

# **DEPARTMENT OF THE TREASURY**

## **PART ASSESSMENTS<sup>1</sup>**

<sup>1</sup>This document contains details of the most recent program assessments as of the date the 2005 Budget was published (February 2004). Programs originally assessed for the 2004 Budget were reassessed only where evidence showed an agency's rating was likely to change. Programs not reassessed are presented in this document in the form of reprints of the original worksheets and are footnoted "FY 2004 Budget".

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## Program Assessment Rating Tool (PART)

**Program:** Administering the Public Debt  
**Agency:** Department of the Treasury  
**Bureau:** Bureau of the Public Debt (BPD)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	90%	100%	75%	

- 1.1 Is the program purpose clear?** Answer: YES      Question Weight: 25%
- Explanation: BPD has two missions: borrow the money needed to operate the Federal Government and account for the resulting debt. The operations of the Federal government are funded using unified borrowing. Under this approach, Treasury is the only agency authorized to conduct borrowing for the general benefit of the Federal government.
- Evidence: BPD Strategic Plans; Article I, Section 8 of the Constitution empowers the Congress to borrow money on the credit of the United States, authority which has been delegated to BPD under Treasury Orders 106-08 and 106-11.
- 
- 1.2 Does the program address a specific and existing problem, interest or need?** Answer: YES      Question Weight: 25%
- Explanation: The government's authority to borrow is set forth in the Constitution. To meet the financing needs of the government, BPD borrows from a broad range of investors/individuals purchasing small denomination savings bonds to large financial institutions purchasing billions in Treasury bills or notes.
- Evidence: FY 2000-FY 2005 Strategic Plan
- 
- 1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?** Answer: YES      Question Weight: 25%
- Explanation: Although State and local governments also offer debt instruments, BPD is the only agency authorized to borrow to fund the overall operations of the Federal government. Other Federal agencies (e.g., Veterans Administration, US Forest Service, etc.) are permitted to borrow but only through the Department of the Treasury.
- Evidence: Article I, Section 8 of the Constitution; Treasury Orders 106-08 and 106-11
- 
- 1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES      Question Weight: 25%
- Explanation: Treasury has never defaulted on its debt and the program has always met the borrowing needs of the Federal government. BPD has no material weaknesses and a continuous record of unqualified audit opinions covering the Federal government's debt financing operations.
- Evidence: GAO Audits of the Schedule of Federal Debt for 1994-2002; Public Debt Management Control Plan for FY 2003-2007; FY 2002 Annual Assurance Statement; Mitre Corporation Review of IT Security Program, 2003
- 
- 1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: NA      Question Weight: 0%
- Explanation:
- Evidence:

## Program Assessment Rating Tool (PART)

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Section Scores				Overall Rating
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100%	90%	100%	75%	

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight: 15%

Explanation: BPD has three succinct strategic goals; finance government operations, account for the debt of the Federal government, and fulfill customer expectations. The bureau developed four long-term performance goals for inclusion in the FY 2005 Budget: 1) Increase number of bidders in Treasury auctions by 15% by 2010; 2) Conduct 80% of customer-initiated transactions on-line by 2008; 3) Hold 50% of retail debt in TreasuryDirect by 2011; 4) Produce daily public debt financial statements by 2007.

Evidence: FY 2005 OMB Budget submission

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight: 15%

Explanation: BPD recently developed four long-term performance goals and set targets for each of the measures (see question 2.1).

Evidence: FY 2005 OMB Budget submission

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight: 15%

Explanation: Although BPD is working to develop long-term performance goals, it does have a limited set of annual performance goals that demonstrate progress towards achieving the bureau's three strategic goals. Most of these goals are refined each year and show improvements in the timeliness of issuing auction results, the timeliness and accuracy of processing transactions, and addressing customer service inquiries.

Evidence: FY 2004 Budget and Prior Year Submissions.

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 15%

Explanation: The program sets ambitious targets for each of its annual performance goals.

Evidence: FY 2004 Budget and Prior Year Submissions.

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 10%

Explanation: BPD's principal partners are the Federal Reserve Banks (FRB), who assist with auctioning, issuing and redeeming securities as well as providing customer service for retail customers. These activities are tied directly to BPD's performance goals.

Evidence: Federal Reserve Business Plans 2003-2006

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100%	90%	100%	75%	

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**      Answer: YES      Question Weight: 10%

**Explanation:** The General Accounting Office (GAO) annually audits debt related financial statements and examines the summary and subsidiary accounting systems that are used to account for the debt. Further, independent public accountants hired by the Office of the Inspector General (OIG) annually audit and review the Federal Investment Program. The OIG also performs periodic program reviews.

**Evidence:** GAO Audits of the Schedule of the Federal Debt for 1994-2002; Public Debt Management Control Plan for FY 2003-FY 2007; Mitre Corporation Review of IT Security Program, 2003; various OIG reports (OIG-03-009, OIG-02-120, OIG-02-116).

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**      Answer: NO      Question Weight: 10%

**Explanation:** There is no direct link between budgetary resources and attaining annual or long-term goals. BPD, however, is working towards aligning its budget and performance goals (see Question 2.8).

**Evidence:** BPD's budget requests include performance data but not in a manner in which to evaluate the impact of funding increases or decreases on performance results.

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?**      Answer: YES      Question Weight: 10%

**Explanation:** As noted earlier, the bureau is working to develop long-term goals and tie its annual goals directly to the long-term goals. This process also entails linking budget resources with performance targets (See Questions 2.1; 2.2; 2.7).

**Evidence:** BPD anticipates including long-term measures in its FY 2005 Budget Submission due to OMB in September 2003.

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 16%

**Explanation:** The bureau works with its FRB partners to improve quality and efficiency in selling and redeeming securities as well as assisting with customer service inquiries. These activities are tied directly to BPD's annual performance goals. In addition, BPD responds to and implements recommendations from its auditors.

**Evidence:** Report on Federal Reserve Bank Performance Against Service Level Objectives for April 2003 and Prior Months; Auction Release Times Chart, October 2002-May 2003; Public Debt Intranet, Customer Service Performance Index; Mitre Corporation Review of IT Security Program, 2003.

Program Assessment Rating Tool (PART)

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100%	90%	100%	75%	

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 16%

Explanation: Public Debt's program managers are accountable for work performed under their direct control as well as work performed by our fiscal agents, the Federal Reserve Banks. With respect to the work performed by the Federal Reserve Banks, the bureau routinely evaluates their performance on service level objectives established by BPD. These assessments are specifically considered as part of the Federal Reserve's performance evaluation structure.

Evidence: Federal Reserve Business Plans 2003-2006; Federal Reserve Bank Performance Against Service Level Objectives.

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 16%

Explanation: Funds are obligated timely with no history of Anti-Deficiency Act violations.

Evidence: Statements of Budget Execution (SF-133).

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight: 16%

Explanation: Public Debt has instituted incentives for identifying opportunities for program efficiency and cost reduction. For example, BPD, in cooperation with Federal Reserve management, determined that it could reduce call center staff without jeopardizing customer service. Additionally, BPD encourages its issuing agents to take advantage of postal service discounts by pre-sorting bonds.

Evidence: Information Resource Management (IRM) Plans for FY 1998-2002; BPD historically funds new programs by eliminating ineffective programs

**3.5 Does the program collaborate and coordinate effectively with related programs?** Answer: NA Question Weight: 0%

Explanation:

Evidence:

**3.6 Does the program use strong financial management practices?** Answer: YES Question Weight: 16%

Explanation: Since the inception of the CFO Act, BPD has received an unqualified opinion on debt related financial statements. In addition, the bureau closes its books in 3-days monthly and 45-days at the end of the fiscal year and has no material weaknesses.

Evidence: GAO Audits of the Schedule of the Federal Debt for 1994-2002; Public Debt Management Control Plan for FY 2003-FY 2007; Mitre Corporation Review of IT Security Program, 2003.

## Program Assessment Rating Tool (PART)

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100%	90%	100%	75%	

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 16%

**Explanation:** BPD has a comprehensive management control program that has become a model within Treasury. BPD's automated audit monitoring system rigorously tracks audit findings and ensures that recommendations are fully implemented. BPD also monitors and tracks implementation of the President's Management Agenda initiatives. In addition to regular briefings to senior management, the process includes a web page to share information with employees, scores on each agenda item, and reports on our progress to reach green.

**Evidence:** GAO Audits of the Schedule of the Federal Debt for 1994-2002; Public Debt Management Control Plan for FY 2003-FY 2007; Public Debt Management Control Program Documentation; Mitre Corporation Review of IT Security Program, 2003.

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight: 25%

**Explanation:** The bureau recently submitted, and OMB approved, four long-term performance goals. Since the goals are new for FY 2005, it is premature to suggest BPD has achieved progress towards the four goals (see measures tab and question 2.1).

**Evidence:** FY 2005 OMB Budget submission

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: YES Question Weight: 25%

**Explanation:** Each year BPD achieves its annual goals and adjusts them to meet new challenges. The average times to release auction results and complete customer service transactions, for example, have reduced over the past several years.

**Evidence:** FY 2004 Budget and Prior Year Submissions.

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: YES Question Weight: 25%

**Explanation:** Public Debt has a strategic planning process designed to identify opportunities for program efficiency and cost reduction. For example, BPD, in cooperation with Federal Reserve management, found that it could reduce call center staff and maintain its quality service to its customers. Additionally, BPD encourages the issuing agents of its savings bonds to take advantage of postal service discounts by pre-sorting its bonds.

**Evidence:** Bureau of the Public Debt Programs and Timeline; Strategic Plans; Treasury's Vision for Promoting a Direct Financial Relationship with Investors; Information Resource Management (IRM) Plans for FY 1998-2002.

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: NA Question Weight: 0%

**Explanation:**

**Evidence:**

## Program Assessment Rating Tool (PART)

**Program:** Administering the Public Debt  
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**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	90%	100%	75%	

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**      Answer: YES      Question Weight: 25%

**Explanation:** The General Accounting Office (GAO) annually audits debt related financial statements and covers the summary and subsidiary accounting systems that are used to account for the debt. Further, independent public accountants hired by the Office of the Inspector General (OIG) annually audit and review our Federal Investment Program. The OIG also performs periodic program reviews.

**Evidence:** GAO Audits of the Schedule of the Federal Debt for 1994-2002; Public Debt Management Control Plan for FY 2003-FY 2007; Mitre Corporation Review of IT Security Program, 2003; various OIG reports (OIG-03-009, OIG-02-120, OIG-02-116).

## PART Performance Measurements

**Program:** Administering the Public Debt  
**Agency:** Department of the Treasury  
**Bureau:** Bureau of the Public Debt (BPD)

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**Measure:** Receive unqualified opinions on the Schedule of Federal Debt and Loans Receivable.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2000	Unqualified	Unqualified	
2001	Unqualified	Unqualified	
2002	Unqualified	Unqualified	
2003	Unqualified	Unqualified	
2004	Unqualified		

**Measure:** Percentage of TreasuryDirect interest and redemption payments made timely (01-03).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	100%	100%	
2002	100%	100%	
2003	100%	100%	

**Measure:** Percentage of TreasuryDirect interest and redemption payments made accurately (01-03).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	99.9%	100%	
2002	99.9%	100%	
2003	99.9%	100%	

## PART Performance Measurements

**Program:** Administering the Public Debt

**Agency:** Department of the Treasury

**Bureau:** Bureau of the Public Debt (BPD)

**Measure:** Percentage of TreasuryDirect interest and redemption payments made timely and accurately (04).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	100%		
2005	100%		

**Measure:** Percentage of retail securities interest and redemption payments made timely and accurately (first year: 2005).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2005	100%		

**Measure:** Percentage of TreasuryDirect customer service transactions completed within three weeks (last year: 2004).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	90%	99.7%	
2002	90%	99,7%	
2003	90%		
2004	90%		

**Measure:** Percentage of customers rating their overall satisfaction as good or excellent (first year: 2004).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	90%		
2005	90%		

## PART Performance Measurements

**Program:** Administering the Public Debt

**Agency:** Department of the Treasury

**Bureau:** Bureau of the Public Debt (BPD)

**Measure:** Hold 50% of retail debt in TreasuryDirect (electronic-based system) by FY 2011.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term (Efficiency Measure)
2005	5%		

**Measure:** Percentage of retail customer service transactions completed within: 4 weeks in 2001; 3 weeks in 2002 and 2003; and 13 days in 2004 and 2005.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	90%	95.8%	
2002	90%	98.3%	
2003	90%		
2004	90%		

**Measure:** Percentage of over-the-counter savings bonds issued within three weeks (last year: 2004).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	95%	99.97%	
2002	99.95%	99.95%	
2003	99.95%	99.95%	
2004	99.95%		

## PART Performance Measurements

**Program:** Administering the Public Debt

**Agency:** Department of the Treasury

**Bureau:** Bureau of the Public Debt (BPD)

**Measure:** Percent of auction results released in: one hour in 2001; 25 minutes in 2002; six minutes in 2003; and four minutes in 2004 and 2005.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	95%	100%	
2002	95%	99.5%	
2003	80%		
2004	95%		

**Measure:** Percentage of Commercial Book Entry interest and redemption payments made timely and accurately.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	100%	100%	
2002	100%	100%	
2003	100%	100%	
2004	100%		
2005	100%		

**Measure:** Percentage of Government Securities (Federal) Investment Program transactions processed timely (01-03).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	100%	100%	
2002	100%	100%	
2003	100%	100%	

## PART Performance Measurements

**Program:** Administering the Public Debt

**Agency:** Department of the Treasury

**Bureau:** Bureau of the Public Debt (BPD)

**Measure:** Percentage of Government Securities (Federal) Investment Program transactions processed accurately (01-03).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	99.9%	99.9%	
2002	99.9%	99.9%	
2003	99.9%	99.9%	

**Measure:** Percentage of Federal Investment Program transactions processed timely and accurately (first year: 2004).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	100%		
2005	100%		

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	33%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** Articles I and II of the Articles of Agreement of the African Development Bank Group clearly state the purpose of the institution. "The purpose of the Bank shall be to contribute to the economic development and social progress of its members - individually and jointly." Article II provides specifics on the modality of the Fund's operations. The Bank Group also adopted a Vision Statement in 1999 that focuses operations around agriculture and rural development, social development, private sector development good governance and environmental and gender concerns.

**Evidence:** <http://www.afdb.org>

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** The African Development Fund mobilizes resources from regional and non-regional members to provide concessional financing and grants for the development objectives of the poorest African countries.

**Evidence:** Over one billion people in the world live on less than \$1 per day; over 3 billion live on less than \$2 per day. In sub-Saharan Africa, 46% of people exist on less than \$1 per day.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** The African Bank Group has entered into Memoranda of Understanding (MOUs) with the other major Multilateral Development Banks (MDBs) and works closely with other aid agencies to coordinate activities and to avoid redundancies. During the recent Ninth Replenishment of the African Development Fund, donors sharpened the focus to the African Bank Group on core activities in which the African Bank has an appropriate niche. Core priorities identified in the AfDF-IX negotiations include: agriculture and rural development, human capital development, private sector development, good governance, gender equality, and environmental management.

**Evidence:** The International Development Association (IDA) is the other principal multilateral development bank in Africa. The AfDB and IDA have concluded an MOU to ensure that efforts are complementary, that resources and knowledge gained are shared and that efforts are effective without unnecessary overlap. Coordination with other aid agencies is achieved through the donor coordination process when designing the individual country strategies.

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	33%	Demonstrated

**1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?**      Answer: NO      Question Weight: 20%

**Explanation:** Although its financing is both long-term and zero-interest, AfDF loans to the poorest countries still add to their debt burden and make it difficult for countries to stay on the path of sustainable development. A higher proportion of grants would be more effective. The recently-concluded agreement to replenish the resources of the African Development Fund (the AfDF-IX agreement) increases the proportion of grants in AfDF operations to 18-21%. The U.S. would like a higher proportion of grants. Nevertheless, the AfDF is an effective mechanism for leveraging U.S. resources with substantial development financing from other donors. In addition, the AfDF is now implementing an allocation mechanism which will strongly link financial assistance to country performance, including in the areas of governance, health and education and economic opportunity. Thus AfDF financing is more effective than other programs that have weaker links between aid flows and commitment to economic reforms

**Evidence:** On July 17, 2001, President Bush proposed "that up to 50 percent of the funds provided by the development banks to the poorest countries be provided as grants for education, health, nutrition, water supply, sanitation and other human needs, which will be a major step forward." The Department of the Treasury will continue to encourage the other donors to adopt this benchmark.

**1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?**      Answer: YES      Question Weight: 20%

**Explanation:** The country allocations result from a performance-based allocation system (PBA) that accumulates scores for a county's poverty level, an assessment of its policies and institutions, and portfolio performance. For the AfDF-IX allocations, the Fund revised the PBA to give governance a greater weighting in a country's overall rating and direct a correspondingly larger share of concessional AfDF resources to better performers.

**Evidence:** The PBA has been consistently revised to strike a balance between providing resources to the best-performing African countries and the neediest of the African countries. The balance has tipped more towards the best-performing in recent reviews and modifications.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: YES      Question Weight: 12%

**Explanation:** The African Bank Group has implicitly adopted the eight Millennium Development Goals, which serve as very ambitious, long-term performance goals (involving significant progress by 2015). In addition, The African Bank also sets long-term country-specific goals in its Country Strategy Papers (CSP). However, the AfDF does not yet have long-term measures in support of that goal. The African Development Fund agreed in the AfDF-IX negotiations to plan and implement a comprehensive results measurement and result-based management system.

**Evidence:** The Millennium Challenge goals include: (1) Eradicate extreme poverty and hunger; (2) Achieve universal primary education; (3) Promote gender equality and empower women; (4) Reduce child mortality; (5) Improve maternal health; (6) Combat HIV/AIDS, malaria, and other diseases; (7) Ensure environmental sustainability; and (8) Develop a global partnership for development. Long-term performance measures are under development. This is a work in progress owing in part to delays related to the relocation of the Headquarters and staff to Tunis in February.

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	33%	Demonstrated

- 2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 12%
- Explanation: The African Development Fund agreed in the AfDF-IX negotiations to plan and implement a comprehensive results measurement and result-based management system.
- Evidence: Targets and timeframes are under development. This is a work in progress owing in part to delays related to the relocation of the Headquarters and staff to Tunis in February.
- 2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NO Question Weight: 12%
- Explanation: Prior to the AfDF-IX Replenishment, Fund performance was measured primarily on the basis of financial commitments. The Replenishment negotiations included agreement that the Fund would implement a systematic mechanism for defining and measuring outcomes. At the project level, performance criteria and timetables are the norm.
- Evidence: Annual performance measures are under development. This is a work in progress owing in part to delays related to the relocation of the Headquarters and staff to Tunis in February.
- 2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 12%
- Explanation: Establishing baselines and targets are an integral part of the outcome measurement system mentioned above. Specific projects do have annual targets and outcome measurement in some cases, but the has not been integrated at the institutional level yet.
- Evidence: Baselines and targets are under development. This is a work in progress owing in part to delays related to the relocation of the Headquarters and staff to Tunis in February.
- 2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%
- Explanation: All partners have committed to the Millennium Development Goals implicitly, but the AfDB has not published an official collection of quantifiable long-term goals in the manner of the MDGs. In addition all AfDF members have agreed to the targets elaborated in the Bank Group's Vision Statement.
- Evidence: The AfDF Board, which represents both donors and borrowers, adopted the AfDF-IX goals (the Challenge Goals) and objectives in its lending policy.

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	33%	

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?**      Answer: YES      Question Weight: 12%

**Explanation:** The independent AfDB Audit Unit, which reports directly to the President, conducts regular evaluations of individual projects, country portfolios and cross-country sectoral lending programs. The results of these evaluations are incorporated into the design of follow-on lending to ensure best practices. In addition, the African Bank Group has an Operations and Evaluation Unit to review AfDB policies and recommend improvements and a will have a Policy Compliance Unit to ensure that activities are fully compliant. Perhaps most important is the regular and frequent assessment of effectiveness conducted by the Executive Board and their host governments as loans and policies are submitted to the Executive Board by Bank management.

**Evidence:** The Audit Unit's Annual Report reviews the activities of the previous year and the forward-looking Work Program which previews scheduled activities. Evaluations for the coming year are reviewed by the Committee on Development Effectiveness and the full Board of the AfDF. These are provided in addition to the individual evaluations conducted during the year on an ad hoc basis.

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?**      Answer: YES      Question Weight: 12%

**Explanation:** AfDF requests for donor resources are subject to close scrutiny at the Replenishment exercises which occur every three years and through the annual budget which is submitted for approval by the Executive Board of the AfDF. Annual appropriation requests to Congress are based on commitments negotiated at the replenishment agreements.

**Evidence:** AfDF budgets will increasing be measured against a few, measurable objectives that the Fund is now developing. These measurable outcomes will be specified in the Strategic Plan of the Bank Group

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?**      Answer: YES      Question Weight: 12%

**Explanation:** Development of a Strategic Plan was part of a major reorganization undertaken in 2000-2001 in order to address Fund weaknesses. While this has added focus to Fund activities, the measurable results are not as specific as the U.S. would like.

**Evidence:** The Strategic Plan and the Work program are on the ADB website. <http://www.afdb.org>

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	33%	Demonstrated

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 11%

**Explanation:** The Fund regularly collects financial and performance data at the project level (Portfolio reviews) in order to make adjustments as needed both for the individual project and at the country level. Portfolio reviews are intended to help assess country capacity and performance. The AfDB is also taking part in a wider process intended to identify a set of macro-economic and social indicators for African countries that would be available across countries to measure progress on a more aggregated level.

**Evidence:** The Performance Based Allocation System is intended to direct more resources to the better performers as measured against a set of indicators which includes governance, portfolio review and other macro-economic characteristics. As a country's performance changes, resources are augmented or reduced. The formula used to calculate annual allocations was modified under the AfDF-IX negotiations in 2002 to direct even more funds to the better performers than in the past.

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?**      Answer: YES      Question Weight: 11%

**Explanation:** Any significant deviation from the original schedule or cost must be approved by the Executive Board as a waiver. At the project level, project managers hold contractors to predetermined standards of performance both on quality and with regard to timing. At the institutional level, every third year during the Fund replenishment negotiations, donors assess the Fund's development effectiveness to determine whether to make a contribution to the replenishment and at what level.

**Evidence:** Management contracts are a regular feature of Fund lending.

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?**      Answer: YES      Question Weight: 11%

**Explanation:** The Fund has streamlined internal processes in recent years and has thus shortened the lag between project conception and implementation (the intervals vary by project and country).

**Evidence:** Bank/Fund Staff travel to projects to conduct due diligence every 18 months, reduced from 24 months on average in the past. Project implementation units in the host country are responsible for day to day supervision of the project and project spending.

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
80%	63%	100%	33%	

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES      Question Weight: 11%

**Explanation:** International competitive bidding for major works is the norm, and guidelines are published by the Procurement Unit and repeated in the project documents that are approved by the Executive Board. Implementation of the System Application Product (SAP) Information Technology platform resulted in a major upgrade of the Fund's capacity to monitor project expenditures in a timely manner. The performance allocations system also ensures that better performers receive relatively more financing over time.

**Evidence:** The SAP system was rolled out in stages over the last 8 to 10 months and is now fully operational. International competitive bidding is a long-standing Fund policy.

**3.5 Does the program collaborate and coordinate effectively with related programs?** Answer: YES      Question Weight: 11%

**Explanation:** MOUs with other major MDBs, the donor coordination process, and the Poverty Reduction Strategy Paper program all reinforce effective coordination and collaboration. Numerous informal exchanges occur on specific topics to help ensure best practices, etc.

**Evidence:** MOUs can be viewed at: <http://www.afdb.org>

**3.6 Does the program use strong financial management practices?** Answer: YES      Question Weight: 11%

**Explanation:** Financial management at the Fund is fully integrated, incorporating international best standards. Financial statements are audited by an independent auditor annually, Internal controls are performed by the Bank Groups Audit Unit, the risk management unit, the procurement unit and in the reviews conducted by the Executive Board.

**Evidence:** AfDB has an AAA credit rating.

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES      Question Weight: 11%

**Explanation:** The Bank Group is currently attempting to implement a reorganization plan agreed on January 1, 2002 which included a major skills assessment exercise that identified institutional knowledge and skills gaps. The reorganization will make the Bank Group more flexible and more strategically-focused. The reorganization will establish an inspection mechanism and separate Inspection Unit, and Internal Fraud Unit and a Policy compliance Unit. However, the need to relocate the operational headquarters of the Bank Group to Tunis has had an adverse impact on recruitment for individuals to staff the new organizational structure, however.

**Evidence:** The skills management exercise was conducted by an independent consultant and has been partially implemented. Since assuming the Presidency, President Kabbaj had significantly improved management systems and the performance of the Fund's management team.

**3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: YES      Question Weight: 11%

**Explanation:** The African Development Bank Group has an internal portfolio monitoring and supervision system that tracks all ongoing projects and identifies projects at risk.

**Evidence:** Internal portfolio monitoring reports -- the Annual Portfolio Performance Review -- are submitted to the Board every year.

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	33%	Demonstrated

**3.BF2**      **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?**      Answer: YES      Question Weight: 11%

Explanation: The Bank gathers a wide range of economic data on its member countries. This data is published in the AfDB annual Report and in the African Development Report. This data is generally timely and credible and provides a basis upon which the AfDF can better serve its clients.

Evidence: The "diagnostic" reports include AfDB Country Strategy Papers and World Bank Country Poverty Reduction Strategies and Economic and Social Work Diagnostics. The Bank also releases an annual report on AfDB allocations and Bank activities and also compiles an Annual African Development Report that publishes statistics from across the continent. Most, but not all, of the reports completed are available on the Bank's website (www.afdb.org).

**4.1**      **Has the program demonstrated adequate progress in achieving its long-term performance goals?**      Answer: SMALL EXTENT      Question Weight: 25%

Explanation: The AfDF-IX Replenishment negotiations were a significant step forward in tying Fund financing and activities to results-based management and establishment of tangible outcome goals. The Country Strategy Papers, which are just now coming to the Executive Board, are more focused and oriented to outcomes, albeit the MDGs in most instances. However, because outcome-based performance measurement is new to the Fund, it is difficult to assess progress on specific goals. However, The African Development Bank Group is committed to developing a more accurate and comprehensive means of measuring the attainment of quantifiable objectives.

Evidence: It is too soon to make a fair assessment of progress since much of what was agreed and planned has been delayed due to the relocation of the Bank to Tunis.

**4.2**      **Does the program (including program partners) achieve its annual performance goals?**      Answer: NO      Question Weight: 25%

Explanation: Annual performance goals have not yet been established at the institutional level.

Evidence:

**4.3**      **Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?**      Answer: LARGE EXTENT      Question Weight: 25%

Explanation: The African Fund employs a performance-based allocation system based on country performance across a range of economic and social indicators, including governance. This system has been a hallmark of IDA assistance for several years, and is being implemented in similar fashion at the African Bank Group. The AfDB has also invested heavily recently in IT technology and in its reorganization. The IT technology helps the Fund to monitor performance more closely on a timely basis.

