.

OIG RECOMMENDATION NO. 3: Ensure that the strategy developed in response to Recommendation No. 1 incorporates a set of internal controls, to include a plan of strategic management review, program level review, and controls to test the reasonableness of reported performance data.

FOREST SERVICE RESPONSE TO RECOMMENDATION NO. 2: The Forest Service concurs with this recommendation. The Forest Service will ensure that the strategy developed in response to Recommendation No. 1 incorporates a set of internal controls, to include a plan of strategic management review, program level review, and controls to test the reasonableness of reported performance data.

OIG RECOMMENDATION NO. 4: As part of the strategy to be developed, continue the process of establishing, publishing, and ensuring adequate written guidance defining each performance measure and setting forth the documentation needed to support reported accomplishments.

FOREST SERVICE RESPONSE TO RECOMMENDATION NO. 4: The Forest Service concurs with this recommendation. As part of the strategy to be developed, the Forest Service will continue the process of establishing, publishing, and ensuring adequate written guidance defining each performance measure and setting forth the documentation needed to support reported accomplishments.

OIG RECOMMENDATION NO. 5: Report the lack of an effective system of internal controls over performance reporting as a material weakness in the FY 2000 FMFIA submission for the Forest Service.

FOREST SERVICE RESPONSE TO RECOMMENDATION NO. 5: The Forest Service concurs with this recommendation. The Forest Service will report the lack of an effective system of internal controls over performance reporting as a material weakness in the FY 2000 FMFIA submission for the Forest Service. This will be the first opportunity for the Forest Service to make this report under FMFIA, since the last deadline to report material weaknesses was in October 1999, more than three months before the FY 1999 Annual Program Performance Report was completed.

OIG RECOMMENDATION NO. 6: Ensure that the FY 2000 Annual Performance Report does not provide inaccurate or meaningless performance data. Alternatives to consider include (1) seeking a waiver from reporting for FY 2000, based on the inadequacies of the data; (2)

reporting only those measures where the Agency has a reasonable degree of confidence, based on documented verification and validation activities; and (3) issuing a report without quantitative data, that candidly describes the problems the Agency faces and planned efforts to move the Agency toward meaningful performance reporting.

FOREST SERVICE RESPONSE TO RECOMMENDATION NO. 6: The Forest Service concurs with this recommendation. The Forest Service will ensure that the FY 2000 Annual Performance Report provides accurate and meaningful performance data by reporting only those measures where the Agency has a reasonable degree of confidence, based on documented verification and validation activities. However, in select cases, we will use non-quantitative data or estimates with clear explanations of the limitations of those data.