



Highlights of [GAO-07-95](#), a report to the Subcommittee on Government Management, Finance, and Accountability, Committee on Government Reform, House of Representatives

Why GAO Did This Study

The President's Management Agenda (PMA) focuses attention on ensuring resources entrusted to the federal government are well managed and used wisely. The Office of Management and Budget (OMB) developed standards to measure success and a PMA scorecard that gives a "green", "yellow" or "red score" by agency. Green indicates success, yellow indicates mixed results, and red indicates unsatisfactory results. For the Improved Financial Performance Initiative, GAO was asked to (1) study and evaluate OMB's process and criteria for awarding a green score for current status and progress and (2) provide examples of how agency managers use financial data to better manage on a day-to-day basis. To fulfill these objectives, GAO interviewed OMB and agency officials and examined OMB and agency documentation relevant to OMB's scoring process.

What GAO Recommends

To help strengthen OMB's scoring process for the Improved Financial Performance Initiative, GAO made two recommendations for OMB to establish a process to more systematically document (1) the basis for all key decisions and judgments made in determining agency green scores and (2) the receipt and review and approval of Green Plans, including updates, used in the scoring process. OMB generally concurs with these recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-95.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Calbom at (206) 287-4809 or calboml@gao.gov.

PRESIDENT'S MANAGEMENT AGENDA

Review of OMB's Improved Financial Performance Scorecard Process

What GAO Found

OMB has established a reasonable process for assessing and scoring agencies' current status and progress (two separate scores) under the Improved Financial Performance Initiative of the PMA. OMB's established scoring criteria address the fundamental aspects of sound financial management and are geared toward achievement of the goals envisioned in the Chief Financial Officers (CFO) Act. Seven of the nine current status scoring criteria (yellow criteria) are objective and verifiable using publicly available information. The remaining two green criteria are more subjective and require OMB to make judgments about whether agencies (1) currently produce accurate and timely financial information that is used by management to inform decision making and drive results in key areas of operations and (2) have acceptable plans (referred to as a Green Plans) to continuously expand the routine use of financial data in decision making in additional areas of operations. GAO found OMB's staff were actively engaged in the scoring process and met regularly with agency officials to discuss progress in meeting scoring criteria and to provide input into agencies' efforts to expand the use of financial data in their day-to-day management of key agency operations. GAO also found opportunities for OMB to enhance the process by better documenting its assessments of the more subjective green scoring criteria and by systematically tracking the receipt and approval of key documents used in the process.

Agency officials generally supported the scorecard process and stated that it has helped to focus top management's attention on financial management issues. The six agencies GAO visited (those with green scores as of September 30, 2004, as requested) provided examples on how they use financial data as well as performance data to make management decisions related to controlling costs, budgeting, allocation of resources, and management of contracts and grants. Agency officials told GAO that some of the examples or activities demonstrated to GAO were also previously demonstrated to OMB to show that the agency was using financial data to help inform management decision-making. OMB officials said they considered these and other examples in rendering the green scores. However, the documentation issues discussed above prevented GAO from specifically determining which examples were used by OMB in making these scoring decisions.

The Improved Financial Performance Initiative scorecard process has clearly been a catalyst to improve financial management and to encourage agency managers to use financial data to enhance decision making as envisioned under the CFO Act. Better documenting the key decisions would help strengthen what is already a useful management tool by helping ensure consistency and continuity in the process and would enhance the value of the process to external users.