Evidence: The Country Policy and Institutional Assessment (CPIA) assesses the quality of a country's present policy and institutional framework, with the ultimate goal of identifying how conducive that framework is to fostering poverty reduction, sustainable growth and the effective use of development assistance.

## Program Assessment Rating Tool (PART)

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs  
**Type(s):** Block/Formula Grant

Section Scores				Overall Rating
1	2	3	4	Results Not
80%	63%	100%	33%	Demonstrated

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?**      Answer: NA      Question Weight: 0%

**Explanation:** The AfDB has adopted IDA's performance-based allocation system for the most part, adjusted to fit the specifics of the bank's mission and Africa itself. Comparisons to other regional development banks and other bilateral programs are difficult since common measurements of effectiveness do not exist upon which to rank the multilateral and bilateral donors.

**Evidence:** No common measurements of effectiveness across multilateral and bilateral donors exist. However, Treasury experience suggests that the African Bank outperforms the Asian Development Bank in this area and is on a par with the performance of IDA.

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**      Answer: SMALL EXTENT      Question Weight: 25%

**Explanation:** The large U.S. contribution to the AfDF-IX Replenishment signaled broad U.S. encouragement with the direction the Bank has been moving in recent years and in the significantly improved management team now at the controls. The independent Audit Unit will help to ensure that current trends towards results and outcomes does not waver. The three year cycle for replenishments also ensures that donors will closely follow Fund activities and will continue to press for efficiencies and concrete proof of development effectiveness. This said, specific objectives, aside for the implicit adherence to the MDGs, have not been adequately defined yet due in part to the delays associated with the relocation and related recruitment difficulties.

**Evidence:** The first evidence of the AfDB's commitment to outcomes is just now coming to light in the Country Strategy Papers.

## PART Performance Measurements

**Program:** African Development Fund  
**Agency:** Department of the Treasury  
**Bureau:** International Affairs

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**Measure:** Primary education enrollment rates (baseline and targets under development)

**Additional Information:**

Year

Target

Actual

**Measure Term:** Long-term

**Measure:** Extreme poverty and malnutrition rates (baseline and targets under development)

**Additional Information:**

Year

Target

Actual

**Measure Term:** Long-term

## OMB Program Assessment Rating Tool (PART)

### *Direct Federal Programs*

Name of Program: ATF Consumer Product Safety Activities

#### Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	ATF's Consumer Protection activities mission and purpose is clearly stated in their strategic/ performance plans -- assure the integrity of the products, people and companies in the marketplace; ensure compliance with laws and regulations through education, inspection and investigation; inform the public on ATF policies and regulations, product safety, and theft prevention using the Internet, trade publications, seminars and industry meetings.	Congressional Justification, Strategic Plan, U.S. Code Title 27 (Intoxicating Liquors) specifically, chapter 8 - Federal Alcohol Administration Act, Internal Revenue Code, Subtitle E; Alcohol Beverage Labeling Act; Food, Drug and Cosmetic Act; Balanced Budget Act of 1997.	30%	0.3
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	There is a need to ensure compliance with the Federal Alcohol Administration Act (FAA) and the Internal Revenue Code and protect the integrity of the alcohol products on the market through inspection of manufacturing sites and review of labels and formulas.	There are instances of products found in the marketplace that contain unacceptable levels of pesticides, sulfites, methanols. There have also been cases of deceptive and fraudulent labeling and advertising of alcohol products. Although ATF is unable to provide a historical assessment of the magnitude of the problem, it tracks staff workload distribution and findings in its monthly metric report. In 2001, for example, 645 items were tested and 214 failures were found. Failures range from label deficiencies to overproof, unacceptable levels of methanols. Further, approximately 11% of individuals applying for permits are denied for reasons that may include criminal history.	20%	0.2

3	<b>Questions</b> <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	ATF's Alcohol and Tobacco consumer product safety activities impact interstate and international commerce. While these activities comprise a relatively small percentage of ATF's overall resources and may not be considered "significant" ATF is the only entity that oversees the integrity and safety of alcoholic products. The programs are designed to assure the integrity of the products, market, and individuals associated with the alcohol and tobacco industries through inspection, investigation and laboratory analysis.	ATF spends approximately 2.8% percent (\$21 M and 142 FTEs in FY 2002 and est. \$23M and 142 FTEs for FY 2003) of its resources on consumer protection activities. To ensure consumer safety of alcoholic beverages, 100% of all credible information suggesting serious public health threats are investigated. In addition, product integrity inspections are conducted for high risk label claims, and alcohol beverages are secured from the marketplace for sampling purposes. The integrity of the market is assured through monitoring and investigation of trade practices and advertising. Undesirable elements including suspected terrorists are prevented from entry into the alcohol and tobacco industries through review and investigation of permit applications, of which approximately 11% are withdrawn, abandoned or denied.	10%	0.1
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	Although ATF's Alcohol Labeling and Formulation Division and National Laboratory Center work closely with the Food and Drug Administration, MOUs and specific authorities provided under the FAA delineate roles to avoid redundancy.	Program are clearly defined in ATF orders. Existing MOUs with other Federal agencies have been or are being established to clearly defined roles. ATF possesses unique ability to provide technical assistance on alcohol beverage issues internationally.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	While ATF continually evaluates risk associated with programs, ATF has only recently begun to develop formal performance measures for consumer protection programs. Programs have been subject to independent OIG reviews where no materials weaknesses were noted. Given that there is no conclusive evidence that another approach or method would be more efficient/effective, we are inclined to answer in the affirmative.		20%	0.2
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section II: Strategic Planning (Yes, No, N/A)</b>					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	ATF has processes set up to develop annual plans for field and business centers activities, which are linked to ATF's strategic goals. ATF's senior executive led Strategic Leadership Team (SLT) sets the bureau's strategic plan. Detailed priority driven operating plans are developed in support of the strategic plan by program offices (e.g. Alcohol and Tobacco). These are used by field operations in developing detailed implementing plans, which are monitored by Headquarters and field supervisors. In support of this, long-term IT goals are developed by the executive led Information Resource Management Council (IRMC). The IRMC makes recommendations to the SLT. The Alcohol and Tobacco Corporate Board (ATCB) is a program office level version of the SLT. The ATCB has developed multi-year goals for increasing effectiveness and efficiency of alcohol and tobacco programs including technology advancements (e.g. chemically authenticate wine label claims).	Long term performance goals and performance measures are delineated in: ATCB developed Strategic Goals document; the annual Alcohol and Tobacco operating plan; Certificate of Label Approvals (COLA) Online business case; systems integration business case; and ATF orders (e.g. Alcohol Beverage Sampling Program Procedural Guidelines and Adverse Action & Assessment Case Processing Guidelines). The performance goals established through FY 2008 include 1) increase the percentage of COLAs processed within 9 days to 70% of 2008; 2) 75% of label approval applications submitted and processed electronically; 3) Investigation of 100% of all credible information suggesting a serious threat to public health regarding alcohol products	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	Annual performance goals are clearly delineated in the ATCB Strategic Goal listing and the operating plan instructions to field operations. The implementing plans are reviewed by headquarters and field supervisors prior to adoption.	Headquarters and field managers monitor performance on a regular basis to ensure progress is being demonstrated. Examples of annual goals are: 1) % of label approval applications submitted and processed electronically -- from 10% in FY 2003 to 75% in FY 2008; 2) Responses to unsafe products and product deficiencies (alcohol), constant at 190 through 2003, including investigation of 100% of all credible information suggesting a serious threat to public health regarding alcohol products. Additionally, 33% of all samples tested were found to be deficient regarding label claims. This number is expected to increase due to improvements in the alcohol beverage sampling targeting.	14%	0.1
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	Although ATF's planning process is highly collaborative and may involve State partners that share similar goals of product assurance and public safety, the States' commitment to the program's annual and long-term goals is not formalized.		14%	0.0
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	ATF uses innovative partnerships both internally and externally.	ATF has partnerships with Customs, FDA, FTC through MOUs. Additionally, there are numerous instances of partnerships with state agencies to achieve common goals.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	No	There are sporadic GAO reports and OIG audits, but these generally focused on ATF's excise taxation and firearms related programs. While ATF is subject to independent customer service surveys, these surveys are neither sufficiently comprehensive nor specific to allow ATF to make significant improvements in its program management.		14%	0.0
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	In 1998, ATF restructured its financial/accounting systems to better align with its strategic goals.	The ATF Congressional Justification, Accountability Report, regular meeting with its Strategic Leadership Team and Resource Management Committee.	14%	0.1
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	ATF has a system for identifying and correcting deficiencies in the strategic planning process.	ATF's senior executive led Strategic Leadership Team (SLT) sets the bureau's strategic plan and meets on a regular basis to address strategic planning issues, including deficiencies. In support of this, long-term IT goals are developed by the executive led Information Resource Management Council (IRMC). The IRMC makes recommendations to the SLT and identifies potential strategic planning deficiencies in the IT arena. The Alcohol and Tobacco Corporate Board (ATCB) is a program office level version of the SLT. The ATCB has developed multi-year goals for increasing effectiveness and efficiency of alcohol and tobacco programs. Regular strategic planning meetings are held by both the ATCB and SLT to address any strategic planning deficiencies.	14%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>71%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section III: Program Management (Yes, No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	ATF has a process whereby various directorates meet on a regular basis. The annual plan, including alcohol and tobacco strategic goals and priorities, is developed with program office and field operations, and is confirmed with all field managers prior to implementation. Additionally, managers' performance appraisals are integrated with achieving the goals set forth in the strategic plan, and specifically, Alcohol and tobacco strategic goals as published on ATF's intranet.	The annual plan, including alcohol and tobacco strategic goals and priorities, is developed with program office and field operations, and is confirmed with all field managers prior to implementation. Alcohol and tobacco strategic goals and priorities are monitored and reported on internal monthly issues reports, as are industry metrics in monthly Metric Reports, and the status of field inspection programs through data mining of the real time information in ATF's case management system.	14%	0.1
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2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	ATF has one efficiency measure for internal use related to its laboratory work response rate for alcohol and tobacco samples. However, internally, ATF tracks resource allocation throughout the year and when the allocation is inconsistent, program managers can isolate and analyze the situation. Further, to ensure accountability, the managers appraisal includes references to the annual operations plan, which is aligned with the annual performance plan.	1) Manager's appraisal template 2) Annual operations and implementation plan, 3))ATF's target of 50% performance based contracts by 2005.	21%	0.2
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	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Fund for these programs are allocated to program divisions and are obligated for their intended purpose in a timely manner. In instances when there are potential problems, ATF's budget execution team works with the program office and Treasury to develop reprogramming proposals for Congress with OMB approval.	ATF's financial management system allows for regular tracking of spending by project code, Regular reviews of spending are conducted. Treasury Annual Report, SF 132 (Apportionment), SF 133 (Report on Budget Execution and Budgetary Resources).	14%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	ATF has processes set up to develop annual plans for field and business centers activities, which are linked to ATF's strategic goals. Detailed operating plans are developed in support of the strategic plan by program offices (e.g. Alcohol and Tobacco). These are used by field operations in constructing detailed implementing plans, which are monitored by Headquarters and field supervisors.	The program utilizes business cases for all major IT investments, which include performance goals and measures for improving efficiency and lowering costs. Currently there are two IT investment business cases for the COLA Online project and the Integrated Revenue Information System, both of which have performance expectations. For example the COLA Online project identifies the goal to reduce annual contracting costs by 50% by the third year after deployment of the new application.	14%	0.1
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	ATF utilizes a project cost accounting system to capture direct and indirect program /project cost. However, ATF does not capture full pension accrual costs.	ATF's cost model estimates full costs including benefits and overhead associated with personnel and programs, but excludes pension accruals.	7%	0.0
6	<i>Does the program use strong financial management practices?</i>	Yes	ATF has had six consecutive unqualified audit opinions with no material weaknesses reported by auditors.	Unqualified audit opinions by OIG.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	ATF has had a good record of responding to OIG recommendations and improving its management deficiencies consistent with the President Management Agenda such as aligning its programs and budget to better assess full costs of program. However, ATF will need to continue this record by strengthening the linkage between the cost information and program performance and in such areas as competitive sourcing.	Congressional Justification, regular tracking of OIG Review corrective actions.	14%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>93%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>					

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large Extent	To ensure the safety of the consumer regarding alcoholic beverages, 100% of all credible information suggesting a serious threat to public health are investigated. In addition, product integrity inspections are conducted for high risk label claims, and alcohol beverages are secured from the marketplace for sampling purposes. The integrity of the market is assured through monitoring and investigation of trade practices and advertising. Undesirable elements are prevented from entry into the alcohol and tobacco industries through review and investigation of permit applications, of which approximately 11% are withdrawn, abandoned or denied. ATF is still actively improving its measures in this program.	GPRA report, Congressional Justifications, regular reporting of information in monthly metric reports of case statistics and status, and in the alcohol and tobacco monthly issues report of progress towards achieving outcome goals established in the alcohol and tobacco strategic goals document.	30%	0.2
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Long-Term Goal I:	Assure the Integrity of the Products, People and Companies in the Marketplace
Target:	Increase the percentage of Certificate of Label Approvals (COLA). 10% in FY 2003 to 75% by 2008
Actual Progress achieved toward goal:	ATF is on schedule to meeting its target for enabling electronic submissions by 2003.
Long-Term Goal II:	Inform the public
Target:	Inform and guide through conducting commodity seminars to the regulated industries. Target 175 constant from FY 03-08.
Actual Progress achieved toward goal:	ATF conducted 195 commodity seminars in FY 2001 compared to the FY 2001 plan of 175.
Long-Term Goal III:	Ensure compliance with laws through education, inspection and investigation
Target:	Develop and implement a program for analytical authentication of wine label claims by 2003
Actual Progress achieved toward goal:	ATF is on schedule to meeting its target for establishing a Viticultural verification program. Testing is taking place on samples which have been collected in accordance with the milestone established in the Office of Alcohol and Tobacco Strategic Goals document.

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large Extent	ATF has numerous performance goals, however ATF is still in the process of developing formal performance measures to capture outcomes.	GPRA report	30%	0.2
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Key Goal I: Performance Target: Actual Performance:		Percent of label approvals submitted and processed electronically (new)	10% target for FY 2003 TBD		
Key Goal II: Performance Target: Actual Performance:		Number of Unsafe product and product deficiencies (alcohol) identified	190 (of which 33% of products tested are found deficient) 190		
Key Goal III: Performance Target: Actual Performance:		Investigation of 100% of all credible information suggesting a serious threat to public health regarding alcohol products	100% 100%		

Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.

3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Small Extent	ATF has a number of effectiveness measures, efficiency measures, and established milestones for internal use related to program performance as are delineated in the strategic planning document.	The program utilizes business cases for all major IT investments, which include performance goals and measures for improving efficiency and lowering costs. Currently there are two IT investment business cases for the COLA Online project and the Integrated Revenue Information System, both of which have performance expectations. For example the COLA Online project identifies the goal to reduce annual contracting costs by 50% by the third year after deployment of the new application. An additional example of improved efficiencies is evidenced in the implementation of the recommendations of the Beverage Alcohol Streamlining Team (BAST), which reengineered the workflow and processes regarding product compliance based on a comprehensive review of the existing processes.	20%	0.1
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	n/a	ATF emphatically believes that its mission is unique because no other Federal entity protects the integrity of alcohol in the same capacity. However, there are other Federal entities such as the Food and Drug Administration (FDA) that has a similar program purpose of product assurance and safety that merits examination. FDA measures such as its inspection performance gap (percent of various entities inspected within x years) is an example of a transparent measure that could benefit ATF's ability to assess its own performance.		0%	
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	No	There are no regularly scheduled independent and quality evaluations that is both comprehensive and able to indicate definitively that the program is effective and achieving results.		20%	0.0
<b>Total Section Score</b>				<b>100%</b>	<b>47%</b>

**OMB Program Assessment Rating Tool (PART)  
Block/Formula Grants**

Name of Program: Bank Enterprise Award

**Section I: Program Purpose & Design (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Is the program purpose clear?</i>	Yes	The BEA Program seeks to build the capacity of FDIC-insured depository institutions to: (1) expand their community development lending and investments within severely underserved areas, and (2) increase their investment in Community Development Financial Institutions (CDFIs) in order to build self-sufficiency and capacity. BEA encourages insured depository institutions to increase their level of activities in the form of loans, investments, services, and technical assistance within distressed communities and provides financial assistance to CDFIs through grants, stock purchases, loans, deposits, and other forms of financial and technical assistance.	CDFI Performance plan, Authorizing legislation and the BEA Program regulations.	20.0%	20.0%
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	The program addresses the lack of a private-sector financial infrastructure to address unemployment, poverty, and other problems associated with distressed communities.	Authorizing legislation - PL 103-325, BEA Program regulations.	20.0%	20.0%
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	No	Under the program, awardees are under no obligation to reinvest BEA program award funds in community development initiatives. While program surveys indicate that 87-percent of awardees have used program grants to reinvest in community development initiatives, these surveys are not verified. Under the Community Reinvestment Act (CRA) banks are required by law to make similar types of investments. While the Fund asserts that awards are used by banks to engage in less profitable investments (such as below market rate or riskier loans) in distressed communities than they otherwise would have under the CRA, it cannot be determined how the banks would have behaved in absence of the award. The Fund has proposed restructuring the program in order to achieve a greater impact by amending the law to allow the Fund to select awardees based on a qualitative evaluation of proposals to engage in high priority activities.	Authorizing legislation - PL 103-325, BEA Program regulations, BEA Program Annual Survey, and Documents submitted to OMB during the PART review.	20.0%	0.0%
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	CRA requires that banks engage in many of the activities promoted by the BEA. BEA uses a different incentive structure than the CRA. BEA offers awards based on past investment activity in distressed communities. BEA is also more targeted toward the most distressed communities than CRA, which is wider in its demographic scope. Because the CRA and BEA complement each other, BEA is not unique in encouraging investments in distressed communities. BEA may also duplicate certain aspects of other Federal programs including the Small Business Administration's (SBA )microloan program.	BEA Program Annual Survey, various research on the CRA, CRA regulations and examiner guidance	20.0%	0.0%

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	No	<p>BEA uses an indirect incentive structure to promote investment. The current statute calls for BEA awards to be based on community development activities that have already occurred with no requirements to reinvest award funds in community development initiatives. The Fund has acknowledged this weakness in the statute and has proposed increasing the impact of the program by amending the law to allow it to make awards based on prospective commitments to engage in innovative investment activities.</p> <p>Another option that could achieve similar goals to the BEA without outlaying Federal dollars would be to increase enforcement of CRA. Currently, enforcement of the CRA is through the application process and thus is a significant factor for only a small portion of banks (i.e., those institutions that are active in mergers and acquisitions). The majority of BEA awardees are small to mid-sized community banks that are not actively growing. As BEA awards are based on prior community investment activities, the BEA gives incentives to small and mid-size community banks where limited enforcement of the CRA does not.</p>	BEA Program Annual Survey, various research on the CRA, CRA regulations and examiner guidance	20.0%	0.0%
<b>Total Section Score</b>				<b>100%</b>	<b>40%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section II: Strategic Planning (Yes, No, N/A)</b>					
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	For FY 2004, the Fund changed its performance plan from focusing on outputs (e.g., number and dollar amount of awards) to the benefits that will be produced in underserved communities: job creation, homeownership, affordable housing creation, and critical consumer financial services. BEA performance goals are to: (1) expand the community development lending, services, and investments of banks within severely underserved areas, and (2) increase bank investment in CDFIs in order to build their self-sufficiency and capacity.	CDFI 2000-2005 Strategic Plan, CDFI Fund 2003 Strategic Plan	14.3% 14.3%
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	The Fund recently adopted outcome based performance goals and measures for the entire agency, including the BEA Program. These new annual performance goals show movement toward achievement of the Fund's strategic goal (a corollary to a long-term goal).	CDFI Annual Performance Plan - FY 2003 Performance Plan	14.3% 14.3%
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	Because the award is retrospective, there are no prospective performance requirements. The Final Reports submitted by applicants are used to determine award amounts. Award amounts are directly related to the performance of the applicant: the greater the past performance (i.e., the increase in activities), the greater the award and the greater the probability of receiving an award. Applicants must also submit an annual survey.	Annual Survey of BEA Program Recipients, CDFI Annual Report.	14.3% 0.0%
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	BEA staff routinely communicate with the regulatory agencies regarding the CRA. The regulatory agencies also regularly communicate with BEA staff regarding the Program. Fund staff has presented training to examiners on the BEA and CDFIs. In addition, the Fund engages in regular coordination with the regulatory agencies for marketing purposes. The regulators' field staff attend the sessions as well.	Documents submitted to OMB during PART review process.	14.3% 14.3%
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	No	There have been no recent independent evaluations of the program.		14.3% 0.0%
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	In its FY 2004 budget submission, the Fund took steps to closely link funding with performance goals.	FY 2004 Budget Submission to OMB.	14.3% 14.3%

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The program has recently adopted more outcome based performance measures and has matched its budget activities with performance goals in their FY2004 budget submission.	FY 2004 Budget Submission to OMB. Documents submitted to OMB during PART review process.	14.3%	14.3%
<b>Total Section Score</b>				<b>100%</b>	<b>71%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score	
<b>Section III: Program Management (Yes, No, N/A)</b>						
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	No	The Fund collects performance information which it uses to make the award decisions. This data is verified as part of the application review process. The Fund has also surveyed applicants since 1998, however, this information is not audited nor verifiable. The Fund used this survey data along with the results of focus groups conducted across the county to inform its management decisions.	CDFI Annual Report, BEA Applications, BEA Survey data, Memo on Focus Group Findings.	11%	0.00
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The program manager is directly accountable for ensuring that the program is implemented in a timely and cost effective manner.	Manager's current performance plan on	11%	0.11
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Annual carryover balances are minimal	The Fund has not had carryover for the BEA Program since 1998.	11%	0.11
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program</i>	Yes	Salary and expenses relative to resources appear to be reasonable	FY 2004 OMB Budget Submission	11%	0.11
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	Recent budget submission reflects full annual costs of operating the program.	FY 2004 Budget Submission to OMB	11%	0.11
6	<i>Does the program use strong financial management practices?</i>	Yes	The Fund is independently audited. In the FY 2001 report, the Fund received an unqualified opinion on its FY 2001 financial statements. In addition, the auditors did not identify any material weaknesses, reportable conditions, nor any areas of non-compliance.	Audited Financial Statements of CDFI - January 2002.	11%	0.1
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	The Fund has recently streamlined the program operation and review. It has also improved the program database in order to reduce errors and increase efficiency.	BEA Program Regulations, Policies and Procedures, Application (Parts I and II).	11%	11.1%
8 (B 1.)	<i>Does the program have oversight practices that provide sufficient knowledge of grantee activities?</i>	No	While program awards are based on prior investments in low income areas and the promise to increase that investment, the Fund cannot determine whether the additional investment would have taken place in the absence of a government program.	BEA Program Regulations, Policies and Procedures, Application (Parts I and II).	11%	0.0%

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (B 2.) <i>Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?</i>	Yes	The Fund publishes on its website a list of awardees, short descriptions of their activities, as well as an overall description of the funding round. The Fund has surveyed applicants since 1998 and has made the analysis of the results available as well.	FY 2002 Performance Plan and BEA Annual Survey.	11%	11.1%
<b>Total Section Score</b>				<b>100%</b>	<b>78%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>					
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	Refer to goals listed below. Program goals are outcome-oriented, but goals are new and data on progress toward meeting goals will be collected in FY 2003. FY 2002 goals were output-oriented.	FY2004 Budget Submission to OMB	20.0% 0.00%
<p>Long-Term Goal I: Increase financing to businesses (including non-profit businesses) and individuals that are low wealth, have limited collateral, are located in underserved communities, or have other characteristics that inhibit them from getting business or commercial real estate loans or equity investments from traditional financial resources.</p> <p>Target: 4,930 jobs in underserved communities created or maintained by businesses financed by BEA Program applicants;</p> <p>Actual Progress achieved toward goal: Not Available. The Fund will begin collecting relevant data in FY 2003.</p> <p>Target: 1,510 commercial real-estate properties financed by BEA Program applicants that provide access to essential community products and services in</p> <p>Actual Progress achieved toward goal: Not Available. The Fund will begin collecting relevant data in FY 2003.</p> <p>Long-Term Goal II: Build on the self-sufficiency and capacity of CDFI Program awardees and certified CDFIs.</p> <p>Target: \$95 million in private and non-CDFI Fund investments that CDFI Fund awardees were able to leverage because of their CDFI assistance.</p> <p>Actual Progress achieved toward goal: Not Available. The Fund will begin collecting relevant data in FY 2003.</p>					
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	No	Refer to goals listed below. Program goals are outcome-oriented, but goals are new and data on progress toward meeting goals will be collected in FY 2003. FY 2002 goals were output-oriented.	FY2004 Budget Submission to OMB	20% 0.0%
<p>Key Goal I: Expand the supply and quality of housing units in underserved communities and increase homeownership in these markets by increasing the availability of housing financing that leverages conforming mortgages or that would not likely be made by traditional financial institutions</p> <p>Performance Target: 391 affordable housing units (including rental units) in underserved communities whose development or rehabilitation is financed by BEA Program applicants with financing not available from traditional financial institutions or that leverages additional financing from traditional financial resources.</p> <p>Actual Performance: Not Available. The Fund will begin collecting relevant data in FY 2003.</p> <p>Performance Target: 204 homebuyers in underserved markets who obtain non-conforming purchase money mortgages, including subordinated financing, or financing that leverages conforming mortgages from BEA Program applicants.</p> <p>Actual Performance: Not Available. The Fund will begin collecting relevant data in FY 2003.</p> <p>Key Goal II: Expand access to affordable financial services for the "unbanked," "low-income people and others.</p> <p>Performance Target: 102,000 accounts opened at insured depository institutions that are BEA Program applicants in underserved communities.</p> <p>Actual Performance: Not Available. The Fund will begin collecting relevant data in FY 2003.</p> <p>Performance Target: 425,000 individuals provided financial literacy, home ownership, business and other training or technical assistance that counters predatory lending.</p> <p>Actual Performance: Not Available. The Fund will begin collecting relevant data in FY 2003.</p> <p>Key Goal III:</p> <p>Performance Target:</p> <p>Actual Performance:</p> <p>Key Goal IV:</p> <p>Performance Target:</p>					

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score	
Actual Performance:						
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Yes	In the last year, program management decreased from 1 manager, 1 advisor, and 3 analysts to 1 manager and 1 analyst. The review process moved online in the FY 2002 round, which reduced staff time involved. Several new forms were completed to facilitate the application process for applicants.	BEA Program Regulations, Policies and Procedures, Application (Parts I and II).	20%	0.20
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	The BEA program may subsidize lending required under the Community Reinvestment Act. However, the program also appears to be more cost-effective than SBA's microloan program, which yields about \$30 million in investment at a cost of \$30 million. The BEA Program focuses on investing and service activities as well as lending. The types of lending encouraged include housing, small business, commercial real estate, multifamily. It also encourages applicants to engage in activities not specifically required or incentives by the CRA.	2000 Annual Survey of BEA Program Recipients, CRA Regulations, Agency Questions and Answers	20%	0.20
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	No	There have been no recent independent evaluations of BEA. The last independent evaluation of the agency was performed by GAO in 1998, who found that the impact of the BEA program is difficult to assess because of incomplete data and lack of monitoring over the banks. This finding was based on one year of experience and the program has since issued new regulations and has collected additional data. The Fund has performed surveys of previous awardees to obtain feedback on the program design and implementation. Also, the Fund conducted focus groups through out the country regarding program performance and potential changes. Finally, the Fund hired a private consultant to conduct an evaluation of training needs of CDFIs, which included CDFI banks. There have been no independent evaluations of the program since the implementation of these program changes.	Hearing before the House Subcommittee on Financial Institutions and Consumer Credit. June 17, 1998. GAO testimony.	20%	0.00
<b>Total Section Score</b>				<b>100%</b>	<b>40%</b>	

## OMB Program Assessment Rating Tool (PART)

### *Direct Federal Programs*

Name of Program: Coin Production

#### Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The Circulating Coin program is clearly stated in the Mint's FY 00 Strategic Plan: Produce coinage to satisfy the needs of commerce in a cost efficient and safe manner with state-of-the-art manufacturing technology and equipment. The Mint also produces numismatic and bullion coins and is responsible for protection of its precious metals inventory.	The United States Mint was established on April 2, 1873 by an act of Congress and became an operating bureau of the Treasury pursuant to the Coinage Act of 1873. Specific authorities of the Secretary of Treasury in coinage are codified in Title 31, secs. 5111-5112. FY 1996 Treasury/GG Appropriations Act(PL 104-52)created the Public Enterprise (revolving) Fund to finance the operations of the Mint and eliminated the need for discretionary appropriations.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	The government has a vested interest in ensuring the availability of circulating coinage in commerce.		20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The Mint's circulating coin program is designed specifically to respond to the Fed Reserve's (FRB) demand for coinage.	In FY 2001, \$564 million or 59% of the Mint's overall expenses involved circulating coinage, 37% involved numismatic products, and 4% involved protection of assets.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	There is no other Federal, State, or local governmental entity that produces circulating coins.	Coinage Act of 1873	20%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	There are a variety of models and organizational structures for circulating coin production in the world; however, there is no conclusive evidence that any one of them is most efficient.		20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>100%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section II: Strategic Planning (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The Mint's current strategic plan includes several long term goals for the circulating program; however, only one is considered ambitious and meaningfully reflects the purpose of the program. The Mint recently revised its strategic plan and is currently working with Treasury and OMB to ensure that it reflects its vision of providing value, integrity, and performance consistent with GPRA and PMA. In the current plan, there are five strategic goals, one of which is ambitious and an other which is an efficiency goal.	Circulating coinage five objectives: 1)Produce coins and maintain inventories at sufficient levels to meet Federal Reserve Bank requirements (not ambitious, specific); 2)Produce circulating commemorative quarters as mandated by law (not ambitious, specific); 3)By 2005, reduce the controllable costs of circulating coinage by 15 percent from FY 1997(ambitious, specific); 4)Become a world leader in minting technology (ambitious, not specific); 5) Produce and promote a dollar coin as mandated by law (not ambitious, specific).	7%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	The Mint's current annual performance goal for the program : 1)Conversion cost per 1,000 coin equivalents. (Note: the coin equivalent methodology assigns a weighting for each denomination based on the resources it takes to make the coin from blank or coin strip.) The Mint recently revised its strategic plan and has established several annual performance goals to demonstrate progress towards achieving the new long-term goal of the program.	Treasury's current strategic goal: Improve the efficiency of production operations and maintain the integrity of US coins and currency. Mint's long term strategic goals for circulating coinage: reduce controllable costs (excluding metals) by 15% by 2005. New annual performance measures include 1) Yield, 2) machine availability, 3) cycle time, 4)inventory turnover,5) lost time accident rate. The Mint will also use workload measures to indicate progress towards achieving goals. However, the Mint has not made significant linkages between their annual performance goals to the four other strategic goals reference above.	16%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	The Federal Reserve is a partner with the Mint in the coining process. One joint activity that is performed within the partnership is monitoring coin activity within the federal Reserve Bank (FRB), the economy and within the Mint's and FRB's joint coin inventories. A joint Mint/Federal Reserve Coin Efficiencies Workgroup was formed in October 2001 to streamline the coin manufacture and distribution system.	1. Coin Efficiencies Workgroup. 2. TR9000 Report: a report customized for the Mint by the Federal Reserve, which lists coin demand, shipments, payouts, receipts, and Mint inventories. This report is used by the Mint to forecast coin needs of the public. Moreover, the report is used monthly, quarterly, and annually to study coin activity externally in commerce and internally, within the Mint.	14%	0.1
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	The U.S. Mint is part of a supply chain to provide coinage to commerce. The Federal Reserve is a partner in that supply chain and serves as the distribution point for coinage to the commercial banking system. The Mint works closely with the FRB to establish coin orders and shipment schedules to more than 100 endpoints (armored carrier terminals and depository institutions to which the Mint delivers coinage).	1. Coin Efficiency Workgroup 2. Federal Reserve Bank Liaison staff. The workgroup consists of members from the FRB and the Mint FRB liaison staff. The role of the joint workgroup is to streamline the coin manufacture and distribution system, and lower costs to the American economy. Joint efforts of the group include initiatives such as: 1) develop joint Mint/FRB macro-economic model to forecast long-term coin demand; 2) reduce storage and handling at the Mint warehouses; 3) reduce transportation costs; and 4)implement monthly ordering and inventory tool.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	No	The OIG and the GAO do not regularly evaluate Mint programs. However, the Mint's Office of Chief Financial Officer (OCFO) conducts a review of the Mint's performance on a monthly basis. Further independent auditors (Urbach, Kahn & Werlin LLP Certified Public Accountants) review the Mint during its annual audit process.		5%	0.0
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The budget for the program is generally aligned with the program goals and is linked to the Mint's strategic plan.	The Mint uses activity-based costing principles to assess full cost of each of its main programs. The Mint's congressional justification and budget documentation are integrated in such a way to reflect the three budget activities: 1) circulating coinage; 2) numismatic and bullion coinage; 3) protection of assets, and are aligned with the performance measures directly related to them. Since coin demand fluctuates due to changes in the economy, the Mint and FRB have jointly implemented a coin inventory management and forecasting tool.	29%	0.3

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The Mint has a process for identifying and responding to deficiencies in their strategic planning and is currently working with Treasury and OMB to ensure that it is meaningful, sufficiently ambitious, and consistent with the GPRA.	Actual performance results are reviewed against planned performance regularly. In addition, a performance measure task force was established to review and analyze the Mint's current and past performance measures and to identify opportunities for improvement.	14%	0.1

<b>Total Section Score</b>					<b>100%</b>	<b>95%</b>
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	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section III: Program Management (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The Mint's coinage operations depends heavily on their partnership with the Federal Reserve. The Mint uses a report (TR9000), customized for the Mint by the Federal Reserve, which lists coin demand, shipments, payouts, receipts, and Mint inventories. This report is used by the Mint to forecast coin needs of the public. The Mint also uses the COINS system to generate cost data reports.	1. Internal Measures Sheet, 2. Vendor Contracts, 3. TR9000 Report.	21%	0.2
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	The Mint does not specifically use performance measures to evaluate the performance of its SES or mid-level managers. However, the OCFO conducts monthly financial reviews with the Mint's Executive Team to review and discuss financial information, performance measures, and various projects or initiatives. The managers are expected to provide updates, and explain and justify variances in the financial and performance information.		21%	0.0
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	The Mint is a Public Enterprise Fund and its circulating coin program operations are funded from the "sale" of circulating coins (at face value) to Federal Reserve Banks. While receipts do not expire, the Mint does obligate in a timely manner.	Financial Summary report, SF 132 Apportionment.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	Mint has developed procedures to allow managers to find efficiencies and improve cost effectiveness in program execution. Frontline managers can assess the status of key performance measures through the Mint intranet.	Examples: 1)Coinage Strip Contracts award. The Mint examined its process for procuring raw metals and contracting the coinage strip fabricators and discovered opportunities for savings. The Mint worked with two current suppliers to develop process improvements, negotiate reduced fabrication rates, and give the contracting fabricators the responsibility for procuring the raw metals. Estimated savings \$38.7 million or 5% from 2002-2007. 2) Monthly performance results published on the Mint Intranet.	7%	0.1
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	The Mint began implementation of activity based management in 1999 for its circulating facilities. However, the FY 04 Budget does not include the full cost of retirement.	1. Manufacturing's Activity Based Costing (ABC) Model, 2. Corporate Allocation Study (1997) The ABC Model information allows the Mint to measure and track process improvements both from an operation and financial standpoint. The ABC system allows for full costing of direct materials, indirect materials, direct labor, indirect labor, and fixed and variable overhead. The ABC Model also enables the Mint to do various scenarios in its budget formulation.	7%	0.0
6	<i>Does the program use strong financial management practices?</i>	Yes	For the past eight years, the Mint has received a clean audit opinion. There are no material internal control weaknesses identified for this activity. Further, the Mint has established an internal function to conduct reviews and studies to evaluate the efficiency and effectiveness of the Mint programs, major initiatives, and finance functions.	OIG Audit Reports. The Mint has established an internal function to help keep the Mint on track in addressing the audit recommendations from GAO/OIG. A monthly status update is provided to the executive team.	7%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	The Mint has made notable efforts to establish internal processes separate from its production functions that address management deficiencies.	Although there are no internal control weaknesses for the program, weaknesses have been identified for its information technology environment, and in specific applications that support circulating coinage and other operations. To address management deficiencies in the areas of computer security, the Mint has undertaken an extensive, voluntary audit of its information technology security. A program to address computer security incidents has been put in place and mandatory training classes for employees were provided.	21%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>71%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>					

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large Extent	FY 2001 showed significant progress towards achieving the long-term goal.	GPRA Performance Report	40%	0.3

Long-Term Goal I:	By 2005, reduce the controllable costs of circulating coinage by 15 percent.				
Target:	Achieve a 15% reduction from the baseline of \$10.26 in FY 1997				
Actual Progress achieved toward goal:	In FY 2001, the Mint's conversion costs for coin equivalents was 19% less than the FY 1997 baseline.				
Long-Term Goal II:	Produce coins and maintain inventories at sufficient levels to meet Federal Reserve Bank requirements.				
Target:	100%				
Actual Progress achieved toward goal:	100%				
Long-Term Goal III:					
Target:					
Actual Progress achieved toward goal:					

2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Yes	The Mint either met or exceeded its annual performance targets	GPRA Performance Report	40%	0.4
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Key Goal I:	Frequency of time meeting a minimum seasonal adjusted, inventory level				
Performance Target:	100%				
Actual Performance:	100%				
Key Goal II:	Conversion cost per 1,000 coin equivalents				
Performance Target:	By 2004, 9.75				
Actual Performance:	In 2002, 8.69				
Key Goal III:	Federal Reserve Board Customer Satisfaction Survey results				
Performance Target:	85%				
Actual Performance:	87%				

Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Yes	In addition to achieving its annual efficiency targets (Conversion cost to produce 1000 coin equivalents), the Mint has two programs that have improved efficiency and safety-- the bulk bag program and capital improvements.	Bulk bag program: During the last 24 months the Mint worked with the FRBs, the coin processing industry, equipment suppliers and other stakeholders to implement bulk bag packaging of coins for shipment instead of manually bagging smaller bags. The Mint expects savings of \$3 million annually. Coining press replacement plan: The Mint is currently conducting a life cycle analysis on its major coining equipment. Initial goal is to begin replacement of its 20+ year old finger press.	15%	0.2
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	n/a	The Mint and BEP have a common efficiency measure-- Conversion cost to produce 1000 coins/notes . However, the products produced are so varied that the costs between producing 1000 coins versus notes is not necessarily meaningful. For FY 04, both the Mint and BEP will have new measures such as "General and Administrative costs as a percentage of revenue (for the Mint) and as a percentage of total cost (for BEP). Although the measure is not exactly the same, the tracking of such information in the future will allow more meaningful comparison of common functions.		0%	

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	No	See Section II, Question 5. While there are no regularly scheduled, independent evaluations that indicate the program's effectiveness, the Mint conducts a Federal Reserve Board Customer Satisfaction Survey and has made noteworthy efforts to institutionalize organizational self assessments of performance, such as creating an Office of Program Evaluation within the Mint.	Although the Mint does not have regularly scheduled independent and comprehensive evaluations, the agency has attempted to reach out to other Mints to study specific issues such as technology improvements. In FY 1999, a team with members from the Royal Canadian Mint, the British Royal Mint, and the US Mint interviewed personnel from each facility and reviewed the operations. From the review, a list of technology projects was developed to enable the Mint to improve its process. Projects include the review of die steel, upsetting of blanks before annealing, and blank thickness control.	5%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
			<p>As a point of comparison, in calendar year 2000 the United States Mint produced over 28 billion coins while the British Royal Mint, the Japanese Mint Bureau, and the Royal Canadian Mint produced less than 5 billion coins combined. There is currently a new initiative being spearheaded by the Director of the United States Mint within the International Mint Director community to begin a forum for discussion of issues at their annual conference. The Mint has also begun conversations with several private sector manufacturing companies for informal benchmarking on several different production-related issues.</p>		
<b>Total Section Score</b>				<b>100%</b>	<b>82%</b>

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 25%

**Explanation:** In response to a steady increase in the amount of delinquent non-tax debt owed to the United States, and concern that appropriate actions were not being taken to collect this delinquent debt, Congress enacted the Debt Collection Improvement Act of 1996 (DCIA). The Debt Collection Program's purpose is to improve the quality of the Federal Government's financial management by increasing the collection of delinquent debt owed to the Government, by providing debt management services to all Federal agencies, and by protecting the financial interests of the American taxpayer.

**Evidence:** Title 31, Section 3701 of the DCIA (P.L. 104-134). The IRS Restructuring and Reform Act of 1998 (P.L. 105-206) amended the Internal Revenue Code to authorize offsetting tax refund payments to collect delinquent state income tax obligations. Also, the Taxpayer Relief Act of 1997 (105-34) and Executive Order 13019 - Collecting Delinquent Child Support Obligations (signed September 28, 1996).

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 25%

**Explanation:** The Financial Management Service (FMS) serves as the Government's central debt collection agency, managing the government's delinquent debt portfolio. The Debt Collection Program exists to increase the collection of delinquent debt owed to the government. Delinquent debt can include everything from unpaid education loans to unpaid housing loans to money owed via the Medicare program by secondary payers. FMS has also been charged with collection State income tax debt and child support debt. FMS promotes sound financial and debt management practices Governmentwide by performing its debt collection activities.

**Evidence:** There is more than \$54.4 billion in non-tax delinquent debt owed to the Federal Government as of the end of 2002. Including tax debt, delinquencies total \$186.6 billion. Agency referrals of debt more than 180 days delinquent have significantly increased. For example, referrals of debt for cross-servicing (a centralized debt collection process that manages delinquent debts referred from agencies across a variety of collection tools) increased from 43 percent of eligible debt in 1999 to 92 percent in 2002.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** FMS Debt Collection Program has been given the responsibility for providing efficient and effective centralized delinquent debt collection for the Federal and State Governments. Further, FMS Debt Collection Program has been given authority to designate and exempt payment types from centralized collection. The FMS Debt Collection Program leverages and supports other debt collection efforts across multiple levels of government (i.e., continuous levy of Federal tax debt, assisting states in collecting delinquent child support debt and offsetting delinquent state tax debt). The Program also reflects an effective public/private sector partnership through the extensive use of private collection agencies and credit bureau organizations.

**Evidence:** The DCIA provides that any non-tax debt or claim owed to the U.S. Government that is 180 days delinquent, with certain exceptions, will be referred to the Department of the Treasury for collection.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight: 15%

**Explanation:** Since 1996, the Debt Collection Program has evolved and grown in both its scope and number of responsibilities. In addition, the ability of the Program to effectively form public/private sector partnerships through the extensive use of private collection agencies and credit bureau organizations is a credit to its design and flexibility. FMS works to address areas of improvement as identified by GAO audits, but none are considered major flaws.

**Evidence:** The design and flexibility of the Program has enabled it to accomplish the following: 1) Collections have steadily increased in both programs since inception -- the Treasury Offset Program (TOP) has increased from \$1.73 billion in 1996 to \$2.77 billion in 2002, and Cross-Servicing has increased from \$1.2 million in 1997 to \$85.7 million in 2002; 2) The Program effectively merged the IRS Tax Refund Offset (TRO) program with TOP in 1999, and enhanced the program to increase TRO collections; 3) The TOP system was sufficiently flexible, robust, and scalable to incorporate tax levy, benefit offset, and the offset of tax rebate checks (\$470 million in collections in 2001); and 4) Administrative Wage Garnishments (AWG) was incorporated into the Cross-Servicing Program.

**1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight: 15%

**Explanation:** In FY 2002, FMS collected \$2.84 billion while program costs were about \$53.5 million. Approximately \$53 of debt was collected for each dollar of program cost. In addition, 93 percent of the debt identified as eligible for referral was referred to FMS in FY 2002.

**Evidence:** Through April 2003, FMS has collected \$17 billion since inception of the DCIA. Funds collected by these programs go back for agency use, to the Treasury General Fund, through the States to child support families, and to the States for other programs. Child Support collections totaling \$10 billion has gone back to families in need. More than 1,100 agency participants attending FMS workshops, conferences, symposia, and seminars on debt collection throughout the country in FY 2002. FMS also conducts meetings with agency Chief Financial Officers and finance offices on debt referral and other debt collection developments.

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight: 12%

**Explanation:** FMS recently developed a long-term (out to 2010) performance measure. It is: "There will be \$3.5 billion collected annually from delinquent debt referrals.

**Evidence:** Appendix A of the FMS Strategic Plan (FY 2003 - FY 2008). The Programs long-term strategic goal is to "maximize collection of Government delinquent debt by providing efficient and effective centralized debt collection services." This goal is supported by underlying objectives, strategies, and action plans that are intended to move the Program forward (i.e., Central salary offset, AWG, Debt Check, FedDebt). Further, FMS uses activity based costing to track costs and to assess actuals for the current and preceding years. This data and other information is used as part of the budget deliberation process to project future strategic goals, performance measures and targets, two years out.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 12%

**Explanation:** The FMS long-term performance measure is not ambitious. Based on past performance and anticipated improvements in debt collection activity, we believe that FMS likely could collect more than \$3.5 billion in 2010. In addition, FMS does not provide a schedule of annual performance targets beyond FY 2005.

**Evidence:** FY 2001 actual performance was \$2.7 billion collected. FY 2002 and FY 2003 actual collections were \$2.84 billion and \$3.1 billion respectively. Growth in collections was about \$133 million per year from FY 2001 to FY 2003. Based on collections of \$3.5 billion by 2010, the growth in collections would need to be only \$57 million per year.

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight: 12%

**Explanation:** FMS has concrete, quantifiable, and measurable annual goals to help manage the Program's progress toward the collection of debt (the long-term outcome and purpose of the program). The Program reports results based on its annual performance measures on a monthly basis. In addition, program performance data is collected and reviewed on a monthly basis (e.g., eligible referrals, \$'s collected for each collection tool, and \$'s collected per major collection program).

**Evidence:** The FY 2004 FMS Congressional Justification. The Debt Collections annual Performance Measures are to: 1) Increase the amount of delinquent debt collected through all available tools; 2) Increase the percentage of delinquent debt referred to FMS for collection compared to amount eligible for referral; and 3) Increase the amount of debt collected for every dollar of Debt Collection Program cost, compared to FY 2002 baseline of \$52.53.

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 12%

**Explanation:** FMS will have three performance measures to monitor the performance of its Debt Collection Program beginning in FY 2004. The targets established for each of these measures are aggressive and exemplify a strong management commitment towards the continued success and improvement of this Program. The new performance measure (number 3) has a baseline to measure performance against.

**Evidence:** The FY 2004 FMS Congressional Justification links actual performance to performance targets.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%

**Explanation:** The Federal Reserve Banks (FRB), Private Collection Agencies (PCA), States, and Federal Program Agencies (FPA) work towards FMS achieving its annual performance goals, as is evident by the continued success of the Treasury Offset and Cross-Servicing Programs. FMS has a continuing program to encourage states to participate in the State Tax Offset Program. PCAs are used by FMS as a method to collect delinquent debt and support the Debt Collection Program's goals. FPAs refer debts in accordance with the Debt Collection Improvement Act of 1996 (DCIA).

**Evidence:** FMS has collected \$17 billion (through April 2003) since inception of the DCIA, and collections have shown consistent growth. Thirty states plus DC currently participate in offsetting state tax debt; FMS has collected \$158 million since FY 2000 in state tax offsets. During FY 2003, FMS added five more states to the State Tax Offset Program, increasing the number from twenty-five to thirty states plus DC. A minimum of two new states will be added in calendar year 2003. To date, \$70.9 billion of child support debt has been referred. Activities of the PCAs are monitored by personnel of the Private Collection Branch (PCB), Debt Services Division of FMS Debt Management Service. PCA collections increased by 55 percent in 2002 compared to 2001, in large part due to the success of the new PCA contract. Debt referrals increased from 89 percent in FY 2001 to 93 percent in FY 2002.

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight: 12%

**Explanation:** Weekly and/or monthly reports are run on tools used in the debt collection process, including TOP and the Cross-Servicing Program. The OIG and GAO regularly audit the Debt Collection Program. FMS also has an integrated evaluation, planning and budgeting process to ensure ongoing feedback and improvement. FMS Management Controls Branch conducts internal control reviews of the Debt Collection Program as required by the FMFIA and FMS five-year Management Control Plan.

**Evidence:** FMS is continually subject to OIG and GAO audits. These audits provide a regular, independent stream of information on collection programs. Congress conducts annual hearings on FMS implementation of the DCIA as well as to provide performance status on debt collection activities.

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight: 12%

**Explanation:** FMS budget is aligned by program activity and is tied to the purpose of the program. The budget request includes amounts for overhead, retirement costs, and other direct and indirect costs.

**Evidence:** The FY 2005 FMS budget request clearly indicates the full cost of achieving performance goals.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**2.8**      **Has the program taken meaningful steps to correct its strategic planning deficiencies?**      Answer: YES      Question Weight: 12%

**Explanation:** In 1997, FMS shifted its strategic focus on debt collection to prioritize implementation of individual provisions of the DCIA and to focus on Program achievement. In addition, FMS has recognized the need for long-term performance goals/measures and will work to establish and support such goals/measures.

**Evidence:** Over the last several years, FMS has been successful in implementing DCIA provisions and Program enhancements to strengthen and improve the Debt Collection Program. Examples are: Merger of IRS TRO and TOP; implementation of continuous tax levy program; implementation of offset of state tax debt; implementation of benefit (SSA) offset and levy; development of AWG; centralized salary offset; debt check (barring delinquent debtors); and non-Treasury disbursing office payments. FMS has revamped the PCA process by redoing the contract, improving oversight of the PCAs, shifting the focus to performance, and decreasing the number of PCAs from 13 to 5. The results have been increased efficiency and the doubling of collections annually. The Tax Refund Offset (TRO) Program has significantly increased collections each year, since the transfer to FMS in 1997. Collections currently exceeds \$2.6 billion each year which is \$900 million over the 1997 level.

**3.1**      **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 14%

**Explanation:** The process of collecting and reporting debt collection data is performed on a monthly basis. The methodology and the origin of the data are consistent from month to month. FMS collects monthly performance data on Private Collections Agencies (PCA's) and uses that data to reward best performing contractors on a tri-annual basis - - the reward consists of a larger portion of the debt portfolio for the next servicing period.

**Evidence:** FMS has made enhancements to the Treasury Report on Receivables Due from the Public which enables FMS to more thoroughly monitor and evaluate agency referral and collection performance by generating computerized five-year trend analysis reports. FMS also prepares an Annual Debt Collection Report, which covers governmentwide accomplishments in debt collection. Collection data is generated by the program systems (TOP and Cross-Servicing) and is reported on a monthly basis. The data from the program systems is validated against the data contained in the Debt Management Account System (DMAS). Referral data is loaded from files received from Federal program agencies, which are responsible for certifying debt referrals to Treasury.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 14%

**Explanation:** The PCA contract is performance-based, and PCAs are rewarded for successful debt collection performances. FMS managers are held accountable by the inclusion of cost, schedule, and performance goals in their annual performance plans. FMS holds seminars and workshops throughout the year to educate the Federal Program Agencies (FPAs) about the Debt Collection Program. FMS continuously meets with agencies to discuss debt referrals in efforts to ensure debts are referred timely for better opportunities for collection. The FRB, as the fiscal agent, provides services under FMS guidance and direction.

**Evidence:** Steering Committee Meetings are held quarterly to report on the progress of milestones. PCA performance is measured and awarded accordingly. Debts are distributed to the 5 PCAs based on its performance in prior years. Annual compliance reviews are conducted by the Private Collection Branch (PCB) of the Debt Services Division of Debt Management Services to ensure the PCAs are acting in accordance with established guidelines set forth in the contract. FMS works with the FRB to develop requirements for necessary services and products, monitors the FRBs progress, and approves the deliverables. FMS provides data on agency debt collection statistics (receivables, collections, referrals, etc) to OMB.

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 14%

**Explanation:** This Program is funded through revenue and an annual salaries and expenses account; the Program follows a predictable spending pattern largely driven by payroll and contract costs. On a weekly basis, collections are electronically disbursed to the Federal Program Agencies and participating state agencies. Over 50 percent of the Program collections are returned to the states for child support.

**Evidence:** During FY 2002, FMS Debt Collection Program obligated 97.5 percent of its funds for debt related program expenses.

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: YES Question Weight: 14%

**Explanation:** FMS has a variety of procedure and cost measures which it uses to help evaluate and achieve improved efficiencies.

**Evidence:** FMS has made enhancements to the Treasury Report on Receivables Due from the Public which enables FMS to more thoroughly monitor and evaluate agency referral and collection performance by generating computerized five-year trend analysis reports. FMS also uses an Activity-Based-Costing method to track costs and set fees for services. FMS program managers use Exhibit 300 [cost and schedule goal section] to monitor program performance and to ensure swift correction of any programmatic deficiencies that may arise. This has led to marked improvement in ensuring that cost and schedule goals are adequately monitored for success.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**3.5 Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 14%

**Explanation:** FMS holds workshops throughout the year across the country. The goal of these workshops is to improve the Debt Collection Program and increase the amount of referrals and collections. FMS maintains constant agency liaison with agencies. FMS relies heavily on the willingness of agencies to refer debts to FMS for offset and cross-servicing. Working with Health & Human Services, FMS has substantially increased the number of Medicare secondary payor debts referred to FMS for collection through PCAs.

**Evidence:** Critical to the success of collection efforts is the role of the federal program agencies: referring eligible debts. At the close of FY 2002, 93 percent of the eligible federal non-tax debts had been referred to the TOP for collection. For the same time period, 96 percent of the eligible debts had been referred to the Cross-Servicing Program for collection. Collections under Continuous Tax Levy totaled \$60 million in FY 2002, a 264 percent increase from the \$16.5 million collected in FY 2001.

**3.6 Does the program use strong financial management practices?** Answer: YES Question Weight: 14%

**Explanation:** FMS has no material weaknesses from audits for its Debt Collection Program. The Debt Management Accounting System (DMAS) provides all the accounting information for the Debt Collection Program. The DMAS reports all financial information timely and accurately, and meets all statutory requirements.

**Evidence:** The DMAS accounts for all debt collection activity that is processed through the Treasury Offset and Cross-Servicing programs. The DMAS meets statutory requirements for financial management systems, and has procedures in place to ensure proper accounting procedures are followed. Financial information is reported in a timely and accurate manner. The DMAS has no material weaknesses as part of the Treasury Managed Account audit and received a clean audit opinion the past two fiscal years. FMS also uses an Activity-Based-Costing method to track costs.

**3.7 Has the program taken meaningful steps to address its management deficiencies?** Answer: YES Question Weight: 14%

**Explanation:** FMS has taken steps to address its management deficiencies. In 1997, FMS shifted its strategic focus on debt collection to prioritize implementation of certain provisions of the DCIA, and to focus on program achievement. FMS also has an integrated evaluation, planning, and budgeting process to ensure ongoing feedback and improvement.

**Evidence:** FMS Management Controls Branch conducts internal control reviews of the Debt Collection Program as required by the FMFIA and FMS Five-Year Management Control Plan. FMS has received recognition, awards, and leadership praise from the Department for its debt collection efforts.

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: SMALL EXTENT Question Weight: 20%

**Explanation:** Although FMS exceeded its debt collection performance targets for FY's 2002 and 2003 and has established ambitious annual performance goals and targets, it has not established a long-term performance measure that is ambitious and does not provide a schedule of annual performance targets beyond FY 2005.

**Evidence:** Appendix A of the FMS Strategic Plan (FY 2003 - FY 2008). The Programs long-term strategic goal is to "maximize collection of Government delinquent debt by providing efficient and effective centralized debt collection services." The long-term performance measure is to collect \$3.5 billion annually from delinquent debt referrals by 2010.

Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: YES Question Weight: 20%

Explanation: FMS exceeded all of its performance goals for debt collection, as set out in Treasury's FY 2002 and FY 2003 performance reports.

Evidence: During FY 2002, in support of the goal to Maximize collection of Government delinquent debt by providing efficient and effective centralized debt collection services, FMS performance exceeded the established targets: 1) Amount of delinquent debt collected through all available tools -- target: \$2.6 billions; performance: \$2.84 billion. 2) Percentage of delinquent debt referred to FMS for collection compared to amount eligible for referral -- target: 75 percent; performance: 93 percent. Source: Treasury's FY 2002 Annual Performance Report and FMS FY 2004 Congressional Justification.

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: YES Question Weight: 20%

Explanation: The amount of debt collected has increased since the Debt Collection Improvement Act of 1996, which gave FMS the authority to centrally collect debt over 180 days delinquent. The Program is robust enough to allow modifications, required within very short timeframes, which positions FMS to increase collections by offsetting payments that have been authorized by legislation, such as the Tax Rebate Program, in 2001. FMS collected over \$460 million in offsets of the tax relief checks. Further, the original Treasury Offset Program was modified subsequent to a statutory requirement - the Taxpayer Relief Act of 1997.

Evidence: The FMS FY 2004 Congressional Justification demonstrates the increasing amount of collections and the decreasing level of cost. Since FMS was given the responsibility for collecting delinquent debt, it has collected \$17 billion (through April 2003) and of that amount, \$4.8 billion were collected from debts that were not otherwise being collected by the Federal Government. For every dollar spent on the Debt Collection Program, FMS collected approximately \$51. Because of Program efficiencies and cost effectiveness, FMS has been successful in expanding the Program without an increase in Program fees over the last two years.

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: YES Question Weight: 20%

Explanation: Since passage of the DCIA in 1996, FMS has greatly improved Governmentwide collections of delinquent debt, particularly in the child support arena. FMS use of Private Collection Agencies (PCAs) to assist in the collection of debt through its Cross-Servicing program has been a huge success, and continues to excel. FMS is the "collection agency" of last resort for delinquent Federal debt; 75 percent of the debt referred is over two years old, while approximately 10 percent is less than a year old. The older the debt, the less collectible it becomes. Since most PCAs deal with debt that is much more current [less than one year], it is not possible to make a comparable comparison to similar debt collection programs, on an aggregate basis. However, as we compare elements of the Program to that of other Federal Program agencies, the FMS performance is far better.

Evidence: The FMS FY 2004 Congressional Justification demonstrates the increasing amounts of collection and the decreasing levels of cost. Overall, the collection rate for the Debt Collection Program is approximately 2.4 percent of the delinquent debt referred. This compares favorably to PCAs although most of the debt referred to FMS is aged at 2 years or more. Since FMS was given the responsibility for collecting delinquent debt, it has collected \$17 billion (through April 2003) and of that amount \$4.8 billion were collected from debts that were not otherwise being collected by the Federal Government. The results have been increased efficiency and the doubling of collections annually. The Tax Refund Offset (TRO) Program has significantly increased collections each year, since the transfer to FMS in 1997. Collections currently exceeds \$2.6 billion each year which is \$900 million over the 1997 level. Both the United Kingdom and an Australian state government have been looking at FMS as a benchmark model for their countries centralized Debt Collection Program.

## Program Assessment Rating Tool (PART)

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	88%	100%	87%	

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**      Answer: YES      Question Weight: 20%

**Explanation:** FMS Debt Collection program has had several GAO reviews as well as independent studies of the Tax Levy. While these reviews have identified some deficiencies and improvement opportunities, overall they validate the effectiveness of the Debt Collection Program. FMS has expanded, strengthened and improved the Debt Collection Program over the last three years by setting priorities and then accomplishing them.

**Evidence:** Based on an independent analysis by Price Waterhouse in 1998, it was shown that FMS collected \$600 million more than the IRS through Tax Refund Offset. In recent Congressional Hearings, FMS has been recognized for its outstanding work implementing the Debt Collection Improvement Act of 1996 (DCIA). FMS has continued to exceed its performance targets for referrals and collections.

## PART Performance Measurements

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)

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**Measure:** By 2010, there will be \$3.5 billion collected annually from delinquent debt referrals.

**Additional Information:** This measure is set for the year 2010.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	\$2.3 billion	\$2.7 billion	
2002	\$2.6 billion	\$2.84 billion	
2003	\$2.8 billion	\$3.10 billion	
2004	\$2.9 billion		

**Measure:** Amount of delinquent debt collected through all available tools.

**Additional Information:** This measure determines the amount of delinquent debt collected by FMS using all available tools.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	\$2.3 billion	\$2.7 billion	
2002	\$2.6 billion	\$2.84 billion	
2003	\$2.8 billion	\$3.10 billion	
2004	\$2.9 billion		
2005	\$3.0 billion		

**Measure:** Percentage of delinquent debt referred to FMS for collection compared to amount eligible for referral.

**Additional Information:** This measure compares the amount of delinquent debt referred to FMS for collection to the amount eligible for referral.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2001	75%	89%	
2002	75%	93%	

## PART Performance Measurements

**Program:** Debt Collection  
**Agency:** Department of the Treasury  
**Bureau:** Financial Management Service (FMS)

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**Measure:** Percentage of delinquent debt referred to FMS for collection compared to amount eligible for referral.  
**Additional Information:** This measure compares the amount of delinquent debt referred to FMS for collection to the amount eligible for referral.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2003	85%	92%		
2004	90%			
2005	92%			

**Measure:** Percentage increase in amount of debt collected for every dollar of debt collection program cost, compared to the FY 2002 baseline of \$52.53.  
**Additional Information:** This measure analyzes the amount of debt collected for every dollar of debt collection program cost, compared to the FY 2002 baseline of \$52.53.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2004	7%		
2005	10%		

## OMB Program Assessment Rating Tool (PART)

### *Direct Federal Programs*

**Name of Program: Earned Income Tax Credit (EITC) Compliance**

Section I: Program Purpose & Design (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The EITC Compliance Initiative was authorized in 1997 to reduce high rates of error in EITC payments.	In P.L. 105-33 the Congress authorized an EITC compliance appropriation for expanded customer service and public outreach programs, strengthened enforcement activities, and enhanced research efforts to reduce EITC overclaims and erroneous filings associated with the EITC.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	The Initiative was authorized in response the evidence of high rates of error in EITC payments. The latest data shows that error rates remain unacceptably high. Of the \$31 billion in EITC claimed by taxpayers for TY 1999, IRS estimates that, even after its enforcement efforts, \$8.5 to \$9.9 billion (27 to 32 percent) was paid to ineligible taxpayers.	These estimates are from IRS's tax year 1999 compliance study published in February 2002.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The EITC program seeks to educate taxpayers and prevent or recover erroneous payments.		20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	As noted above, IRS is the only entity enforcing EITC compliance.		20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	There is no conclusive evidence that an alternative design would be more efficient/effective. However, Treasury is studying alternative program designs that might reduce high EITC error rates.	With the release of the Tax Year 1999 EITC Compliance Study in February 2002, showing a high rate of noncompliance, the IRS and Treasury established a joint task force to thoroughly examine the complexity and compliance issues identified. The task force was directed to recommend options for improving compliance without adversely impacting participation.	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>100%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section II: Strategic Planning (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	While IRS has measured EITC compliance in the past, they have not set goals for improvements. In 1997, Treasury did set an EITC goal of \$5 billion in revenue protected/collected over ten years. However, this goal was not ambitious and has not been repeated in documents since 1997.	IRS plans to set goals for overall tax compliance once its National Research Program has developed baselines for filing compliance, payment compliance and reporting compliance. Treasury's \$5 billion goal was set in an August 15, 1997 letter from Secretary Rubin to Speaker Gingrich.	20%	0.0
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	Starting in FY 2002, IRS's internal performance plan began including several measures of EITC outputs and quality. These are used to manage the program and understand the level of effort put towards enforcement.	EITC measures include number of returns examined, case quality (not EITC specific), cycle time, and closures per FTE (staff year).	20%	0.2
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	IRS does not work with partners to enforce EITC compliance.		0%	
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	IRS is the only entity enforcing EITC compliance.		0%	

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	IRS conducted three studies of EITC compliance in the 1990s. In addition, GAO and the Tax IG periodically publish audits of either the EITC program or IRS functions involved in EITC compliance.	IRS' most recent study of tax year 1999 returns was published in February 2002. IRS plans to measure EITC compliance as part of its National Research Program (overall compliance measurement) on a three year cycle.	20%	0.2
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	IRS has a separate appropriation for EITC and can project changes in outputs based on funding changes. However, IRS's current financial system cannot accurately determine costs per activity. Instead, IRS managers link outcomes to FTE levels. IRS is in the process of modernizing its financial systems.	IRS's internal performance plans link funding to EITC program outputs.	20%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	No	IRS has a robust planning and budgeting process. In addition, Treasury has initiated a high level task force to explore options for improving EITC compliance. However, IRS has not yet developed long term performance goals for EITC.		20%	0.0
<b>Total Section Score</b>					<b>100%</b>	<b>60%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section III: Program Management (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	IRS has periodically studied EITC compliance and plans to include EITC compliance in its new overall compliance measurement effort. IRS also captures a variety of output statistics on this program and has used this data to improve program management. However, past compliance studies have been completed several years after the end of the tax year studied. This has limited their usefulness.	IRS used non-compliance data to identify paid preparers as a significant source of erroneous returns. IRS then crafted an initiative to educate preparers and, where necessary, enforce due diligence requirements. Treasury used compliance data to develop legislative changes to simplify EITC rules and reduce unintentional erroneous filings.	16%	0.2
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	IRS has linked its personnel evaluations to its goals and measures. However, individuals are not evaluated on quantitative goals, but on qualitative factors helping IRS reach its goals. Note: IRS is prohibited by law from evaluating any employee on "measures of enforcement results."	IRS managers are evaluated based on achieving "commitments" outlined in their individual plans. These commitments are actions designed to move the bureau towards its goals.	16%	0.2
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	In the past, IRS has had trouble obligating the full balance of this appropriation by the end of the fiscal year. However, in FY 2001 their lapse was in line with reasonable levels for salaries and expenses accounts.	In FY 2001, IRS lapsed about 1.5% of the EITC appropriation. In FY 1999, IRS lapsed roughly 5.5%.	7%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	IRS's internal performance plan includes efficiency and timeliness measures for EITC examinations. These are used by managers to maximize efficiency.	IRS uses "closures per FTE" and cycle time to measure EITC efficiency. However, IRS's use of productivity measures is limited because IRS is prohibited by law from evaluating any employee based on "measures of enforcement results."	16%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	Reviewers cannot determine the full cost of the EITC program from IRS's annual Congressional Justification because not all EITC costs are captured in the EITC appropriation.	IRS makes an effort to capture costs of the EITC program in the EITC appropriation. However, program managers face serious challenges due to weaknesses in IRS financial management systems (e.g., no cost accounting). For example, EITC rental costs are paid from IRS's Processing Assistance and Management appropriation.	16%	0.0
6	<i>Does the program use strong financial management practices?</i>	No	EITC has a serious erroneous payments problem. In addition, IRS has a number of ongoing financial management weaknesses which effect EITC as well as other programs.	Of the \$31 billion in EITC claimed by taxpayers for TY 1999, IRS estimates that, even after its enforcement efforts, \$8.5 to \$9.9 billion (27 to 32 percent) was paid to ineligible taxpayers.	16%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	In response to high rates of EITC non-compliance, the Secretary has formed a high level task force to recommend solutions. In addition, IRS has a robust internal planning, budgeting and performance management process.	As noted, Treasury is currently studying efforts to improve the EITC compliance program. In the past the Department has recommended legislative changes to ease administration and explored different tactics to improve performance (e.g., targeting education efforts on paid preparers).	16%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>69%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	The latest data (tax year 1999) shows no progress on reducing erroneous payments and IRS has set no long-term goal for this program. However, while erroneous EITC payments remain unacceptably high, there is evidence that they would be higher without the compliance program.	Without IRS compliance efforts (revenue protected below), an additional 4% of EITC payments would have been made erroneously.	30%	0.0
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Long-Term Goal I:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"
Target:	None
Actual Progress achieved toward goal:	Tax Year 1999: 27 to 32 percent of dollars were paid erroneously Tax Year 1997: 24 to 26 percent of dollars were paid erroneously
Long-Term Goal II:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"
Target:	None
Actual Progress achieved toward goal:	FY 2001: Revenue protected by the EITC compliance program was \$1,169 million
Long-Term Goal III:	
Target:	
Actual Progress achieved toward goal:	

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	No	IRS projects that it will fall short in two of its three FY 2002 EITC specific performance goals set in its internal performance plan.	FY 2002 is the first year where IRS has set specific performance goals for EITC. Before 02, EITC performance was captured as part of the overall IRS performance plan.	20%	0.0
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Key Goal I:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"
Performance Target:	Examine 413, 331 EITC returns through correspondence in FY 2002
Actual Performance:	437,799 returns examined
Key Goal II:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"
Performance Target:	EITC Correspondence Exam Cycle Time: 240 Days in FY 2002
Actual Performance:	250 Days (PROJECTED 9/02)
Key Goal III:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"
Performance Target:	EITC Correspondence returns closed per FTE: 167 in FY 2002
Actual Performance:	224 per FTE (PROJECTED 9/02)

Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	IRS measures EITC productivity through cases closed per FTE. Cases close have trended down over the past three years.	Cases closed per FTE: 2000 = 249, 2001 = 315, 2002 = 224 (2002 target = 167)	20%	0.0
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	IRS is the only Federal entity enforcing EITC compliance.		0%	
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	small extent	The latest data (tax year 1999) shows no progress on reducing erroneous payments. However, without IRS compliance efforts an additional \$1.169 million (or 4% of EITC payments) would have been made erroneously.	Of the \$31 billion in EITC claimed by taxpayers for TY 1999, IRS estimates that, even after its enforcement efforts, \$8.5 to \$9.9 billion (27 to 32 percent) was paid to ineligible taxpayers. The previous study, for TY 1997, estimated that \$7.2 to \$7.8 billion (24 to 26 percent) of EITC claims should not have been paid.	30%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>10%</b>

## OMB Program Assessment Rating Tool (PART)

### *Block/Formula Grants*

**Name of Program: International Development Association**

#### **Section I: Program Purpose & Design (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Is the program purpose clear?</i>	Yes	Article I of the Articles of Agreement of IDA clearly and accurately states the purpose of the institution. "The purposes of the Association are to promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development (hereinafter called "the Bank") and supplementing its activities."	<a href="http://www.worldbank.org/ida/idaart02.htm">http://www.worldbank.org/ida/idaart02.htm</a>	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	IDA serves to mobilize the resources of the major donor countries to provide financing on both concessional and grant terms for the development needs of the poorest countries.	Over one billion people in the world live on less than \$1 per day; over 3 billion live on less than \$2 per day.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	IDA provides a large fraction of total aid flows and is the main source of financing for some developing countries (particularly in sub-Saharan Africa) and for some sectors.	For the last several years, IDA has accounted for approximately 15% of total annual aid flows to the world's poorest countries.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	IDA has regional counterparts that have very similar programs. However, IDA has undertaken recent Memoranda of Understanding with these other Multilateral Development Banks and has increased coordination with other donors.	The other regional concessional lending facilities include: the African Development Fund, the Asian Development Fund, and the Fund for Special Operations at the Inter-American Development Bank.	20%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	Although its financing is both long-term and zero-interest, IDA loans to the poorest countries still add to their debt burden and make it difficult for countries to stay on the path of sustainable development. A higher proportion of grants would be more effective. The recently-concluded agreement to replenish the resources of IDA (the IDA-13 agreement) increases the proportion of grants in IDA from less than 1% to 18-21%. Although the U.S. would like a higher proportion of grants, IDA is still an effective mechanism for leveraging U.S. resources with substantial development financing from other donors. The U.S. is not the only donor to IDA, and every \$1 contributed by the U.S. to IDA mobilizes about \$4 from other donors. In addition, IDA allocates its assistance on the basis of country performance, making its financing more effective than other programs that have weaker links between aid flows and commitment to economic reforms	On July 17, 2001, President Bush proposed "that up to 50 percent of the funds provided by the development banks to the poorest countries be provided as grants for education, health, nutrition, water supply, sanitation and other human needs, which will be a major step forward." The Department of the Treasury will continue to encourage the other donors to adopt this benchmark in the next IDA replenishment negotiation.	20%	0.0

<b>Total Section Score</b>					<b>100%</b>	<b>60%</b>
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<b>Section II: Strategic Planning (Yes,No, N/A)</b>						
	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	In September 2001, the World Bank Group (which includes IDA) adopted the eight Millennium Challenge Goals, which serve as very ambitious, long-term performance goals (involving significant progress by 2015). IDA also sets forth long-term country-specific goals in its Country Assistance Strategies (CAS).	The Millennium Challenge goals include: (1) Eradicate extreme poverty and hunger; (2) Achieve universal primary education; (3) Promote gender equality and empower women; (4) Reduce child mortality; (5) Improve maternal health; (6) Combat HIV/AIDS, malaria, and other diseases; (7) Ensure environmental sustainability; and (8) Develop a global partnership for development. See September 19, 2001 press release, "World Bank Joins United Nations in Implementing Millennium Development Goals Guide To Development In 21st Century" at <a href="http://www.worldbank.org">http://www.worldbank.org</a> . For more information on Millennium Development Goals, see: <a href="http://www.developmentgoals.org">http://www.developmentgoals.org</a> .	14%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	Although not present prior to 2002, the IDA-13 agreement established specific periodic goals. The goals for Spring 2004 include: (1) Increase population-weighted average primary education completion rate to 69% with a substantial number of countries reaching a higher rate; (2) Increase number of countries with positive growth rates in primary education completion rates to 38 countries; (3) Increase overall coverage rate (population-weighted) of measles immunization to 60%, with a substantial number of countries reaching a higher rate; (4) Increase number of countries with 80% coverage of measles vaccination to 29 countries; (5) Reduce time required for business start-up (in number of business days) by 7% from end-2001; and (6) Reduce formal cost of business start-up (in percent of GDP per capita) by 7% from end-2001.	These goals can be found in the IDA-13 report at: <a href="http://www.worldbank.org/ida/IDA13Report.pdf">http://www.worldbank.org/ida/IDA13Report.pdf</a>	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	The full World Bank Board (which represents both donors and borrowers) has accepted the IDA-13 agreement (including the periodic/annual goals listed above) and the Millennium Development Goals (which reflect the long-term goals listed above).	Full explanation and data on the recent IDA-13 agreement and the latest Development Committee (a forum of the World Bank and the International Monetary Fund) communique (April 2002) can be found on the World Bank's website at: ( <a href="http://www.worldbank.org/ida/IDA13Report.pdf">http://www.worldbank.org/ida/IDA13Report.pdf</a> and <a href="http://wbln0018.worldbank.org/DCS/DevCom.nsf">http://wbln0018.worldbank.org/DCS/DevCom.nsf</a> ).	14%	0.1
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	No	There has been some progress with regard to donor coordination and harmonization of policies across multilateral development banks. However, more work is needed in this area, and the pace of progress so far has been disappointing.	Coordination now takes place at the country level, but more progress could be made at the sectoral and other levels. Recent harmonization proposals have been weak.	14%	0.0
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	The World Bank's Operations and Evaluation Department (OED) is an independent unit of the World Bank that reports directly to the Bank's Executive Board. The Board oversees OED work through the Board's Committee on Development Effectiveness (CODE). OED uses best practice standards and is internationally respected for the quality of its work. Also, the U.S.'s Government Accounting Office (GAO) conducts frequent reviews of selected aspects of IDA.	OED evaluation measures achievement in relation to institutional policies, Bank-wide program objectives, and the goals set for each operation. OED's evaluation tools used in promoting accountability and learning include Project Reviews (about 70 a year), Country Assistance Evaluations (about 10 a year), Sector and Thematic Reviews (about 6 a year), and Process Reviews (2 or 3 a year). For further information on OED, see: <a href="http://www.worldbank.org/oed">http://www.worldbank.org/oed</a> .	14%	0.1
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	The IDA-13 agreement establishes a new measurable results system so that the Bank can determine if IDA funding is having any measurable affect. This will allow the Bank to routinely quantify IDA's development achievements and understand the reasons for success and failure.	Once the new measurable results system is operational, there should be concrete evidence as to whether budget alignment exists.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	Has the program taken meaningful steps to address its strategic planning deficiencies?	Yes	IDA does not yet have in place a comprehensive set of annual goals that link to all of the long term performance goals, but the IDA-13 agreement produced a new results-based management system which should function to address such deficiencies. In addition, specific periodic output (see question 2 above) and input goals were established. Implementation of the results-based management system is still ongoing.	The IDA-13 agreement adopted solid input measures goals that will lead to measurable outputs. The input goals work to ensure that the donor countries' funds are being used as effectively and efficiently as possible. IDA's Spring 2003 goals including: (1) Initiation of a performance measurement system, including an outline of approach, baseline data, outcome indicators and progress targets; (2) A total of 30 Country Financial Accountability Assessments (CFAAs) completed, of which at least 50% for African countries; (3) A total of 24 Country Procurement Assessment Reviews (CPARs) completed, of which at least 50% for African countries; (4) A total of 29 Public Expenditure Reviews (PERs) completed, of which at least 50% for African countries; and (5) A total of 7 Investment Climate Assessments completed. See also the description of outcome goals in question II.2. These goals can be found in the IDA-13 report at: <a href="http://www.worldbank.org/ida/IDA13Report.pdf">http://www.worldbank.org/ida/IDA13Report.pdf</a>	14%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>71%</b>

<b>Section III: Program Management (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The World Bank/IDA does this on multiple levels. On the most general level, IDA is working to improve its data collection and to create common measurements to evaluate performance over time. In addition, IDA employs various diagnostics that serve to collect timely and credible performance information to help it better serve its purpose in recipient countries, including Country Financial Accountability Assessments (CFAAs), Country Procurement Assessment Reviews (CPARs), Public Expenditure Reviews (PERs), current poverty analyses that are now part of Country Assistance Strategies (CASs), and Investment Climate Assessments (ICAs). IDA also provides capacity building and technical assistance to recipient countries to enable them to conduct household data surveys.	Guidelines to the country-level performance assessments can be found at ( <a href="http://www.worldbank.org/cas/">http://www.worldbank.org/cas/</a> ), ( <a href="http://www1.worldbank.org/publicsector/keyinstruments.htm">http://www1.worldbank.org/publicsector/keyinstruments.htm</a> ), ( <a href="http://www.worldbank.org/privatesector/ic/index.htm">http://www.worldbank.org/privatesector/ic/index.htm</a> ), and ( <a href="http://www.worldbank.org/poverty/data/">http://www.worldbank.org/poverty/data/</a> ). Also see the Country Policy and Institutional Assessment (CPIA) guidelines, which are updated annually ( <a href="http://www.worldbank.org/ida/CPIA2002.pdf">http://www.worldbank.org/ida/CPIA2002.pdf</a> ); CPIA data are integral to the Bank's Performance-Based Allocation (PBA) system it uses for countries.	11%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	Once every three years during the IDA replenishment negotiation process, each donor makes an assessment of IDA's effectiveness and efficiency in order to determine whether to fund IDA or not. The U.S. is encouraging other donors to tie a portion of their contributions to key outcomes.	The U.S. will request an additional \$100 million for IDA in FY 2004 if IDA meets specific benchmarks in establishing the new results measurement system, and the U.S. will request an additional \$200 million for IDA in FY 2005 if IDA makes satisfactory progress in the areas of health, education, and private sector development.	11%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	IDA maintains a system for ensuring that its funding is provided only for activities that promote the objectives to which have been agreed by donors to the IDA replenishment.	IDA has a system of internal controls (policies on procurement, financial management, disbursement, and financial statement audits), an internal auditor, a fraud and corruption investigative mechanism, and an independent office of program evaluation. General oversight procedures are reviewed by the Audit Committee of the Board of Directors.	11%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	IDA allocates its resources through a performance-based allocation system. It also uses loan conditionality to ensure that funds are used effectively by the recipient countries. For IDA investment projects, IDA generally requires an international or national competitive bidding process for procurement. In addition, IDA does an ex-ante procurement capacity assessment of the borrower's executing agency for investment projects, conducts project supervision, and may do ex-post procurement audits.	There has been considerable improvement over the last several years increasing the level of transparency of Bank operations due to the fact that all necessary information is publicly available on the internet ( <a href="http://www.worldbank.org">http://www.worldbank.org</a> ). Also see the Country Policy and Institutional Assessment (CPIA) guidelines, updated annually ( <a href="http://www.worldbank.org/ida/CPIA2002.pdf">http://www.worldbank.org/ida/CPIA2002.pdf</a> ); CPIA data are integral to the Bank's Performance-Based Allocation (PBA) system it uses for countries.	11%	0.1
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The World Bank budget estimates and budgets for the full annual costs of operating its program. The IDA budget includes the full amount of expenditures to ensure the implementation of the IDA program, including overhead. The performance-based allocation system ensures that changes in country performance are reflected in changes in the country's allocation of IDA resources.	Quarterly updates on the budget are made available to the Executive Board of Directors. In 2001, the World Bank allocated less IDA funding to Gambia and Nicaragua due to the countries' poor performance.	11%	0.1
6	<i>Does the program use strong financial management practices?</i>	Yes	IDA (and the rest of the World Bank Group) has its own financial statements audited by independent external auditors every year. The World Bank Group has established strong internal fiduciary controls over its own financial reporting. Financial oversight practices are reviewed by the Internal Auditor as well as by the Board of Directors' Audit Committee.	As required in section 588 of the FY 2001 and section 578 of the FY 2002 Foreign Operations Appropriations Acts, the Secretary of the Treasury has certified that IDA is: 1) implementing procedures for conducting annual audits by qualified independent auditors for all new investment lending; 2) taking steps to establish an independent fraud and corruption investigative organization or office; 3) implementing a process to assess a recipient country's procurement and financial management capabilities including an analysis of the risks of corruption prior to initiating new investment lending; and 4) taking steps to fund and implement programs and policies to improve transparency and anti-corruption programs and procurement and financial management controls in recipient countries.	11%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	The Board of Directors reviews management procedures for implementing the IDA financing program. IDA donors can make broad policy changes in IDA's management practices as appropriate. Examples include the recently-established results-based financing and the prior creation of an independent inspection panel (which served to strengthen the role of the Board committee). On the other hand, the U.S. has noted that IDA and the World Bank could do a better job linking budget allocations to strategic priorities of the institution.	See III.6. above. See also IDA-13 agreement ( <a href="http://www.worldbank.org/ida/IDA13Report.pdf">http://www.worldbank.org/ida/IDA13Report.pdf</a> ). A recent example of the World Bank taking steps to address management deficiencies is the program for reform of the World Bank's trust fund program.	11%	0.1
8 (B 1.) <i>Does the program have oversight practices that provide sufficient knowledge of grantee activities?</i>	Yes	The World Bank has an internal portfolio monitoring and supervision system that tracks all ongoing projects and identifies projects at risk.	Internal portfolio monitoring reports -- the Annual Report on Portfolio Performance (ARPP) -- are submitted to the Board every year.	11%	0.1
9 (B 2.) <i>Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?</i>	Yes	The Bank employs various diagnostics that serve to collect timely and credible performance information to help IDA better serve its purpose in recipient countries.	These diagnostic reports include Country Financial Accountability Assessments (CFAAs), Country Procurement Assessment Reviews (CPARs), Public Expenditure Reviews (PERs), current poverty analyses that are now part of Country Assistance Strategies (CASs), and Investment Climate Assessments (ICAs). In addition, the Bank releases an annual report on IDA allocations, Bank activities, and other information. In addition, all Bank loans and Operations Evaluation Department reports are posted on the Bank's web site at <a href="http://www.worldbank.org">http://www.worldbank.org</a> .	11%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Small Extent	The IDA-13 agreement went far to establish tangible outcome goals. However, because this sort of outcome-based performance measurement has been lacking in the past, it is extremely difficult to assess IDA's progress thus far on these specific goals. In addition to the goals set during IDA-13, IDA has had the objective of supporting the Millennium Development Goals, and has made some progress, as can be demonstrated in specific country program analyses. However, IDA is still developing a more accurate and comprehensive means of measuring the attainment of these objectives.	Since the IDA-13 negotiations just concluded, there has not been enough time to measure IDA's progress. Note that it is particularly difficult methodologically to distinguish development progress/results achieved by IDA versus those attained by other Official Development Assistance programs (ODA).	25%	0.1
<p>Long-Term Goal I: Achieve universal primary education. (Millennium Development Goals, number 2)</p> <p>Target: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.</p> <p>Actual Progress achieved toward N/A (data does not yet exist to adequately measure progress on this goal)</p> <p>goal:</p>						
<p>Long-Term Goal II: Reduce child mortality. (Millennium Development Goals, number 4)</p> <p>Target: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate</p> <p>Actual Progress achieved toward N/A (data does not yet exist to adequately measure progress on this goal)</p> <p>goal:</p>						
<p>Long-Term Goal III: Develop a global partnership for development. (Millennium Development Goals, number 8)</p> <p>Target: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction—both nationally and internationally)</p> <p>Actual Progress achieved toward N/A (data does not yet exist to adequately measure progress on this goal)</p> <p>goal:</p>						
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	No	As far as the IDA-13 annual development goals, these were set only a few months ago.	There has not been sufficient time to determine whether they will be met.	25%	0.0
<p>Key Goal I: Increase primary education completion rate</p> <p>Performance Target: Increase population-weighted average primary education completion rate to 69% with a substantial number of countries reaching a higher rate;</p> <p>Increase number of countries with positive growth rates in primary education completion rates to 38 countries.</p> <p>Actual Performance: N/A (data does not yet exist to adequately measure progress on this goal)</p>						
<p>Key Goal II: Increase measles immunization rate</p> <p>Performance Target: Increase overall coverage rate (population-weighted) of measles immunization to 60%, with a substantial number of countries reaching a higher rate;</p> <p>Increase number of countries with 80% coverage of measles vaccination to 29 countries.</p> <p>Actual Performance: N/A (data does not yet exist to adequately measure progress on this goal)</p>						

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
		Key Goal III: Reduce cost of business start-ups Performance Target: Reduce time required for business start-up (in numbers of business days) by 7% from end-2001; Reduce formal cost of business start-up (in percent of GDP/capita) by 7% from end-2001. Actual Performance: N/A (data does not yet exist to adequately measure progress on this goal)				
		Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.				
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Large Extent	IDA employs a performance-based allocation system vis-à-vis country performance. This system has been a hallmark of IDA assistance for several years, and is being strengthened.	The Country Policy and Institutional Assessment (CPIA) assesses the quality of a country's present policy and institutional framework, with the ultimate goal of identifying how conducive that framework is to fostering poverty reduction, sustainable growth and the effective use of development assistance. Also, with IDA-13, the World Bank will start tracking IDA's overall performance year-to-year in achieving a set of high-impact development measures. In 2001, the World Bank allocated less IDA funding to Gambia and Nicaragua due to the countries' poor performance.	25%	0.2
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Not Applicable	Although IDA has had a performance-based allocation system in place much longer than the regional development banks, no common measurements of effectiveness across multilateral and bilateral donors exist.	No common measurements of effectiveness across multilateral and bilateral donors exist.	0%	

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Small Extent	The World Bank employs global data on poverty trends. In addition, the Bank's Operations and Evaluation Division (OED) reports directly to the Bank's Board of Executive Directors, with the goal of using their evaluations to learn from experience, to provide an objective basis for assessing the results of the Bank's work, and to provide accountability in the achievement of its objectives. It also improves Bank work by identifying and disseminating the lessons learned from experience and by framing recommendations drawn from evaluation findings. In addition, the Bank's Quality Assurance Group (QAG) (established in 1996) reviews samples of projects to evaluate the quality of new projects and supervision of ongoing projects. Results of these analyses are fed back to project staff for learning and project improvement. Topics covered in the QAG assessments include project readiness for implementation, application of safeguard policies, attention to poverty and social aspects, and risk assessment and management.	While not directly attributable to IDA, poverty has decreased and IDA countries have seen living standards increase over the last few decades. OED's Annual Review of Development Effectiveness (ARDE) for 2001 ( <a href="http://www.worldbank.org/oed/arde2001">http://www.worldbank.org/oed/arde2001</a> ) demonstrates sustained progress in portfolio performance, in addition to improvements in the sustainability of project achievements and their institutional development impact.  OED also conducted a review of IDA 10-12 ( <a href="http://www.worldbank.org/ida/oed/oeddocs">http://www.worldbank.org/ida/oed/oeddocs</a> ). The U.S. concurred with OED in that (a) IDA had for the most part complied satisfactorily with the replenishment undertakings in key areas, including sharpening the focus on poverty reduction, improving analysis and expanding support for governance-enhancing efforts; (b) work on selectivity had not fully met expectations, nor had satisfactory progress been made in integrating gender, environment, and private sector development into IDA programs; and (c) IDA's performance in achieving broad development outcomes had been partially satisfactory, with notable improve	25%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>33%</b>

## OMB Program Assessment Rating Tool (PART)

### Direct Federal Programs

Name of Program: IRS Tax Collection

#### Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	Tax collection is necessary to finance government operations. Since not all taxpayers voluntarily pay, enforcement programs such as collection are necessary.	IRS's strategic plan, page 31: "Enforcement is one of the essential components of ensuring compliance and fairness."	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	In order to fulfill it's mission, ("..fairness to all...") IRS must compel delinquent taxpayers to pay taxes due.	While no current figures are available, IRS's strategic plan estimates that in 1997 the tax gap (legally due taxes that are not paid) was roughly \$200 billion.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	Roughly 95% of Federal revenues come from IRS tax collections. The collection program contributes to this total directly and provides a deterrent to non-compliance.	The Collection Program produced \$18.2 billion in revenue in FY 2001.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	The IRS is the only entity which collects debt for almost all Federal taxes.	There are several organizations which collect non-tax or excise tax Federal debt (e.g., Financial Management Service (FMS) and the Bureau of Alcohol, Tobacco and Firearms (ATF)).	20%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	IRS uses a range of tools to collect delinquent taxes (e.g., notices, phones calls, liens, etc.). IRS believes its program can be much more effective. It is in the process of modernizing and reengineering its collection activities. It is also looking at the possible use of private collection contractors to supplement its activities. However, these options use the same basic mechanisms to secure delinquent taxes.	IRS's modernization plans are detailed in "Modernizing America's Tax Agency" (IRS Publication #3349, 2-1999) written by Commissioner Rossotti and in the IRS strategic plan.	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>100%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section II: Strategic Planning (Yes,No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	Compliance is one of the most important outcomes affected by IRS activities and also one of the most difficult to measure. IRS does not currently have performance goals for compliance. However, to arrive at the percentage of taxes actually paid if everyone paid what was due under the law, IRS is starting to measure three critical components: Filing Compliance, Payment Compliance and Reporting Compliance. Payment compliance is the outcome of collection efforts. IRS has also developed a measure of the potentially collectable inventory (unpaid taxes) to help it track collection efforts.	In FY 2002, under its National Research Program, IRS defined the data sources and methodology to measure the components of compliance and potentially collectable inventory, and is establishing baseline data. IRS will set performance goals once baselines have been established.	20%	0.0
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	IRS uses specific, useful, "balanced measures" to help manage its collection functions. These include measures of customer satisfaction, employee satisfaction and business results (including quality and quantity). For many measures, results are reported monthly.	Current collection measures include number of cases closed, case quality (random sample reviewed by third party), customer service (random samples) and employee satisfaction (Treasury's FY 2003 Congressional Justification page TLE-16).	20%	0.2
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	IRS currently handles collection work in-house.	The Financial Management Service runs a related payment offset program which collects a portion of tax debt.	0%	

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	IRS is the only entity enforcing most Federal tax laws.		0%	
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	GAO and the Tax IG regularly audit all IRS programs. In addition, IRS has an integrated evaluation, planning and budgeting process to ensure ongoing feedback and improvement. Finally, IRS's new National Research Program will provide data on outcomes (i.e., payment compliance).	IRS has a dedicated IG and is continually subject to GAO audits. These audits provide a regular stream of information on collection programs.	20%	0.2
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	IRS has specific collection subactivities and uses them to link budget levels with annual performance goals. However, with its current systems IRS cannot determine the full cost of individual activities. Instead, IRS managers link collection staffing levels to performance targets. IRS is in the process of modernizing its financial systems.	The FY 2003 IRS Congressional Justification includes the current budget structure and links subactivity funding levels to performance targets. GAO's FY 2001 IRS financial audit comments that current IRS systems cannot determine costs by activity.	20%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	IRS has a robust Strategic Planning, Budgeting and Performance Management process led by the Commissioner and his management team. This process allows IRS to set priorities and performance targets for collection and other programs and adjust to changing circumstances.	IRS is implementing a technology modernization/reengineering project to improve collection. It has also taken near term actions to improve performance such as centralizing processing of Offers-in-Compromise requests.	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section III: Program Management (Yes,No, N/A)</b>						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	IRS has developed a useful "balanced measures" system for each function. Results for most measures are reported monthly or quarterly. Detailed reports are available to managers via IRS's intranet and regular business reviews are held to discuss progress and make adjustments.	IRS makes a number of adjustments to its operational plans though the year based on actual budget and performance information. For example, in 2002 IRS found that new centralized Offers-in-Compromise functions had created workload imbalances in field offices. Workload was redirected.	16%	0.2
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	IRS has linked its personnel evaluations to its strategic goals and measures. However, individuals are not evaluated on quantitative goals, but on qualitative factors helping IRS reach its goals. Note: IRS is prohibited by law from evaluating any employee on "measures of enforcement results."	IRS managers are evaluated based on achieving "commitments" outlined in their individual plans. These commitments are actions designed to move the bureau towards its goals.	16%	0.2
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	This program is funded through an annual salaries and expenses account and follows a predictable spending pattern largely driven by payroll costs.	During FY 2001, IRS's Collection program obligated 99.9% of its funds. Projected obligations for FY 2002 are at 99.6%.	4%	0.04
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	IRS has a variety of unit cost and timeliness measures in its internal performance management system which it uses to help manage for improved efficiency. It also is implementing a major technology modernization/reengineering project to improve collection performance.	IRS uses several "closures per staff year" measures as a proxy for unit cost and cycle time measures for timeliness. However, IRS's use of productivity measures is limited because IRS is prohibited by law from evaluating any employee on "measures of enforcement results."	16%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	IRS has specific collection subactivities reported in its budget under the overall Compliance Services budget activity. However, because over a third of IRS's resources are in support budget activities, the collection subactivities understate total spending. Further, per GAO, IRS systems are not capable of determining the cost of individual activities.	The FY 2003 IRS Congressional Justification includes the current budget structure. IRS is modernizing its financial systems which should improve cost accounting.	16%	0.0
6	<i>Does the program use strong financial management practices?</i>	No	GAO cites weaknesses in IRS's systems for tracking unpaid tax assessments and budgetary resources. In the long run, IRS's ongoing technology modernization program should resolve these problems.	See GAO's FY 2001 IRS financial audit.	16%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	IRS's strategic planning process identifies program issues and sets strategies and priorities for improvements. As a result, it is making a number of improvements in the collection program.	IRS has centralized Offers-in-Compromise processing in 2002 and is working to centralize Automated Substitute for Return processing in 2004. It has initiated the National Research Program which will provide a rich data set to improve its understanding of non-compliance and targeting. It is working to resolve material weaknesses through modernization and process changes. Finally, it is modernizing its technology and reengineering its collection processes to use "risk based" approaches.	16%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>68%</b>

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	Collection outputs have dropped in recent years due to resource, legislative change and productivity issues. While IRS cannot yet measure whether it is achieving its goals (payment compliance), it is likely, based on collection output data, that collection is less successful than during the 1990s. However, collection does yield a substantial revenue return.	GAO data shows that unpaid assessments are growing (\$239B in 2001, of which only about \$20B is "collectable") and many cases are closed without being worked (650,000 cases in 1999). Collection cases closed are down 60% since 1999.	30%	0.0
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Long-Term Goal I:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"				
Target:	None set				
Actual Progress achieved toward goal:	In FY 2001, collection produced \$18.2 Billion in revenue with a budget of \$0.83 billion				
Long-Term Goal II:					
Target:					
Actual Progress achieved toward goal:					
Long-Term Goal III:					
Target:					
Actual Progress achieved toward goal:					

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Small Extent	In 2001, IRS missed most of its collection performance goals as set out in Treasury's FY 2001 performance report.	See Treasury's FY 2001 annual performance report.	20%	0.1
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Key Goal I:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"				
Performance Target:	Automated Commercial System case Closures, Taxpayer Delinquent Accounts: 1,655,000				
Actual Performance:	Automated Commercial System case Closures, Taxpayer Delinquent Accounts: 1,006,600				
Key Goal II:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"				
Performance Target:	FY 2002 Field Collection Cases Closed, Taxpayer Delinquent Accounts: 804,085				
Actual Performance:	FY 2002 Field Collection Cases Closed, Taxpayer Delinquent Accounts: 724,430				
Key Goal III:	"Service to all Taxpayers" including "Increase fairness of compliance" and "Increase overall compliance"				
Performance Target:	FY 2002 Field Collection Quality: 85%				
Actual Performance:	FY 2002 Field Collection Quality: 84%				

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	Collection productivity has declined since the 1998 passage of the Restructuring and Reform Act which imposed new procedural and taxpayer rights requirements on IRS. However, IRS is implementing performance improvement initiatives and technology modernization resulting from reengineering studies which should improve productivity.	IRS's internal performance data shows the recent history of collection productivity based on cases closed per FTE. IRS's internal performance plans include productivity improvements for FY 2003 (e.g., 11% increase in cases closed per field FTE).	20%	0.0
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	There are many other debt collection programs. However, there are significant differences in the kinds of debt collected.		0%	
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Small Extent	IRS Collection programs have been the subject of numerous GAO and IG reviews. While these reviews have identified management control deficiencies and improvement opportunities, they generally have validated the effectiveness of the Collection program. They also have noted IRS's inability within current resources and technology to meet workload requirements.	Various IG and GAO reports cover all or portions of collection (GAO: 02-674 Tax Administration of Compliance and Collection Program, TIGTA: 2001-30-115: Revenue Officers used effective collection techniques when securing delinquent returns).	30%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>17%</b>

## Program Assessment Rating Tool (PART)

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 25%

**Explanation:** The Bureau of Engraving and Printing (BEP) was formally established on August 3, 1877. BEP operates on the basis of authority conferred upon the Secretary of Treasury by United States Code. The Secretary of the Treasury shall mint coins, engrave and print currency and security documents, and refine and assay bullion, and may strike medals. The Bureau's mission is to securely and efficiently produce United States currency, postage stamps, and other government securities that satisfy the current and future needs of the American public and the government agencies which serve them.

**Evidence:** 31 U.S.C. 321(a)(4); FY 2004 Congressional Budget Submission (BEP-01)

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 25%

**Explanation:** The government has an interest in preventing the circulation of counterfeit currency domestically and world-wide. New design currency, with deterrent features, is designed to prevent counterfeiting by digital and other reprographic technologies. By continually enhancing the security of U.S. currency the public's confidence and trust is maintained. Every year the public is harmed by the counterfeiting of United States currency and other U.S. obligations. A secure currency program helps to promote a stable U.S. and World economy by increasing citizens "economic security."

**Evidence:** % of face value of currency in circulation that is counterfeit; % of currency notes delivered to the Federal Reserve that meet its quality requirements.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 25%

**Explanation:** There is no other Federal, State, or local governmental entity that produces U.S. currency. BEP's manufacturing operations are not similar to the manufacturing programs of the U.S. Mint. The technologies used to manufacture currency are different from those employed to mint coins. The major advantage of currency compared to coin is the adaptability of the currency substrate (paper or polymer) to new design features and/or elements that enhance the counterfeit deterrence characteristics. The range of design and counterfeit deterrent features that can be accommodated on metal for coins is quite limited in comparison. The limited capability to add counterfeit deterrent design elements is a principle factor in limiting its use in most parts of the world to fractional denominations of the particular nation's currency. Higher value and higher risk denominations are manufactured in note form to take advantage of a full range of counterfeit deterrent features to mitigate the increased risk.

**Evidence:** 31 U.S.C. 321(a)(4)

**1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?**

Answer: YES

Question Weight: 25%

**Explanation:** The BEP program is free of major flaws that limit efficiency or effectiveness. There are a variety of models and organizational structures for currency production in the world; however, none of them reach the scale of the United States system.

**Evidence:** CFO Accountability reports 1991 - 2002; Future of money study; Cost Comparison of Alternate Substrate Polymers

**1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?**

Answer: NA

Question Weight: 0%

**Explanation:** The new currency program does not have any direct beneficiaries, although citizens are the ultimate beneficiaries of a safe and secure currency.

**Evidence:**

## Program Assessment Rating Tool (PART)

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: YES      Question Weight: 12%

**Explanation:** The Bureau's most vital strategic goal is to stay ahead of the technology curve with respect to ensuring the integrity of the Nation's currency. In order to achieve this goal, the Bureau has partnered with the U.S. Secret Service and the Federal Reserve to devise a long-term, counterfeit deterrent strategy for U.S. currency that features regular redesign of currency notes. The BEP has established quality performance targets to 1) ensure new design currency is specifically produced and delivered to the Federal Reserve at consistently high quality and 2) demonstrate that BEP maintains a world class quality management system. Also, the BEP follows commercial manufacturing practice by setting an annual manufacturing cost standard (efficiency measure) for each denomination including the new design note.

**Evidence:** FY 2005 Departmental Budget - GPRA Performance Section

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?**      Answer: YES      Question Weight: 12%

**Explanation:** BEP's new currency design manufacturing program's primary objective is the production of high quality counterfeit deterrent notes to protect the integrity and security of U.S. currency. This objective depends on the BEP's capability to produce counterfeit deterrent notes of consistently high quality that meet the Federal Reserve's standards. Accordingly, the BEP has established ambitious targets for quality notes delivered to the Federal Reserve. In addition, BEP is pursuing upgraded accreditation under International Organization for Standardization (ISO) quality management standards. ISO is an internationally recognized quality assurance program aimed at improving the quality of manufactured products. ISO certification signifies that the certified organization follows a rigorous quality control program under stringent international standards and provides current and future Bureau customers assurance that our currency-manufacturing program will deliver high quality security products. BEP's ISO recertification consists of an independent audit of the 20 components of BEP's Quality Management System (QMS) on an annual basis.

**Evidence:** BEP will begin the delivery of new currency design notes known as NexGen currency in the following timeframe: \$20 note in 2003, \$50 note in 2004 and the \$100 note in 2005. Concurrently BEP is developing and evaluating additional counterfeit deterrent features for use in future generation notes (FuGen) to be released to the public in 7 to 10 years after NexGen currency. BEP Strategic Plan (pg 3); ISO Certification; % of Federal Reserve orders met as requested- Target-100%

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?**      Answer: YES      Question Weight: 12%

**Explanation:** The BEP is revising its strategic plan and is establishing several annual performance goals to demonstrate progress towards achieving the long-term goals of the program. Semi-annually BEP executives and program managers meet in an all-day planning and performance review session to evaluate performance trends and progress toward achieving strategic objectives. The following performance measures demonstrate progress towards achieving the programs long-term goals: % of currency notes delivered to the Federal Reserve that meet customer quality requirements, maintain/upgrade ISO certification, # of notes returned by the Federal Reserve due to manufacturing defects (per million notes delivered), currency shipment discrepancies (per million notes).

**Evidence:** FY 2005 Departmental Budget Submission (BEP-08-11)

## Program Assessment Rating Tool (PART)

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 12%

Explanation: BEP has established ambitious annual targets.

Evidence: FY 2004 Congressional Budget Submission (BEP-08-11); FY 2005 Departmental Budget Submission (BEP-08-11); Targets: 1) % of Federal Reserve orders met as requested- Target-100% 2) # of notes returned by the Federal Reserve due to manufacturing defects (per million notes delivered) - Target - .0250 3) Maintain/upgrade ISO Certification- Target-certified 4) Currency shipment discrepancies (per million notes) - Target .0100.

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%

Explanation: The BEP partners with the Federal Reserve and U.S. Secret Service in the development of counterfeit deterrent currency. A joint committee of representatives from BEP, the Federal Reserve, Secret Service and Treasury works to predict future counterfeit trends and risks and develops strategies to counter these risks. To stay ahead of technology available to counterfeiters, the BEP established the Securities Technology Institute, a collaborative effort with Johns Hopkins University, to develop, test and evaluate new counterfeit deterrent features for U.S. currency and other security documents. The next generation \$20 note, scheduled to be put in circulation this fall, contains a feature developed in conjunction with a 24-nation effort to deter the use of personal computers and inkjet printers in counterfeiting.

Evidence: Interagency Working Group (IWG) meeting minutes, June 12, 2003

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight: 12%

Explanation: Independent auditors (Ernst and Young LLP Certified Public Accountants) review the BEP during its annual audit process. In addition, BEP's ISO recertification consists of an independent audit of the 20 components of BEP's Quality Management System (QMS) on an annual basis.

Evidence: 2002 CFO Accountability report; IWG meeting minutes June 12, 2003; Monthly cost and production reports; ISO Certification

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight: 12%

Explanation: The budget is generally aligned with the program goals and is linked to the BEP's strategic plan.

Evidence: The BEP uses activity-based costing principles to assess full cost of each of its main programs. The BEP's congressional justification and budget documentation are presented in accordance with long-standing congressional direction specified for the BEP revolving fund.

## Program Assessment Rating Tool (PART)

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight: 12%

**Explanation:** The BEP is revising its strategic plan and is establishing several annual performance goals to demonstrate progress towards achieving the long-term goals of the program. Semi-annually BEP executives and program managers meet in an all-day planning and performance meeting to review annual goals and performance. Planning and performance deficiencies are identified and program managers are assigned responsibility for implementation of corrective actions.

**Evidence:** Draft FY 2004 -2008 BEP Strategic Plan

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 14%

**Explanation:** BEP collects monthly production and cost performance data from the shop floor and its cost accounting systems. This information is evaluated and presented to executive and program management at the monthly production and cost meeting. Also, the Federal Reserve provides quality and shipment discrepancy data to BEP on a monthly basis.

**Evidence:** 1. Monthly cost and production reports 2. Quarterly Goal-Sharing Update 3. BEP Management Information System (BEPMIS)

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 14%

**Explanation:** The BEP uses performance measures to evaluate the performance of its SES and mid-level managers. Also, monthly production and cost reviews are held with the executive team to examine and discuss financial (cost) information and performance measures. Program managers are expected to explain and justify variances as well as make adjustments when necessary to improve performance. The Bureau implemented a goal sharing program a few years ago to incentivize managers and employees to be accountable for results. A monetary benefit is available to employees based on achievement of specific cost, performance and safety goals that the BEP is focused on for a given year.

**Evidence:** 1. Monthly cost reports 2. SES performance plans 3. Quarterly Goal-Sharing update 4. 2002 CFO Accountability report

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 14%

**Explanation:** The BEP is an industrial revolving fund and its currency program operations are funded from the sale of currency (at cost) to the Federal Reserve System. All funds are obligated in a timely manner for the intended purpose.

**Evidence:** 2002 CFO Accountability report with unqualified audit opinion; SF 132 Apportionment.

Program Assessment Rating Tool (PART)

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?**

Answer: YES

Question Weight: 14%

**Explanation:** BEP has developed procedures to allow managers to find efficiencies and improve cost effectiveness in program execution. Frontline managers can assess the status of key performance measures through the BEP management information system. The BEP's goal sharing program provides incentives to encourage managers and employees to work together to exceed aggressive performance standards. The BEP runs a suggestion program that recognizes employee suggestions with monetary awards.

**Evidence:** Over the past five years more than \$20 million has been saved through the implementation of employee suggestions. Incentives - FY 2003 Annual goal sharing program, BEP Management Information System (BEPMIS).

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: YES

Question Weight: 14%

**Explanation:** BEP meets monthly with the Federal Reserve to discuss program issues and concerns. BEP participates with Treasury, Federal Reserve, and Secret Service through the Advanced Counterfeit Deterrence Committee to develop and implement strategy to protect U.S. currency from current and future counterfeiting threats. In addition, the Bureau and the Mint maintain a close working relationship and have a number of shared service initiatives that include the following: Exchange of high-level information technology managers to effect knowledge transfers in the areas of IT infrastructure, server configuration and information security; cooperation in sales efforts; collaboration on product designs; the development and implementation of a common pay scale for Mint and BEP police officers; and heightened management collaboration and discussion on issues such as supply chain management, police officer recruiting and retention, drug testing, and employee development.

**Evidence:**

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 14%

**Explanation:** For the past eighteen years, the BEP has received an unqualified (clean) audit opinion. There are no material internal control weaknesses identified for this activity. Further, the BEP has established an internal management control function to conduct reviews and studies to evaluate the efficiency and effectiveness of BEP programs, major initiatives, and finance functions.

**Evidence:** most recent meeting minutes are for the meeting held June 12, 2003.

**3.7 Has the program taken meaningful steps to address its management deficiencies?**

Answer: YES

Question Weight: 14%

**Explanation:** The BEP has effective programs in place to assist management in the performance of their duties. For example, the BEP's EEO office ensures compliance with EEOC regulations and Treasury guidance. BEP's EEO office utilizes the Alternate Dispute Resolution (ADR) process where applicable and continues to cultivate a collaborative effort to positively impact complaint resolution and enhance management accountability through training and education. In addition, BEP strives to maintain a positive relationship with the 18 unions that represent BEP's workforce through the use of a Joint Labor Council to facilitate an open dialogue between management and union members. The BEP has made notable efforts to establish internal processes separate from its production functions that would address any management deficiencies.

**Evidence:** Interagency Working Group (IWG) meeting minutes, June 12, 2003

**Program Assessment Rating Tool (PART)**

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: YES Question Weight: 25%

**Explanation:** BEP has steadily improved the quality of the finished product delivered to the Federal Reserve as past year performance statistics indicate. Also, BEP has successfully maintained ISO certification after achieving certification for the first time in FY 2001.

**Evidence:** BEP's performance measures as reported in recent submissions are as follows: 1) % of Federal Reserve orders met as requested- 100% in 2001, 100% in 2002 2) Currency spoilage rate - new currency production - 7.4% in 2001, 5.6% in 2002 3) Manufacturing costs for currency (dollar cost per thousand notes produced) - \$31.31 in 2001, \$34.91 in 2002 4) # of notes returned by the Federal Reserve due to manufacturing defects (per million notes delivered) - .009 in 2001, .006 in 2002, 5) Maintain/upgrade ISO Certification- Certified in 2001, certified in 2002. 6) Currency shipment discrepancies (per million notes) - .00 in 2001, .00 in 2002. Sources: 2002 CFO Accountability report; FY 2004 Congressional Budget Submission (BEP-08-11); ISO 9001 Certification; Monthly cost and production reports; GPRA Performance Plan

**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: YES Question Weight: 25%

**Explanation:** BEP met or exceeded its performance goals for FY 2002.

**Evidence:** BEP's performance against target as reported is as follows: 1) % of Federal Reserve orders met as requested- Target-100%, Performance -100%. 2) Manufacturing costs for currency (dollar cost per thousand notes produced) - Target-\$30.45, Performance - \$27.13 3) # of notes returned by the Federal Reserve due to manufacturing defects (per million notes delivered) - Target -.0250, Performance- .006 4) Maintain/upgrade ISO Certification- Target-certified, Performance -certified. 5) Currency shipment discrepancies (per million notes) - Target .0100, Performance- .00. Sources: FY 2004 Congressional Budget Submission (BEP-08-11); 2002 CFO Accountability report; GPRA Performance Plan.

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: LARGE EXTENT Question Weight: 25%

**Explanation:** The production roll-out of the redesigned, next generation \$20 currency note earlier this spring began on schedule and early cost and performance results point to a successful start for this effort.

**Evidence:** FY 2002 final goal sharing report

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: NA Question Weight: 0%

**Explanation:** BEP's manufacturing operations are not similar to the manufacturing programs of any private or government program, including the U.S. Mint. The technologies used to manufacture currency are different from those employed to mint coins. The major difference between currency and coin is the adaptability of the currency substrate (paper or polymer) to new design features and/or elements that enhance the counterfeit deterrence characteristics. Foreign security printers do not produce comparable quantities of currency notes and design features vary widely from country-to-country. Foreign printers maintain currency performance data as proprietary information which further precludes meaningful comparisons with U.S. currency manufacturing performance.

**Evidence:** 31 U.S.C. 321(a)(4)

## Program Assessment Rating Tool (PART)

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Effective
100%	100%	100%	92%	

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?**      Answer: YES      Question Weight: 25%

**Explanation:** BEP's independent auditors annually evaluate and validate goal sharing results as part of the annual financial statement audit process. The Federal Reserve reviews cost proposals and pricing methodology on an annual basis, and GAO periodically requests information for review. BEP's annual ISO recertification consists of an independent audit of the 20 components of BEP's Quality Management System (QMS). In addition, the Secret Service performs a comprehensive evaluation of BEP security and accountability programs on a five-year cycle.

**Evidence:** 2002 CFO Accountability Report; ISO Certification; Secret Service's security and accountability report

## PART Performance Measurements

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing

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**Measure:** Percent of currency notes delivered to the Federal Reserve that meet its quality requirements.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2005	99.99 %		

**Measure:** Currency shipment discrepancies per million notes. This measure refers to product overages or underages of as little as a single currency note in shipments of finished notes to the Federal Reserve Banks.

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	0.01	0	
2002	0.01	0	
2003	0.01	0	
2004	0.01		
2005	0.01		

**Measure:** Manufacturing cost per 1,000 new design currency notes delivered (in dollars).

**Additional Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	\$31.50	\$31.31	
2002	\$35.75	\$34.91	
2003	\$37.40	\$37.04	
2004	\$42.00		

## PART Performance Measurements

**Program:** New Currency Manufacturing  
**Agency:** Department of the Treasury  
**Bureau:** Engraving & Printing

**Measure:** Maintain ISO Certification. ISO Certification signifies that the certified organization follows a rigorous quality control program under stringent international standards.

**Additional Information:** ISO is an internationally recognized quality assurance program aimed at improving the quality of manufactured products. Certification requirements entail implementation and adherence to written procedures and detailed work instructions which document all processes that affect the quality of each product line. ISO certification signifies that the certified organization follows a rigorous quality control program under stringent international standards and provides current and future Bureau customers assurance that our currency-manufacturing program will deliver high quality security products.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	certified	certified	
2002	certified	certified	
2003	certified	certified	
2004	certified		
2005	certified		

## OMB Program Assessment Rating Tool (PART)

### *Regulatory Based Programs*

**Name of Program: OCC Bank Supervision**

**Section I: Program Purpose & Design (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Is the program purpose clear?</i>	Yes	The Office of the Comptroller of the Currency (OCC) charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.	OCC's Strategic Plan 2000-2005 articulates the program purpose clearly.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	The program is designed to address the safety and soundness of the national banking system and the maintenance and integrity of the Bank Insurance Fund (FDIC deposit insurance).	Banks regulated by the OCC account for more than 54 percent of the nation's banking assets.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	OCC charters and is the primary federal regulator of national banks.	2,800 OCC employees supervise approximately 2,200 national banks accounting for more than 54 percent of the nation's banking assets.	20%	0.2

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	OCC is the primary regulator of national banks. However, FDIC performs limited supervision of national banks. Other depository institutions are regulated by a complex, overlapping structure of Federal and State agencies. Other agencies, including the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA) and the Federal Reserve Bank (FRB), perform similar types of regulatory functions in the banking industry.	OTS Strategic Plan, NCUA Strategic Plan, and FDIC Strategic Plan all reflect similar regulatory functions as OCC.	20%	0.0
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	The OCC approach to bank supervision -- supervision by risk -- results in effective and efficient bank supervision. The Supervision by Risk model has been replicated by other bank regulatory agencies. OCC's primary funding source (fee assessments on total assets of national banks) imposes a level of financial management discipline that requires the OCC to conduct bank supervision in an efficient and effective manner. By comparison, the funding sources of some other federal bank regulators are not constrained and do not necessitate a similar level of financial management discipline.	Bank Supervision Process booklet of the Comptroller's Handbook; Large Bank Supervision booklet of the Comptroller's Handbook; Community Bank Supervision booklet of the Comptroller's Handbook; Reforming the Funding of Bank Supervision ( <a href="http://www.occ.treas.gov/reformfunding.pdf">http://www.occ.treas.gov/reformfunding.pdf</a> ).	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section II: Strategic Planning (Yes, No, N/A)</b>						
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The OCC has established three long term strategic goals for the organization. These goals directly support the OCC's mission of, "Charter, regulate and supervise national banks to ensure a safe, sound and competitive banking system that supports the citizens, communities, and economy of the United States." These goals focus on the desired state of the national banking system in protecting the financial assets and meeting the needs of the American public. A fourth, enabling goal reflects the desired management attributes for the agency as it accomplishes its mission. The specific outcomes that demonstrate achievement of these long term goals are established in the Annual Performance Plan and are discussed under Question 2 below.	OCC published its 2000-2005 Strategic Plan that includes the four long term strategic goals for the organization. The goals are: 1) A safe and sound national banking system; 2) A flexible legal and regulatory framework that enables the national banking system to provide a full competitive array of financial services; 3) Fair access to financial services and fair treatment of bank customers; and, 4) An expert, highly motivated and diverse workforce that makes efficient use of OCC resources. Performance goals and measures are established in the FY 2003 Performance Plan.	14%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	The OCC implemented a new set of goals and measures for FY 2003 that are more outcome-oriented and better reflect achievement of the long term, strategic goals of the agency. The annual performance goals state the actual and targeted performance and outcomes for specific time periods. The annual performance goals are linked to Treasury's strategic goals, OCC's strategic goals, and also OCC's major programs. The performance goals are supported by a balanced set of measures considering program results, customer satisfaction and employee satisfaction. Several of OCC's performance goals relate to improving efficiency. OCC also has adopted operational measures that are used internally to track organizational performance and guide decision making. OCC has revised its measures several times since the early 1990s, so it lacks the consistency of performance data to show continuous improvement from an external perspective. Although new measures have been adopted, old measures remain important as operational data that the OCC continues to monitor.	The OCC publishes its Annual Performance Plan as part of Treasury's Congressional budget. The FY 2003 performance goals relative to OCC's mission are: 1) Achieve effective rehabilitation of problem national banks; 2) Maintain a well-capitalized national banking system; 3) Maintain a safe and sound national banking system through effective supervision; 4) Maintain a national banking system that is responsive to community development opportunities; 5) Maintain a national banking system that effectively complies with consumer laws and regulations; 6) Facilitate the timely and effective resolution of consumer complaints; 7) Increase the number of institutions that use the Internet to file licensing applications; 8) Complete licensing decisions in a timely, effective and professional manner; and, 9) Issue external legal opinions within established timeframes.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	Since regulated entities are not necessarily considered program partners, it is not apparent that the OCC has partners in the context of this question. The OCC does contract with a small number of personnel and they do share OCC's goals.	N/A.	0%	0.0
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	OCC has joined other financial institution regulatory agencies as part of the Federal Financial Institutions Examination Council (FFIEC) in an effort to develop common examination policies and procedures. OCC's strategic goals and measures, however, are not coordinated with those of other financial regulatory agencies. Similar goals and measures need to be developed in order to better compare agency outcomes.	Office of the Inspector General's (OIG) 2002 review entitled "Joint Evaluation of the Federal Financial Institutions Examination Council" concluded that the FFIEC is accomplishing its mission of prescribing uniform principles, standards, and report forms and is achieving coordination between the banking agencies. The report further concluded that the FFIEC and the banking agencies have issued guidance responsive to the major risks and emerging issues facing the industry between 1997 and 2001 (the period of the study) and had achieved uniformity in critical areas such as common examination rating systems and standard quarterly financial reports submitted by insured institutions (see report pages 5, 6, 10-14). FFIEC annual reports; joint interagency bank supervision conferences; OCC strategic plan.	14%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	The OIG conducts reviews of the supervision process. The OIG also conducts a review to determine the reasons for the failure and steps to be taken to prevent recurrence when there is a material loss to the Bank Insurance Fund due to the failure of a national bank. OCC takes prompt corrective action to address the findings. The OIG conducts follow-up audits to determine the effectiveness of the OCC's actions.	OIG audit plan, Material Loss Report on Keystone, QA reports, OIG audit report, ITC system reports.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	In FY 2001, the budget was first aligned to program areas. Employees allocate their time to these programs. In FY 2002, OCC will have program expenditure data for an entire fiscal year. Actual FY 2002 expenditures, operating plans and program results were considered in the deliberation and final approval of the FY 2003 budget. Additionally, OCC has aligned its performance measures by program. As the OCC is better able to align inputs to outputs/outcomes, the impact of funding, policy and legislative changes will be more readily known in the future.	PPM-3130-20, OCC Budget Process; initial budget requests; one-on-one business unit sessions; operating plans & measures; one-on-one Comptroller sessions; passbacks; appeals; responses to appeals; and, the final approved budget.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The OCC recently revised its measures to better reflect achievement of its strategic goals. Additionally, the FY 2003 budget process included a collaboration between the budgeting, planning, and evaluation staffs working with the program staffs to develop the budget. The OCC is planning to develop its FY 2003-2008 Strategic Plan with the primary purpose of considering industry trends and internal and external environmental issues to provide a future profile of the agency over the next five to seven years. This concerted effort to update the long range vision for the organization will further enhance strategic planning at the OCC.	FY 2004 Annual Performance Plan.	14%	0.1
8 (Reg 1.)	<i>Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?</i>	Yes	All regulations issued by OCC include a specific purpose related to statutory requirement or the OCC Strategic Plan. Purposes may be more narrowly described in regulations than stated goals in the strategic plan. However, each rulemaking project is tracked in the Chief Counsel's Project Tracking System, and relevant agency goals are identified for each rulemaking.	Text of Rulemakings; Rulemaking project entries in Chief Counsel Project Tracking System; OCC Strategic Plan; OCC Bulletin 97-8, "OCC Standards for Developing Regulations"; OCC Regulation Review Report Card, OCC (December 1996).	14%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>100%</b>

**Section III: Program Management (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	OCC gathers timely and credible performance data on its performance measures semiannually. The data is reported internally to the OCC's Executive Committee and externally, through the Department in both the Annual Performance Plan and the Annual Performance (& Accountability) Report.	Definitions for each performance measure, how the performance data is captured and how it is verified and validated are established in the OCC's Annual Performance Plan. The OCC's FMFIA process is used to ensure managers controls over performance data are operating as intended.	8%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The OCC identifies managers responsible for achieving key program results. Through the administration of OCC's performance management program, all OCC employees have established performance standards. Each manager has an annual performance plan with goals and objectives tied to OCC's mission and strategic plan. In addition, each manager completes an annual self-assessment of their program responsibilities (SAM).	PPM - 3110-28, Performance Management Program, Self-Assessments for Managers.	8%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	OCC adopted strict budget formulation and execution processes similar to those followed by appropriated agencies. It has established a funds control process to track the Budget Authority approved by the Comptroller and ensure its use for the intended purposes. The DCFO and the budget contacts in the functional units monitor daily the usage of approved funds and the DCFO reports monthly on the status of funds to the Comptroller and the Executive Committee.	Monthly Financial Status briefings to the Executive Committee with reviews of obligation rates; PPM-1000-14, Special and Contingency Reserves.	8%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	The OCC does not currently have fully developed mechanisms to measure efficiencies on a global agency basis. However, the Comptroller recently instilled a Program and Management Accountability (P&MA) division within the OCC to provide assurance that programs meet mission requirements and are administered in an efficient and effective manner and resources are protected from waste, fraud, and mismanagement. P&MA ensures that accountable management officials establish and maintain a set of cost-effective management controls over program/organizational unit performance; encourage organizational performance excellence through a regular program of quality reviews; ensure that OCC programs align with strategies/priorities by analyzing the OCC's budget and providing input into the strategic planning process; and evaluate the efficiency and effectiveness of programs and recommends alternatives or solutions.	N/A.	8%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	OCC budgets for all direct and indirect costs of operating its programs. All direct and indirect costs are estimated and expensed at both major object class (MOC) and budget object class (BOC) levels. Beginning in FY 2002, OCC's general and administrative expenses will be allocated to its four mission-related programs which are subject to review by independent public accountants.	PPM-3130-20 OCC Budget Process; FY 2003 approved budget; FY 2002 Statement of Net Cost (draft prepared for period ending May 31, 2002).	8%	0.1
6	<i>Does the program use strong financial management practices?</i>	Yes	In addition to the practices discussed in 3. above, OCC follows generally accepted accounting principles applicable to Federal entities, and went live on October 1, 2001 with a new financial management system certified by the Joint Financial Management Improvement Program (JFMIP). The Treasury's Office of Inspector General oversees an annual audit of OCC's financial statements conducted by an Independent Public Accountant. OCC's financial statements, which are prepared following OMB guidance, have earned an unqualified (clean) opinion, with no material weaknesses or conditions of noncompliance with laws and regulations. OCC closes its monthly financial records and transmits the results to the Department of the Treasury within three working days of the end of the month.	\$SMART system documentation; FY 2001 Annual Report; Monthly TIER submissions for FY 2002.	8%	0.1
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	OCC established the Program and Management Accountability division (P&MA) comprised of three units: Quality Management, Program Analysis, and the OIG/GAO Liaison function. The division's primary mission is to provide assurance that programs meet mission requirements and are administered in an efficient and effective manner and resources are protected from waste, fraud, and mismanagement. Meaningful steps to address management deficiencies include the Self Assessment for Managers (SAM) process and the implementation of \$SMART and it's related Asset Management system.	PPM 1000-12 -- Management Accountability; Self Assessment for OCC managers administered by the Program and Management Accountability division; March 2002 <i>Quarterly Journal</i> , Annual Report of Operations; \$SMART System documentation.	8%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Reg 1.) <i>Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses, in drafting significant regulations?</i>	Yes	For Advanced Notices of Proposed Rulemakings and Notices of Proposed Rulemakings, the process of soliciting views of affected parties in the drafting process is formalized. For other rulemakings, views may be solicited through the Comptroller and other senior management outreach with interested groups and through piloting regulatory changes under consideration.	ANPRs for OCC's E-Banking and Debt Cancellation rules; schedule of Comptroller and Chief Counsel meetings with bankers, bank associations and customer and community groups; documentation of Lending Limit pilot and results; OCC Bulletin 97-8, "OCC Standards for Developing Regulations"; OCC PPM 1000-10, "Policy Review and Approval Procedures."	8%	0.1
9 (Reg 2.) <i>Did the program prepare, where appropriate, a Regulatory Impact Analysis that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?</i>	Yes	OCC normally does not issue regulations that meet threshold criteria requiring a Regulatory Impact Analysis. For any regulations that meet the criteria, a Regulatory Impact Analysis will be prepared.	OCC Rulemakings.	8%	0.1
10 (Reg 3.) <i>Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?</i>	Yes	The last complete regulatory review was completed 1993-1996, and a schedule is currently being established by the FFIEC for a complete regulatory review by 2006, to meet EGRPRA requirements. The OCC also reviews regulations at the initiation of the Comptroller or Chief Counsel to ensure regulatory consistency in accomplishing goals.	OCC Strategic Plan; "Measuring the Effectiveness of the OCC's Regulation Review Program," OCC, (July 1998); Part 24 and e-Corp rulemaking projects entries in Chief Counsel's Project Tracking System; OCC Bulletin 97-8 "OCC Standards for Developing Regulations."	8%	0.1
11 (Reg 4.) <i>In developing new regulations, are incremental societal costs and benefits compared?</i>	No	While the OCC takes into account costs and benefits when developing and issuing new regulations, formal cost-benefit analyses are not routinely performed on proposed rules. The OCC frequently solicits comments on burden and cost through proposed rules. When cost benefit analysis data are provided by commenters, the OCC considers those analyses along with other comments as part of its public comment process.	OCC Bulletin 97-8 "OCC Standards for Developing Regulations"; OCC PPM 1000-10, "Policy Review and Approval Procedures"; text of proposed rulemakings; "Measuring the Effectiveness of the OCC's Regulatory Review Program, OCC (July 1998).	8%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
12 (Reg 5.) <i>Did the regulatory changes to the program maximize net benefits?</i>	Yes	The OCC balances costs and benefits in developing and issuing new regulations, for example between safety and soundness, a competitive banking environment, and protection of consumers.	OCC Bulletin 97-8 "OCC Standards for Developing Regulations"; OCC PPM 1000-10, "Policy Review and Approval Procedures"; "Measuring the Effectiveness of the OCC's Regulatory Review Program," OCC (July 1998); OCC Regulation Review Report Card, OCC (December 1996).	8%	0.1
13 (Reg 6.) <i>Does the program impose the least burden, to the extent practicable, on regulated entities, taking into account the costs of cumulative final regulations?</i>	Yes	Each proposed rulemaking identifies proposed new requirements and requests comment on implementation burden, especially for community banks. Comments are considered during OCC's comment analysis process. Consistency and interaction among regulations are considered during regulatory review programs. The OCC also seeks other ways to reduce regulatory burden on the national banks and federal branches it supervises. Through CAGnet, available through NationalBankNet, participating national banks can receive and respond electronically to customer complaints received through the OCC's Ombudsman's office. The OCC has several initiatives that seek to utilize electronic data collection through NationalBankNet and reduce the administrative burden. Additionally, OCC participates with other federal bank regulatory agencies in using joint regulatory reporting forms (call report) to minimize burden. The agencies have adopted electronic call report filing.	OCC Bulletin 97-8 "OCC Standards for Developing Regulations"; text of proposed rulemakings; "Measuring the Effectiveness of the OCC's Regulation Review Program," OCC, (July 1998), Call Report Instructions, CAGnet.	8%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>85%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>						
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large Extent	To demonstrate achievement of OCC's long term goals, the most comprehensive performance measures from the FY 2003 performance plan were selected. Since these measures were established for FY 2003, actual results have not been reported externally but the data was gathered to establish the annual targets and is available internally. To respond to this question, OCC selected a few performance measures as established in the FY 2003 Performance Plan and provided actual results for FY 2001.	FY 2003 Annual Performance Plan and internal documentation of 2001 results.	20%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
			<p>Long-Term Goal I: A safe and sound national banking system</p> <p>Target: 90% of national banks with composite CAMELS rating of 1 or 2</p> <p>Actual Progress achieved toward 2001 - 94%, 2002 - 95% goal:</p>			
			<p>Long-Term Goal II: A flexible legal and regulatory framework that enables the national banking system to provide a full competitive array of financial services</p> <p>Target: 95% of licensing applications completed within established timeframes.</p> <p>Actual Progress achieved toward 2001 - 95%, 2002 - 96% goal:</p>			
			<p>Long-Term Goal III: Fair access to financial services and fair treatment of bank customers</p> <p>Target: 94% of national banks with consumer compliance ratings of 1 or 2</p> <p>Actual Progress achieved toward 2001 - 95%. 2002 - 95% goal:</p>			
			<p>Long-Term Goal IV: An expert, highly motivated and diverse workforce that makes effective use of OCC resources.</p> <p>Target: OCC's workforce distribution by race, national origin, and gender compares favorably with the civilian labor force</p> <p>Actual Progress achieved toward Improving trends goal:</p>			
2	Does the program (including program partners) achieve its annual performance goals?	Yes	In FY 2001, OCC had 7 performance goals and measures in the department's annual performance plan. OCC met or exceeded 5 of 7 of its targets. One of the unmet measures was non-mission related. The other unmet measure was an operational/process measure and did not adversely affect progress on OCC's long term goals. To respond to this question, OCC selected a few performance measures as established in the FY 2003 Performance Plan and provided actual results for FY 2001.	FY 2001 Annual Performance Report; FY 2003 Annual Performance Plan; Internal documentation of FY 2001 actual results.	20%	0.2
			<p>Key Goal I: Achieve effective rehabilitation of problem national banks</p> <p>Performance Target: 40% of the prior fiscal year-end's problem banks were rehabilitated during the fiscal year.</p> <p>Actual Performance: 2001 - 44%, 2002 - 47%</p>			
			<p>Key Goal II: Maintain a well-capitalized national banking system</p> <p>Performance Target: 95% of national banks are well-capitalized.</p> <p>Actual Performance: 2001 - 98%, 2002 - 99%</p>			
			<p>Key Goal III: Issue external legal opinions within established timeframes</p> <p>Performance Target: 85% of external legal opinions issued within established timeframes</p> <p>Actual Performance: N/A - new goal, not tracked in 2002.</p>			

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Yes	During FY 2002, OCC reviewed more than the goal of 5% (14 positions) of its FAIR Act positions for potential outsourcing. OCC determined that there was no cost advantage to outsourcing the 20 management services positions reviewed. Additionally, the number of management services staff required to support OCC operations has been reduced over the past few years.	A-76 reviews conducted during FY 2002 and; Office of Management Staffing Plan.	20%	0.2
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	NA	It is impossible to compare program performance until the financial regulatory agencies better align outcome goals and related measures.			
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	In material respects, OIG audits do not find systemic or major deficiencies. The audits address finite pieces of an overall program and individual instances of apparent lapses in effective supervision. Internal quality reviews indicate that the program is effective.	OIG audit plan, MLR on Keystone, QA plans and reports, OIG audit report, ITC system reports, Comptroller's Annual Assurance Certification.	20%	0.2
6 (Reg 1.)	<i>Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?</i>	Yes	The OCC balances costs and benefits in developing and issuing new regulations, for example between safety and soundness, a competitive banking environment, and protection of consumers.	"Measuring the Effectiveness of the OCC's Regulation Review Program," OCC, (July 1998); OCC Bulletin 97-8 "OCC Standards for Developing Regulations; OCC Regulation Review Report Card, OCC (December 1996).	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>93%</b>

## OMB Program Assessment Rating Tool (PART)

### *Direct Federal Programs*

**Name of Program: Office of Foreign Assets Control (OFAC)**

#### **Section I: Program Purpose & Design (Yes, No, N/A)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	OFAC is responsible for administering and enforcing economic and trade sanctions against targeted foreign countries, terrorism sponsoring organizations and international narcotics traffickers. Typically, this involves imposing controls on transactions with, and freezing the assets of, targeted foreign entities and individuals. The purpose and scope of each sanctions program is typically laid out in the implementing executive order.	OFAC Mission Statement; International Emergency Economic Powers Act ("IEEPA") and implementing executive orders; Trading With the Enemy Act; United Nations Participation Act; Foreign Narcotics Kingpin Designation Act; Anti-Terrorism and Effective Death Penalty Act of 1996.	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	Freezing assets and enforcing trade sanctions against specified countries, groups and individuals advance U.S. national security and foreign policy interests.	OFAC derives its authority from Presidential wartime and national emergency powers, as well as through specific authorizing legislation.	20%	0.2
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	Since September 11th, the United States (OFAC) and its allies have frozen over \$124 million in terrorist assets thus impairing their ability to finance terrorist activities domestically and abroad. Altogether, OFAC is currently freezing about \$4 billion under 24 sanctions programs.	President Bush made disrupting terrorist financing a centerpiece of the War on Terrorism with his signing of Executive Order 13224. Executive Orders, declaring a national emergency with respect to specific threats, and invoking special Presidential IEEPA powers are typically issued as the financial component of an overall response to national security or foreign policy threats.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	OFAC is the <b>only</b> government agency with the regulatory authority and organizational infrastructure to enforce trade and economic sanctions and freeze assets of individuals or organizations under U.S. jurisdiction.	Invoking Presidential authority contained in IEEPA and prohibiting economic interaction with a foreign entity or person is the strongest and most expansive (in terms of scope) executive branch action that can be taken short of direct military or law enforcement action.	20%	0.2
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	There is no evidence to suggest an alternative mechanism would achieve our foreign policy and national security objectives in the area of dismantling terrorist financing or financially weakening U.S. adversaries.	Blocking actions have direct effect because the U.S. dollar is the world's preeminent currency. Almost all dollar denominated financial transfers ultimately clear through banks subject to U.S. jurisdiction.	20%	0.2
<b>Total Section Score</b>				<b>100%</b>	<b>100%</b>

## Section II: Strategic Planning (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	OFAC does not have long-term performance measures but is in the process of developing them for inclusion in the FY 2005 Budget and performance plan (see Section II, question 7 for steps taken to date).		20%	0.0
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	OMB and Treasury currently are reviewing and finalizing annual performance measures.	Annual goals are under development and are not yet complete.	20%	0.2
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	OFAC's partners bring considerable insight and information that is used to refine and improve blocking orders and actions.	OFAC continuously interacts with the intelligence and law enforcement communities, as well as the State Department and the National Security Council. OFAC is represented on such interagency task forces as Treasury's Operation Green Quest and the FBI's Terrorist Financing Operating Section.	15%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	NA	There are no other entities with similar goals and objectives (see Section I, question 4)		0%	
5 <i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	In recent years, OFAC has been the subject of Congressional and Executive Branch examinations. In 2001, the Judicial Review Commission, established by Congress under the Foreign Narcotics Kingpin Designation Act, completed a comprehensive review of OFAC's legal authority and operations.	OFAC reports to Congress every six months (as required by IEEPA and related statutes) detailing actions taken and amounts blocked under the declared national emergency, as well as reasons for the continuation of the national emergency. Congressional review is required for OFAC's 24 sanction programs.	10%	0.1
6 <i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	OFAC is imbedded in Treasury's Departmental Offices account along with other smaller offices. As such, assessing the impact of policy decisions on performance and budget matters often proves difficult. (See next question for steps taken to date).		10%	0.0
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	OFAC is in the process of developing stronger long-term and annual performance goals. As a component of Treasury's Departmental Offices (DO), OFAC is working to improve reporting on its budget structure within DO. Treasury is also undertaking a broader effort to develop measures of success in attacking terrorist financing.	OMB, Treasury's Office of Performance Budgeting and OFAC continue to discuss ways to improve strategic planning, including the development of long-term and annual performance goals and measures.	25%	0.3
<b>Total Section Score</b>				<b>100%</b>	<b>70%</b>

Section III: Program Management (Yes,No, N/A)					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	OFAC collects and tabulates information on blocked assets, penalties and fines assessed, criminal cases pursued and various categories of licenses issued.	OFAC's regulations require reports within 10 days of blockings and comprehensive annual reports by holders of blocked property (31 CFR Part 501.603). OFAC also records information on penalties and fines, criminal cases, and licenses issued. In addition, many of OFAC's licenses contain specific reporting requirements.	20%	0.2
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	OFAC does not use performance measures to evaluate SES or mid-level managers.		10%	0.0
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	OFAC rarely lapses S&E funds.	Treasury Annual Report, Budget Execution reports	15%	0.2
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	There are no such procedures in place, but OFAC currently is undergoing an independent review of its internal procedures and IT systems.	A consulting firm is assessing OFAC's information technology and internal procedures to improve efficiency and transparency. OFAC also is exploring the creation of an advisory committee under the Federal Advisory Committee Act to identify potential efficiencies.	10%	0.0
5 <i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	Budget allocations and spending for OFAC are difficult to track since it is a component of the Departmental Offices (DO) account. The 2004 Budget will resolve this dilemma by earmarking OFAC's budget allocation in the DO appropriation.		10%	0.0
6 <i>Does the program use strong financial management practices?</i>	Yes	There are no financial management related weaknesses at OFAC.	Treasury Accountability Report	15%	0.2
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	OFAC is working within the context of the President's Management Agenda (PMA) to improve budget/performance integration.	Treasury quarterly PMA Submissions	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Total Section Score</b>				<b>100%</b>	<b>70%</b>

**Section IV: Program Results (Yes, Large Extent, Small Extent, No)**

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	OFAC does not have long-term outcome goals, but is in the process of developing them. Treasury is undertaking a broader effort to develop measures of success in attacking terrorist financing.	Per PART instructions, program received a "no" on Section II, question 1 necessitating a "no" for this particular question.	30%	0.0
		Long-Term Goal I: Target: Actual Progress achieved toward goal:	Measures under development.		
		Long-Term Goal II: Target: Actual Progress achieved toward goal:			
		Long-Term Goal III: Target: Actual Progress achieved toward goal:			
2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Large Extent	Although Treasury is developing new measures, OFAC would have achieved targets if preliminary measures were in place in FY 2002.		30%	0.2
		Key Goal I: Performance Target: Actual Performance:	Timely development of trade sanction programs. Targets under development.		
		Key Goal II: Performance Target: Actual Performance:	Compliance with US trade sanctions. Targets under development.		
		Key Goal III: Performance Target: Actual Performance:			
3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	OFAC does not have any means to measure efficiencies.		20%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	NA	There are no other entities with similar goals and objectives (see Section I, question 4)		0%	
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	Recent newspaper and private reports note Treasury's role in blocking over \$124 million worldwide, seizing over \$16 million in bulk cash smuggling schemes and arresting numerous individuals and organizations with financial ties to terrorists.	Blocking assets is just one component of the Financial War on Terrorism. Other components include curtailing bulk cash smuggling and dismantling fundraising channels. OFAC plays a central role in all of these areas.	20%	0.2
<b>Total Section Score</b>				<b>100%</b>	<b>40%</b>

**OMB Program Assessment Rating Tool (PART)**  
**Regulatory Based Programs**

Name of Program: **OTS Thrift Supervision**

**Section I: Program Purpose & Design (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Is the program purpose clear?</i>	Yes	Home Owners' Loan Act authorizes the Office of Thrift Supervision (OTS) to charter, examine, supervise and regulate savings associations.	Home Owners' Loan Act, Federal Deposit Insurance Act, and OTS Mission Statement as stated in the Strategic Plan reinforce the program's purpose.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	A thrift industry operating in a safe and sound manner, serves a important public need.	Industry assets are close to \$1 trillion. Thrifts originate approximately 20% of all mortgages in the U.S., and they hold nearly one-half trillion dollars in whole mortgages and mortgage-backed securities. Current industry data; OTS Quarterly Press Releases.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	OTS charters all Federal savings associations and is the primary federal regulator for all FDIC-insured savings associations.	OTS Mission Statement as stated in the Strategic Plan, enforcement actions, charter applications.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	No	OTS is uniquely charged with ensuring that thrifts provide housing finance to borrowers in a safe and sound manner and is the only regulator that uses a comprehensive model to assess and supervise interest rate risk. However, FDIC performs limited supervision of thrift institutions. Depository institutions are regulated by a complex, overlapping structure of Federal and State agencies. Other agencies, including the Office of Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA) and the Federal Reserve Bank (FRB), perform similar types of regulatory functions in the banking industry.	OCC Strategic Plan, NCUA Strategic Plan, and FDIC Strategic Plan all reflect similar regulatory functions as OTS.	20%	0.0

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	The program is designed to operate in an effective and efficient manner. OTS focuses its examination and supervision practices on risk and uses an Interest Rate Risk model as a measurement tool. As OTS charges thrifts for the cost of supervision, it imposes financial incentives on them to operate in accordance with OTS's regulations. OTS is motivated to find the most cost-effective practices because assessments on thrifts are the source of OTS's funding. There are ways that OTS could improve its program, specifically by demonstrating the effectiveness of the use of compliance self-examinations and by taking steps to examine long-term systemic risks in the industry.	OCC Strategic Plan	20%	0.2
<b>Total Section Score</b>					<b>100%</b>	<b>80%</b>

**Section II: Strategic Planning (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	OTS has three long-term goals that reflect its mission and achieve critical outcomes in support of national economic policy: (1) thrifts operate in a safe and sound manner to protect depositors' savings; (2) a flexible regulatory framework enables the industry to provide a full competitive array of financial services; and (3) access to financial services and treatment of thrift customers are fair.	OTS GPRA Performance Plan and Strategic Plan.	14%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	OTS has several performance goals to demonstrate progress toward achieving the long-term output goals, including (1) adequate capitalization in thrift institutions; (2) completion of examination objectives stated in customer service plan; and (3) containment of financial regulatory burden on thrifts.	OTS GPRA Performance Plan and Strategic Plan.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	This program does not have partners (grantees, contractors, etc.)			
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	OTS has joined other financial institution regulatory agencies as part of the Federal Financial Institutions Examination Council (FFIEC) in an effort to develop common examination policies and procedures.	OIGs' 2002 review entitled "Joint Evaluation of the Federal Financial Institutions Examination Council" concluded that the FFIEC is accomplishing its mission of prescribing uniform principles, standards, and report forms and is achieving coordination between the banking agencies. The report further concluded that the FFIEC and the banking agencies have issued guidance responsive to the major risks and emerging issues facing the industry between 1997 and 2001 (the period of the study) and had achieved uniformity in critical areas such as common examination rating systems and standard quarterly financial reports submitted by insured institutions (see report pages 5, 6, 10-14). FFIEC annual reports; joint interagency bank supervision conferences.	14%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	Evaluations or program performance reviews are conducted on a periodic basis to examine effectiveness and to consider program improvements.	Regular audits of supervisory programs and cases by GAO, Treasury IG, FDIC and IG. It is anticipated that audits will continue to address specific programmatic issues.	14%	0.1
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	As a non-appropriated bureau, OTS monitors the impact of funding, policy, legislative changes, and the risks to regulated institutions. The budget is aligned with program goals and projected assessments, which is the source of OTS funding.	The OTS FY04 Budget reflects program goals.	14%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	OTS has defined long-term goals that state useful outcomes and measures of progress. Major reductions in expenses (without increases in assessments) in FY2002 enabled OTS to further refine its strategic and performance plans in FY 2003 and beyond.	OTS GPRA Performance Plan and Strategic Plan.	14%	0.1
8 (Reg 1.)	<i>Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?</i>	Yes	Regulations are promulgated based upon statutory requirements or as prompted by safety and soundness concerns. OTS Mission Statement, Federal Register documents and industry correspondence provide the basis for agency actions. Public comment is sought on all major regulatory actions.	Home Owners' Loan Act, Federal Deposit Insurance Act, Federal Register documents, comment letters, and CEO letters.	14%	0.1
<b>Total Section Score</b>					<b>100%</b>	<b>100%</b>

**Section III: Program Management (Yes, No, N/A)**

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	OTS regularly monitors examination ratings and quarterly financial data to assess the condition of the industry. OTS uses this information to help problem institutions take corrective actions.	Internal data systems collect, process, and analyze financial and examination data. Quarterly press releases announce the financial condition of the industry.	8%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The Director and Deputy Director hold Regional Directors accountable for supervision of their caseloads of thrifts and the administration of their respective regional offices. Regional Directors are responsible for effective management of statutory examination schedules, annual budgets, and human resources. Regional Directors and all their staff have established performance plans that serve as the basis for annual performance ratings and merit-based salary increases (OTS does not grant any annual cost-of-living increases to salary).	Regional Manager meetings held ten times each year. Weekly significant activity reports submitted to the Deputy Director. Annual performance ratings and merit increases.	8%	0.1

	<b>Questions</b>	<b>Ans.</b>	<b>Explanation</b>	<b>Evidence/Data</b>	<b>Weighting</b>	<b>Weighted Score</b>
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Funds are obligated for their intended purpose. Budget plans may be adjusted during the year if changes to the projected assessments are anticipated. The Information Review Board (IRB) monitors information technology (IT) obligations and expenses.	Obligation and expenses are regularly reviewed by the Deputy Director and Director. The IRB receives reports summarizing IT expenses at quarterly meetings.	8%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	The assessment rates for regulated institutions provide incentives for thrifts to operate safely and soundly. Institutions with higher risks are assessed at a higher rate. Internally, timeliness and efficiencies of exams are monitored and discussed at monthly meetings. Internal reports are provided to regional managers. An internal incentive is to avoid assessment increases to the industry by aligning expenses with revenue, even when budget reductions are necessary (from FY 2002 to FY 2003, OTS's budget has been reduced by 4 percent).	Thrift Bulletin 48-18 provides the assessment rates.	8%	0.1
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The entire OTS budget supports the thrift supervision program and identifies all spending categories.	OTS FY2003 Performance Plan.	8%	0.1
6	<i>Does the program use strong financial management practices?</i>	Yes	OTS had no material weakness, reportable conditions, or instances of non-compliance identified in FY01 or FY02.	OTS received consecutive unqualified opinions on its financial statements since 1990.	8%	0.1
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	OTS is completing the implementation of a common regional management structure designed to minimize regional inconsistencies that might result in management deficiencies.	The regional structure changes were materially completed in 2002 with all regions shifting to a common managerial structure. See OTS CEO memo 157, and memo to all employees, both dated 4/11/02.	8%	0.1
8 (Reg 1.)	<i>Did the program seek and take into account the views of affected parties including state, local and tribal governments and small businesses, in drafting significant regulations?</i>	Yes	Small Business Administration, Council of State Bank Supervisors, and state attorneys general are provided advance copies of regulatory proposals prior to formal publication. Opportunity for public comment is provided on all major regulatory actions.	Transmittal letters and responses; Federal Register documents	8%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Reg 2.) <i>Did the program prepare, where appropriate, a Regulatory Impact Analysis that comports with OMB's economic analysis guidelines and have these RIA analyses and supporting science and economic data been subjected to external peer review by qualified specialists?</i>	Yes	OTS has only had one regulation that is deemed a Significant Regulatory Action based on legal policy reasons rather than potential economic impact. The vast majority of OTS's regulations do not constitute significant regulatory actions as that term is defined in the executive order.	OTS monitors the impact of this regulation by reviewing input from a variety of sources. OTS monitors data collection and burden estimates pursuant to the Paperwork Reduction Act. Recently, OTS has reviewed the study the FRB prepared after Gramm-Leach-Bliley Act (GLBA) and comments received on an advance notice of proposed rulemaking on the Community Reinvestment Act (CRA) rule.	8%	0.1
10 (Reg 3.) <i>Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?</i>	Yes	By statute, OTS must perform a regulatory review every 10 years. OTS has, independent of the statute, performed three such reviews within the last 10 years. OTS Policy Coordination Group regularly reviews regulatory proposals for consistency.	Within the last 10 years, OTS changed regulations by eliminating or modifying outdated ones, or by adding new ones, including rewriting regulations in plain English.	8%	0.1
11 (Reg 4.) <i>In developing new regulations, are incremental societal costs and benefits compared?</i>	No	While the OTS takes into account costs and benefits when developing and issuing new regulations, formal cost-benefit analyses are not routinely performed on proposed rules. Depositor/borrower impact, in conjunction with institution cost and administrative burden, is weighed in determining issuance and structure of regulations and other agency pronouncements. However, OTS does not perform a quantitative cost-benefit analyses.	Federal Register documents, industry correspondence, public comment letters, OTS written testimony on Superior Bank failure	8%	0.0
12 (Reg 5.) <i>Did the regulatory changes to the program maximize net benefits?</i>	Yes	Given statutory constraints, regulations are promulgated following review and analysis of public comments. Cost both to OTS and regulated institutions are factors considered in the regulatory process.	Federal Register documents, industry correspondence, and public comment letters.	8%	0.1
13 (Reg 6.) <i>Does the program impose the least burden, to the extent practicable, on regulated entities, taking into account the costs of cumulative final regulations?</i>	Yes	To the extent permitted, regulations and pronouncements address safety and soundness concerns in a general manner and avoid imposition of specific, inflexible requirements. Examinations are conducted with minimal disruption. Regulated institutions file required data electronically.	Federal Register documents, industry correspondence, OTS Handbooks, and examination programs	8%	0.1
<b>Total Section Score</b>				<b>100%</b>	<b>92%</b>

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
<b>Section IV: Program Results (Yes, Large Extent, Small Extent, No)</b>						
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large Extent	Supervisory oversight has resulted in few failures and problem thrifts while capital and earnings are at the highest levels in history.	Refer to the three goals below.	20%	0.1
<p>Long-Term Goal I: A safe and sound thrift industry. Target: 90% of thrifts with composite CAMELS ratings of 1 or 2. Actual Progress achieved toward 90% goal:</p> <p>Long-Term Goal II: Flexible regulatory framework that enables the thrift industry to provide a full competitive array of financial services. Target: 95% of applications completed within time frames. Actual Progress achieved toward 99% goal:</p> <p>Long-Term Goal III: Fair access to financial services and fair treatment of thrift customers. Target: 90% of thrifts with consumer compliance ratings of 1 or 2. Actual Progress achieved toward 92% goal:</p>						
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Yes	The performance goals contained in the annual GPRA plan are monitored and updated annually. These goals meet their stated objectives.	Refer to the three goals below.	20%	0.2
<p>Key Goal I: OTS-regulated thrifts are adequately capitalized. Performance Target: 95% of thrifts are well capitalized. Actual Performance: 98%</p> <p>Key Goal II: OTS meets examination objectives stated in customer service plan. Performance Target: 80% of thrifts rate the examination process as satisfactory. Actual Performance: Progress will be determined in 2003 since this performance goal/target is new.</p> <p>Key Goal III: Minimize financial regulatory burden on thrifts. Performance Target: Increase assessment rates by no more than the rate of inflation. Actual Performance: No assessment rate increases in 2002.</p>						
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Yes	OTS completed a restructuring in FY02 reducing the number of regional offices from 5 to 4. Staff size was reduced to match workload demands and the consolidation of the industry.	During the restructuring, administrative functions were centralized and supervisory resources combined.	20%	0.2
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	NA	It is impossible to compare program performance until the financial regulatory agencies, such as FDIC, OCC, and NCUA, better align outcome goals and related measures.	OTS Strategic Plan, OCC Strategic Plan, and NCUA Strategic Plan.		
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	During the second quarter of 2002, the OTS-regulated thrift industry reported earnings and profitability that support continued health and profitability. More than 98 percent of the industry exceeded well-capitalized standards.	Well-capitalized thrifts held 99.9 percent of industry assets. FDIC is the provider of insurance to thrifts, and analyzes industry financial data and related OTS examination data.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 (Reg 1.) <i>Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits?</i>	Yes	Regulations are issued following analysis of public comments and are general in scope, given statutory constraints. Examinations are conducted in the least disruptive, most cost-effective manner.	Federal Register documents, examiner guidance, industry correspondence	20%	0.2
<b>Total Section Score</b>				<b>100%</b>	<b>93%</b>

## Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 25%

**Explanation:** The program ensures that taxpayers are credited for paying their taxes. It includes both paper and electronic filing. The current focus is on increasing the relative proportion of electronically-filed returns and payments.

**Evidence:** All documents cited here and elsewhere will be provided as needed. EVIDENCE: 16th Amendment to the Constitution, which authorized the national income tax; Internal Revenue Code, Title 26, Subtitle F, Chapter 61, Subchapter A, Part VII, Section 6091, which gave the Secretary of the Treasury the authority to prescribe how returns would be filed; IRS Mission Statement ([www.ser.irs.gov](http://www.ser.irs.gov)); Wage & Investment and Small Business Self Employed Mission Statements (Division websites); Submission Processing Mission Statement; Submissions Processing Branch & Section Mission Statements (Internal Revenue Manual 1.1.13.10.3 Wage & Investment ). Also, Restructuring and Reform Act of 1998 establishes the electronic filing policy; IRS Strategy & Program Plans and the Electronic Tax Administration Strategy for Growth reiterate IRS's mission of revolutionizing how taxpayers transact and communicate with the IRS.

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 25%

**Explanation:** The program processes Federal tax returns, related documents and payments. The processes are reviewed and revised each year to incorporate changes in legislation and regulations. The emphasis on e-filing addresses the Restructuring and Reform Act of 1998 requirement that 80% of all tax and information returns are to be filed electronically by 2007. Faster refunds, positive acknowledgement of receipts, and fewer errors are some of the key benefits of e-filing. The IRS has undertaken several initiatives to improve e-services for individuals and practitioners; the internet application, Where's My Refund? for individual taxpayers and the on-line application for an Employer Identification Number for business taxpayers. Future e-services for practitioners, include on-line registration for tax professionals; on-line application for a Preparer Tax Identification Number (PTIN); Taxpayer Identification Number matching for payer and individual information; an on-line e-file application; electronic transmission of disclosure authorization; electronic account resolution; and an on-line transcript delivery system.

**Evidence:** Submissions Processing provides oversight for the entire filing season, starting with the Filing Season Readiness process, daily/weekly monitoring of receipts and inventories, weekly Production meetings, bi-weekly directors conference calls, periodic program reviews, and an annual Filing Season Critique. EVIDENCE: IRS, Wage & Investment, and Small Business & Self Employed mission statements; Pipeline Status Reports; Work Planning & Control Reports; daily inventory summary reports, daily Program Completion Date progress reports, and Individual Income Tax Returns Received and Processed National Summary Report; Restructuring and Reform Act of 1998; Small Business & Self Employed Tax Return Summary Report.

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 25%

**Explanation:** Submission Processing does not duplicate any other effort. It processes all individual and business federal tax returns and payments (paper and electronic returns). In 2003, the IRS processed 172.2 million individual and business tax returns. IRS cooperates with the states on electronic filing, which produced 22.5 million Fed/State combined electronically-filed returns this filing season, and with the private sector on such initiatives as the new Free File program, through which over 2.7 million electronic returns were filed this year.

**Evidence:** IRS maintains active partnerships for information sharing with local tax agencies to reduce a duplication of effort at the local level. The IRS/FMS offsets tax refunds for any taxes that filers owe to the states. IRS is the only Congressionally-mandated organization approved to receive and process tax return information. Restructuring and Reform Act of 1998 further encourages IRS to cooperate with and encourage the private sector by encouraging competition to increase electronic filing of returns.

## Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	42%	72%	75%	Demonstrated

**1.4**      **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?**      Answer: YES      Question Weight: 25%

**Explanation:** The paper and e-file programs are free of major flaws. Submission Processing performs an Annual Management Accountability Review to ensure an effective and efficient program. The intent of the Management Accountability Review is to assist managers in fulfilling their legal responsibility to review management and internal controls on procedures or subsystems in their operations and to reduce or eliminate fraud, waste, and abuse of government funds by identifying and correcting deficiencies. Program performance measures are used to monitor progress in processing timeliness and accuracy. Directors are held accountable for the performance of their site on each measure. Submissions Processing's error rate for electronically-filed returns is less than 1% and it received a rating of 78 on the most recent American Customer Satisfaction Index survey. The IRS is developing electronic services and increasing the number of tax forms that can be filed electronically to make electronic filing more attractive to practitioners.

**Evidence:** Efficiency measures are used to evaluate processing timeliness and accuracy. Submissions Processing produces monthly National, Business Operating Division, and site reports for each of these measures (notes3.ausc.irs.gov/sphome.nsf). Annual goals are set and monitored for each measure. Measure results are discussed at the monthly Operational Reviews. **EVIDENCE:** Internal Revenue Manual 3.0.257 Management Accountability Review; Treasury Inspector General for Tax Administration and General Accounting Office Audits; Management Information System for Top Level Executives Reports; Pipeline Status Reports; Work Planning & Control Reports; Program Reviews; FY 2003-2004 Strategy & Program Plan, Monthly Balanced Measures Reports, American Customer Satisfaction Index - e-file Service Center Report - Project Report Survey of Electronic Federal Tax Payment System Users Project 1-02-08--3-006; Annual Assurance Process.

**1.5**      **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?**      Answer: NA      Question Weight: 0%

**Explanation:** The program provides a general benefit that cannot be assigned to a particular service population

**Evidence:**

**2.1**      **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?**      Answer: NO      Question Weight: 16%

**Explanation:** The IRS in general, does not have outcome measures. It has a limited number of long-term output measures, such as number of tax returns processed. These input/output measures are insufficient by themselves to measure performance. They are necessary, however, to allow IRS plan workload requirements. Once IRS is able measure unit costs, the Service should be able to improve these measures.

**Evidence:** **EVIDENCE:** FY 2003-2004 Strategy & Program Plan; Research projection documents; Electronic Tax Administration Strategy for Growth

## Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
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**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not
100%	42%	72%	75%	Demonstrated

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 14%

**Explanation:** Most returns processing measures have long-range targets of three years into the future, developed as part of the Strategy & Program Plan process. IRS has targets for the percentage of returns filed electronically, but these year-by-year targets will not get them to the Congressionally-mandated 80% of all tax and information returns that are to be filed electronically by 2007. Although not currently projected to reach the 2007 target, electronic filing percentages will increase and the IRS is reducing the number of its paper processing sites. Two Business Systems Modernization projects, e-services and Modernized e-file, should encourage additional growth in e-filing. Legislative changes, such as extending the due date for electronically filed returns would also help. The Customer Account Data Engine (CADE), which will be implemented incrementally over 7-10 years, will increase the efficiency of submissions processing. For example, CADE will allow daily, rather than weekly, posting of tax return data. This will reduce the time it takes for taxpayers to receive tax refunds.

**Evidence:** EVIDENCE: Congressional Budget Justification; FY 2003-2004 Strategy & Program Plan; Business Performance Review System; Draft Report on Business Continuity and Resumption Plan for Returns Processing; Research projection documents. See performance measures tab of PART.

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NO Question Weight: 14%

**Explanation:** Submission Processing has performance measures for both paper returns and electronic returns. Targets are set for each measure annually through the Strategy & Program Plan process. Each measure is then monitored and evaluated monthly for efficiency, effectiveness, and progress against targets. Performance measures for employee satisfaction, customer satisfaction, and business results (quantity & quality) are used to monitor program progress. The purposes of the measures are to ensure measurement data are available to provide a basis for measuring and improving work products by: identifying sources of error from processing systems, procedural, instructions, campus and taxpayer action or inaction; identifying and analyzing defect trends; recommending and submitting corrective action; following up with reviews to ensure the corrective action was effective; and, providing input to National Balanced Measure reports.

**Evidence:** EVIDENCE: FY 2003-2004 Strategy & Program Plan; Annual Extract Reports; Research Weekly Tracking Report.

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 14%

**Explanation:** Historical data is used to set annual and long-term targets for paper and e-file performance measures. IRS sets corporate and site-level targets for the current year and two out-years for each performance measure. Each year the IRS includes the impact of system productivity improvements and expected staff productivity (which is affected by training and years on the job) to inform its revised performance targets.

**Evidence:** EVIDENCE: FY 2003-2004 Strategy & Program Plan; Research Projections; Project Management Office/Campus consolidation documents.

Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 14%

**Explanation:** Submission Processing works with internal (IRS) and external partners achieve annual and long term goals and to remove impediments to e-filing. The success of the program depends on the participation of the following internal partners: 1. processing center staffs; 2. electronic tax administration staff; 3. information systems staff; and; 4. education and outreach staffs (these staff work with tax practitioners and stakeholders to increase the number of returns and payments filed electronically). The IRS holds National Tax Forums at which it promotes e-filing. Most recently IRS worked with the Free File Alliance (a consortium of private sector firms) to launch free internet filing for which over 60% of individual taxpayers would be eligible. IRS encouraged e-file at its Volunteer Income Tax Assistance and Tax Counseling for the Elderly sites and this resulted in 950,000 e-filed returns at those sites. Another external partner for paper processing is the Financial Management Service's lockbox network that processes tax payments.

**Evidence:** IRS/Treasury has Memoranda of Understanding with other agencies to support Submissions Processing activities: FMS's Lockbox (accelerates the deposit of funds to the Treasury); Department of Labor (eligibility for the Health Care Credit); US Postal Service (update addresses); and the Social Security Administration (updated social security numbers, birth dates and citizenship). The national office performs annual independent program reviews at processing sites to evaluate effectiveness and relevance of program improvements. EVIDENCE: Program Review Trip reports; GAO 03-314 2002 Tax Filing Season Audit; GAO 03-143 Tax Filing Performance Measures; Internal Revenue Manual 3.0.275 Balanced Measure Procedures for Submission Processing Functions; Annual FMS/IRS contract for lockbox; Pipeline Service contracts; Daily Production Monitoring report from the lockbox financial institutions; FMS Status IRS Lockbox Report; Electronic Tax Administration Advisory Committee Charter; Free File Alliance Agreement, & 10/15/02 Rossotti "Impediments to e-file" Memorandum.

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight: 14%

**Explanation:** Both GAO and the Treasury Inspector General for Tax Administration (TIGTA) perform annual audits of the efficiency and effectiveness of the tax filing season and IRS's returns processing function. IRS responds to all audit recommendations. The Pacific Consulting Group prepared an independent Customer Satisfaction Survey on selected market segments. This survey was an opportunity to hear from the full taxpayer base on a broad range of customer service issues. The research should help develop a clear perspective on who the customers are, how they use Submission Processing services, and how to prioritize strategies for improving customer satisfaction. In addition, Electronic Tax Administration Advisory Committee submits an Annual Report to Congress on the status of the e-file program. The IRS e-file program received a ranking of 78 on the most recent American Customer Survey Index survey compared to an average of 70.2 for government agencies overall.

**Evidence:** EVIDENCE: Office of Audit Fiscal Year 2003 Annual Audit Plan; Market Segment Survey National Report Issued December 2002; TIGTA/GAO Audit Reports; Electronic Tax Administration Advisory Committee Report to Congress.

## Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight: 14%

**Explanation:** Budget requests are tied to the accomplishment of annual and long-term performance goals. Budget requests for the next Strategic Planning cycle include redistribution of work and equipment in support of the long-term goal of processing more e-file returns than paper returns. Annually, all returns and payments must be processed timely. FTE and dollars are allocated to accomplish the anticipated number of returns and payments to be processed. Adjustments are made as needed to ensure the program is fully funded and staffed.

**Evidence:** Work Plans are developed by the functions then loaded into the Budget Formulation System and the FTE base is adjusted based on the approved program initiatives. This information is then downloaded into the Automated Financial System, which tracks the FTE usage throughout the fiscal year. EVIDENCE: Congressional Justification; FY 2003-2004 Strategy & Program Plan Drivers of Program Resources; Work Plans; Submissions Processing Mission Critical Projects List

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NA Question Weight: 0%

**Explanation:**

**Evidence:**

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 16%

**Explanation:** Performance measures are reviewed monthly at the corporate and site levels and continuing improvement efforts are made to achieve annual goals. IRS uses these projections for staffing and workload planning purposes. Managers have intranet access to weekly statistics on receipts, production, and inventories. Internal monitoring reports are used to manage performance results to ensure processing timeliness and accuracy is achieved. In addition to monitoring business results, the IRS conducts annual surveys to solicit feedback from the tax preparation industry to determine their satisfaction with IRS's electronic and on-line filing services. Satisfaction rates for e-file products and services are quite high at an 85% level.

**Evidence:** Inventory and receipt data is collected on a daily basis. If a site encounters difficulties in processing its inventories, transshipment can be implemented. Data is analyzed and used to make recommendations for correction of systemic errors and site-specific recommendations to improve performance (areas to focus on in training, additional reviews that are needed, etc.). EVIDENCE: FY 2003-2004 Strategy & Program Plan; Management Information System for Top Level Executives Reports; Balanced Measures Monitoring Reports; Pipeline Status Reports; Work Planning & Control Reports; Electronic Tax Administration and Market Segment customer surveys and focus group reports; Research projections.

Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
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**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?**

Answer: YES

Question Weight: 14%

**Explanation:** Annual work plans are prepared for each campus with management input. These work plans include forecasts from the national office and assumptions from pending legislation and expected productivity/efficiency gains. Work schedules are prepared based on the annual plan. The weekly Work Planning & Control report is monitored for program efficiency, including production rate and cost usage. Submission Processing has linked its personnel evaluations to established processing goals and measures. Managers are evaluated based on achieving "commitments" outlined in their individual plans. These commitments are actions designed to move the bureau toward its goals. In addition, this fall, the IRS is implementing a new program, Integrated Financial System, which provides the linkage between resources consumed and results achieved - Performance Based Budgeting. Performance Based Budgeting will directly relate the labor, materials, and other costs to program outputs.

**Evidence:** In 2001 and 2002, an all-manager Leadership Conference was held at each site, focusing on performance measures. Several sites instituted a Balanced Measures Champion concept, in which each Operations Manager was assigned a specific measure to focus on. These managers included commitments associated with their specific measure in their annual assessments, making them accountable for their site's performance. Also, at the Leadership Conferences, management was directed to engage all employees in the Balanced Measures process. **EVIDENCE:** Balanced Measures Reports; FY 2003 Work Schedule Guidelines Call Memorandum; 2002 Program Review Trip reports; FY 2003 Work Plans; Work Schedules; Work Planning & Control Reports; Daily pipeline status reports; daily inventory summary reports; daily Program Completion Date progress reports; weekly Management Information System for Top Level Executives and Individual Income Tax Returns Received and Processed reports; Small Business & Self Employed Tax Return Summary Report.

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?**

Answer: YES

Question Weight: 14%

**Explanation:** The workload for submissions processing is driven by the due dates for tax and information returns -- it rises significantly in the second quarter. The program is funded through an annual salaries and expenses account and follows a fairly predictable spending pattern. The more accurate are the IRS's week-by-week workload projections (upon which staffing levels are based), the more efficient are the processing centers. Generally, Submissions Processing uses all of the allocated resources allotted for the fiscal year to meet its return processing responsibilities. In situations when returns processing FTE can't be used efficiently by returns processing, they are temporarily reallocated to another function, such as Accounts Management.

**Evidence:** EVIDENCE: Financial reports [S.F. 133/132s]

Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?**

Answer: NO

Question Weight: 14%

**Explanation:** Although the IRS tries to constantly improve returns processing productivity, the Service is hampered because it does not have reliable, comprehensive unit cost data. The annual strategic plan process identifies ways to support improved efficiencies through IT improvements. For example, Submissions Processing implemented the Remittance Transaction Research (RTR) System, an on-line database containing deposit information, which eliminated many paper payment documents. Also, as the proportion of e-filed returns increases, the costs of submissions processing will decline. New services for tax preparers who electronically file some minimum number of returns each year are being designed to promote e-filing: On-line registration, Preparer ID, electronic accounts resolution, and transcript delivery system. Other major systems modernization projects, such as Customer Account Data Engine, will increase returns processing efficiencies by reducing cycle times, making errors easier to find and correct (thereby eliminating some of the notices mailed to taxpayers). These systems will be developed incrementally over the next ten years.

**Evidence:** IRS is modernizing its financial systems (Integrated Financial Systems project), which will allow comprehensive cost accounting. The first module, which will improve unit costing, will be launched this fall. **EVIDENCE:** FY 2003-2004 Strategy & Program Plan; Request for Information Services Process; Management Information System for Top Level Executives Reports; Management Information Systems Data Warehouse Source Files; Pipeline Status Reports; Work Planning & Control Reports; Balanced Measures; Drivers of Program Resources report; 3/14/2000 Booz Allen & Hamilton Study. Cost Estimate Reference Internal Revenue Manual 3.30.10 (revised 7-2001).

**3.5 Does the program collaborate and coordinate effectively with related programs?**

Answer: YES

Question Weight: 14%

**Explanation:** The program coordinates with all other related IRS programs about filing season issues. Before the filing season, centers must answer specific questions about their readiness (staffing plans, resources, training, equipment, space, any changes in programming or procedures, and Business Measures goals). A cross-functional team visits the processing sites to review plans and discuss national office concerns. Each site has contingency plans covering filing pattern changes or work that may require transfer to another site. Also, future IRS policies and the direction of the electronic filing of tax returns is discussed and determined by the Electronic Tax Administration Policy Council. IRS cooperates with 37 states and the District of Columbia to provide Federal/State e-file to taxpayers who file their federal and state taxes at the same time.

**Evidence:** **EVIDENCE:** Servicewide Filing Season Readiness Action Plan; Submission Processing Filing Season Readiness Action Plan; Filing Season Readiness Packages for each campus; Electronic Tax Administration Advisory Committee Charter.

## Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**3.6 Does the program use strong financial management practices?**

Answer: NO

Question Weight: 14%

**Explanation:** At the corporate level, IRS's financial statements receive unqualified opinions. However, it has repeat material weaknesses in financial management systems and internal controls, primarily due to inadequate IT systems, which will be replaced by late 2006. At the program level, given current IT resources, IRS processing procedures promote good cash management practices. For example, 90 percent of the remittances that do not require perfection must be deposited by the next business day. Management conducts an extensive review of deposits which continues until deposits are completely accurate on a regular basis. All refund tax returns must be processed so that the refunds are issued within 45 calendar days of the due date or the filed/processable date (whichever is later) to avoid interest payments.

**Evidence:** EVIDENCE: 11 IRS Manual Sections are devoted to accounting. The integrity of the system is further reinforced by external stakeholder reviews. Internal Revenue Manuals are updated to reflect input and observations made in these reviews. Additional information on Campus Deposit Activity is contained in Internal Revenue Manual 3.8.44.

**3.7 Has the program taken meaningful steps to address its management deficiencies?**

Answer: YES

Question Weight: 14%

**Explanation:** The IRS is implementing the Integrated Financial System, which will provide activity-based costing. The first phase of this project will be implemented this fall. The Strategy and Program Plan is updated annually to ensure Management Challenges are appropriately identified and a plan of action initiated. In the FY 2003/2004 plan, the challenge for Submission Processing was identified as the workload realignment of Individual and Business Master-file returns and the ramp-down of paper processing centers due to the increase of electronically-filed returns.

**Evidence:** EVIDENCE: Business Systems Modernization Spend Plans, Financial Remediation plans. FY 2003-2004 Strategy & Program Plan; Submission Processing Vision Document (draft).

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?**

Answer: SMALL  
EXTENT

Question Weight: 25%

**Explanation:** The IRS deposits funds received within 24 hours and processes paper "refund" returns within 11 working days (to minimize/eliminate paying interest on the refund amount). ("Full-Paid" paper returns are not time sensitive and are all processed by mid-July.) In the e-filing area, over the past several years, e-file receipts have normally exceeded projections. Most recently, in FY2002, the e-file program exceeded its goal with 46.8 million returns filed. This year taxpayers filings from personal computers grew by 27%. On the business side, over \$1 trillion annually is collected through the Electronic Federal Tax Payment System.

**Evidence:** EVIDENCE: Research Projections; Weekly Filing Season Reports; Commissioner's Monthly Report; Performance Accountability Report.

**4.2 Does the program (including program partners) achieve its annual performance goals?**

Answer: YES

Question Weight: 25%

**Explanation:** IRS meets or exceeds most of its performance goals. Additional measures were baselined in 2002. This allows the sites to increase their focus on measures performance. HQ measures owners actively assist the sites in achieving their goals through Program Reviews, regularly scheduled conference calls, the annual Balanced Measures Conference, review and analysis of case files, and clarifications to the Internal Revenue Manual.

**Evidence:** EVIDENCE: Balanced Measures Reports; Balanced Measures site narratives; Program Review Trip Reports; Management Information System for Top Level Executives Reports; Management Information System Data Warehouse Source Files; Pipeline Status Reports; Work Planning & Control Reports; E-file Service Center Reports.

Program Assessment Rating Tool (PART)

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Results Not Demonstrated
100%	42%	72%	75%	

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: YES Question Weight: 25%

Explanation: Each year the IRS includes savings in its budget due to efficiencies reaped by increased levels of electronic filing. These savings are offset to some degree by increases in the volumes of returns filed. Submission Processing is conducting internal reviews for efficiency through standardization, streamlined policies and procedures, and the elimination of unnecessary processing steps. Currently, there are 10 submissions processing sites. Several of these will stop processing tax returns over the next several years: Brookhaven, NY in 2004; Memphis, TN in 2005; and Philadelphia, PA in 2007.

Evidence: The IRS has improved performance in 2003 over the 2002 cumulative rate in six of the eight business measures, including Refund Error Rate, Refund Timeliness, Deposit Timeliness, individual and business Refund Interest Paid, and Productivity. EVIDENCE: Balanced Measures Reports; Management Information System for Top Level Executives Reports; Management Information Systems Data Warehouse Source Files; Pipeline Status Reports; Work Planning & Control Reports; FY 2003-2004 Strategy & Program Plan.

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: NA Question Weight: 0%

Explanation: There are no comparable programs within the government or private sectors that encompass the volume and intricacy of processing federal tax returns. As a result, IRS sets the benchmark for the world in the area of tax returns processing. Frequently, governments from other countries come to the IRS for advice and expertise in setting up and improving their tax returns processing systems.

Evidence:

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: LARGE EXTENT Question Weight: 25%

Explanation: TIGTA and GAO annual reports indicate the program is effective and achieves overall positive results. However, the GAO noted in its evaluation of the 2002 filing season, that "opportunities exist for IRS to further improve aspects of its performance and some of its performance measures." The IRS uses TIGTA and GAO recommendations to continuously improve operations. Also, the Electronic Tax Administration Advisory Commission reports annually to Congress on: 1. the progress of the IRS in meeting the Restructuring and Reform Act of 1998 goals; 2. the status of the strategic plan to eliminate barriers, provide incentives, and use competitive market forces to increase electronic filing; 3. the legislative changes necessary to assist the IRS in meeting those goals; and 4. the effects on small businesses and the self-employed of electronically filing tax and information returns.

Evidence: EVIDENCE: TIGTA/GAO Audit Reports; Electronic Tax Administration Advisory Committee Report to Congress: TIGTA Report 200340073 Pre-Filing Season Activities to Address Specific Individual Electronic Filing Issues Were Adequately Conducted; TIGTA Report 200340055 The Internal Revenue Service Has Procedures to Ensure There is Sufficient Trained Staff to Process Individual Income Tax Returns in 2003; GAO 03-314 IRS's 2002 Tax Filing Season Returns and Refunds Processed Smoothly, Quality of Assistance Improved.

## PART Performance Measurements

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service

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**Measure:** IMF Letter Error Rate without Systemic Errors

**Additional Information:** The percentage of incorrect letters issued to taxpayers by Submission Processing employees. Systemic errors (errors attributed to programming or Headquarters personnel) are excluded from rates

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2002	5.6	7.3		
2003	5.3	6.8		
2004	5.3			
2005	5.1			

**Measure:** IMF Deposit Timeliness (interest dollars (millions) lost due to processing delays)

**Additional Information:** Lost opportunity cost (interest value) of money received by the IRS for individual taxes but not deposited by the next day, per \$1 million of deposits, using a constant 8% interest rate.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2001	747	748		
2002	751	578		
2003	573	552		
2004	527			
2005	501			

**Measure:** IMF Deposit Error Rate

**Additional Information:** The percentage of errors made by Submission Processing Centers when processing tax remittance checks attached to returns.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2001	0.049	0.05		
2002	0.034	0.048		

## PART Performance Measurements

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service

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**Measure:** IMF Deposit Error Rate

**Additional Information:** The percentage of errors made by Submission Processing Centers when processing tax remittance checks attached to returns.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2003	0.024	0.045		
2004	0.02			
2005	0.015			

**Measure:** IMF Refund Interest Paid (per \$1M of refunds) Paper and e-file

**Additional Information:** The amount of refund interest paid per \$1 million of refunds issued in the original settlement.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2001	112	128.63		
2002	94	62.55		
2003	68	47		
2004	66			
2005	65			

**Measure:** IMF Submission Processing Productivity

**Additional Information:** Measure of individual tax work units (a weighted measure of returns processed) per staff year expended

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual	(Efficiency Measure)
2001	28,787	28,537		
2002	29,836	28,389		
2003	29,302	29,772		

## PART Performance Measurements

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service

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**Measure:** IMF Submission Processing Productivity

**Additional Information:** Measure of individual tax work units (a weighted measure of returns processed) per staff year expended

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2004	29,530		
2005	30,121		

**Measure:** IMF Number of Individual Refunds Issued (paper only)

**Additional Information:** The volume of current year Individual 1040 series paper returns filed at all 10 Submission Processing Centers that resulted in a refund.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	48,000,000	53,678,663	
2002	58,000,000	53,282,041	
2003	50,600,000	37,409,217	
2004	50,135,300		
2005	46,262,300		

**Measure:** Individual 1040 Series Returns Processed (electronic)

**Additional Information:** The volume of individual series returns e-filed. The goal is for this number to increase as the paper number decreases.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	40,000,000	40,221,582	
2002	47,000,000	46,843,782	
2003	52,715,000	52,876,000	
2004	59,893,400		
2005	67,770,300		

## PART Performance Measurements

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service

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**Measure:** Percent of Individual 1040 Series Returns Processed Electronically

**Additional Information:** The percentage of the total individual returns (paper + e-file) e-filed.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2001	31	30.8	
2002	36	35.6	
2003	40	40	
2004	45		
2005	49		

**Measure:** Individual Masterfile (IMF) Refund Timeliness (paper, percent issued in 40 days)

**Additional Information:** Percentage of refunds issued within 40 days or fewer.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2001	96.1	95.2	
2002	98.4	98.2	
2003	98.4	98.9	
2004	98.4		
2005	98.4		

**Measure:** IMF Notice Error Rate with Systemic Errors

**Additional Information:** The percentage of incorrect Masterfile notices issued to taxpayers.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2001	8.1	14.8	

## PART Performance Measurements

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service

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**Measure:** IMF Notice Error Rate with Systemic Errors

**Additional Information:** The percentage of incorrect Masterfile notices issued to taxpayers.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2002	0	18.7	
2003	13.2	13	
2004	12		
2005	11		

**Measure:** IMF Notice Error Rate without Systemic Errors

**Additional Information:** The percentage of incorrect Submission Processing Masterfile notices issued to taxpayers. Includes only the percentage of errors made as a direct result of an employee's action.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2002	5.3	5.1	
2003	4.3	4.8	
2004	3.3		
2005	3		

**Measure:** IMF Refund Error Rate with Systemic Errors

**Additional Information:** The percentage of errors made as a direct result of an employee's action and/or the result of an automation/computer generated process.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2001	13.6	11.9	
2002	9.3	8	
2003	7.6	5.7	

## PART Performance Measurements

**Program:** Submission Processing (SP)  
**Agency:** Department of the Treasury  
**Bureau:** Internal Revenue Service

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**Measure:** IMF Refund Error Rate with Systemic Errors

**Additional Information:** The percentage of errors made as a direct result of an employee's action and/or the result of an automation/computer generated process.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2004	6.8		
2005	6.5		

**Measure:** IMF Refund Error Rate without Systemic Errors

**Additional Information:** The percentage of errors made by a direct result of an employee's action.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2002	2	1.4	
2003	1.9	1.3	
2004	1.3		
2005	1.2		

**Measure:** IMF Letter Error Rate with Systemic Errors

**Additional Information:** The percentage of incorrect letters issued to taxpayers by Submission Processing employees.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual (Efficiency Measure)
2001	11.9	13.1	
2002	10.9	7.4	
2003	6.2	7.8	
2004	6.2		
2005	6		

## Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**1.1 Is the program purpose clear?**

Answer: YES

Question Weight: 20%

**Explanation:** Treasury's Office of Technical Assistance (OTA) has a clear program purpose, as expressed in its mission statement: The mission of OTA is to promote economic reforms that lead to development and good governance in countries of strategic importance to the United States. OTA Budget, Tax, Debt and Financial Institution advisors assist developing and post-conflict countries in developing economic policies appropriate for democracies and seeks to strengthen the framework for carrying out such policies. OTA's Enforcement activities are directed towards reducing the financial crimes of corruption, money laundering, and the financing of terrorism in order that the benefits of economic reform flow to a country's general population.

**Evidence:** The Mission Statement has been extensively documented in reports to Congress, Performance Plans and its website ([www.ustreasury.hu/other/mission](http://www.ustreasury.hu/other/mission)).

**1.2 Does the program address a specific and existing problem, interest or need?**

Answer: YES

Question Weight: 20%

**Explanation:** Economic development and the promotion of good governance in transitioning, developing and post-conflict societies are two the USG's key foreign policy objectives. Some of the major constraints to economic development and good governance are a lack of transparent budget policies, weak tax regimes, weak financial institutions, and a lack of legal regulations that minimize corruption, money laundering and terrorist finance. OTA programs are designed to directly address these problems while promoting USG interests.

**Evidence:** Authorizing legislation, Appropriations legislation and Annual Performance Plans

**1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?**

Answer: YES

Question Weight: 20%

**Explanation:** While there are numerous providers of technical assistance (OTA, USAID, International Financial Institutions (IFIs) and other countries technical assistance arms), OTA is not duplicative of these other efforts because it capitalizes on the expertise of the US Treasury Department by focusing on areas in which the USG and Treasury have a specialized expertise and strategic interest in implementing policies that accord with USG policies. OTA programs function as direct Ministry to Ministry exchanges and projects benefit from substantial dialogue with Treasury Policymakers, and from Treasury relationships with counterpart Ministries of Finance. OTA projects are designed to support IFI-sponsored reform in countries where both operate. OTA is able to operate in countries without a USAID mission; however, in countries where both are active, there is some overlap with USAID and quite often the two agencies compete with each other for funds, projects and advisors.

**Evidence:** Conversations with OTA, World Bank and USAID staff; anecdotal evidence of OTA results in various countries. Conversations provide anecdotal evidence that host countries and Treasury staff value OTA's unique ability to draw upon the offices and expertise of the US Treasury and its representatives in the field.

Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight: 20%

**Explanation:** OTA programs benefit from a strong functional orientation that contributes to the program's efficiency. OTA carries out its projects through five assistance "teams" organized as follows: (1) Budget Administration and Policy; (2) Government Debt Issuance and Management; (3) Financial Institutions Policy and Regulation; (4) Financial Crimes Law Enforcement; and (5) Tax Policy and Administration. This organization increases OTA's ability to design effective assistance programs to help developing countries implement reforms that address problems identified in Q.1.2 and recruit necessary expertise. In addition, while it might be cheaper to use USAID advisors in countries in which USAID is present, OTA's unique placement within the US Treasury allows it to capitalize upon this economic and financial expertise to more efficiently design advisor programs.

**Evidence:** Conversations with OTA, Treasury department officials and USAID; first-hand observations by examiner.

**1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight: 20%

**Explanation:** OTA projects are designed to impact the budget, tax, financial institutions, and government debt operations in counterpart countries, and OTA works only in countries which have demonstrated a desire to implement necessary reforms. OTA signs Terms of Reference (TORs) with host governments that outline broad benchmarks and goals. However, these TORs do not outline the duties of the host governments. OTA is in the process of implementing a new Project Management Tracking System (PMTS), which through the establishment of long-term and annual performance measures and annual project reviews to measure performance will help to more effectively target resources.

**Evidence:** OTA Terms of Reference; Implementation Plan for new Project Management Tracking System (PMTS); plans for PMTS Annual Reviews

**2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight: 12%

**Explanation:** During the FY 2004 budget preparation process, OMB and OTA agreed to work on implementing new long-term performance measures to guide program management and budgeting and which promote results and accountability. In response to this recommendation for FY 2005, OTA has developed a new Project Management Tracking System (PTMS), which will require that all OTA teams establish annual and long-term performance measures that contribute towards OTA's new overall long-term measures. Goals/Measures: (1) OTA projects aimed at building stable, high-functioning financial systems in host countries; (2) conducting anti-terrorist/corruption interventions in identified countries; and (3) Rebuilding economic institutions in post-conflict societies. The performance for Goal 1 will be measured by: Increase in GDP (over a 3-year trend); Improvement in the GDP/Trade ratio; and Increase in per capita income. The performance for Goal 2 will be measured by: Anti-corruption laws passed and implemented; and number of cases successfully prosecuted. Performance measures for goal 3 are still under development.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan; The new PMTS requires all OTA teams to establish long-term goals for Financial Performance Areas (FPAs) associated with the mission of that team. The long-term goals will be supported by long-term and annual objectives that will be tracked throughout the year. PMTS results will be reviewed at mid-year, and at the end of each year to ensure progress on OTA long-term measures. The PMTS will establish country-specific goals and measures during an Initial Assessment, and these goals and measures will be identified in the TOR. At the end of each annual cycle, decisions will be made to continue efforts, to re-structure efforts, or to end OTA efforts. Participation in efforts directed at anti-terrorist/corruption activities in in large part determined by an interagency process not always under the control of OTA

## Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**2.2 Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight: 12%

**Explanation:** OTA's target for achievement of Goal 1 are: an increase in GDP over a three year trend; an increase in percent of trade as a share of GDP over a three year period; and a three year trend of growth in per capita income in host countries. Individual increases in these measures will be set by country and tracked by PMTS. Overall program progress will be tracked by and established by an average of countries with OTA projects (see measures tab). The time spent in assistance of a host country is targeted at 3-5 years. Targets and timeframes for Goals 2 and 3 are under development.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan; plan for target/timeframe development.

**2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight: 12%

**Explanation:** In 2.1 above it is noted that OTA is establishing a Project Management Tracking System for use in evaluating project results and to support overall OTA program goals. Each team project will use Financial Performance Areas (FPAs) to identify which results will be measured. Annual, measurable performance measures will be established (two or three) for each FPA identified, and progress toward those measures will be evaluated annually through PMTS on a mid-year and end-of-year basis. New performance measures will be established on an annual basis for each FPA where a continuing need for progress exists. Where objectives have been met for an FPA, a decision to re-structure the project or to conclude the project will be made consistent with achievement of overall OTA program goals. OTA has already established several annual measures for its Budget team, which will pilot the PMTS.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan. Annual measures will be adopted for each team and which support the team's long term measures and OTA's long-term measures.

**2.4 Does the program have baselines and ambitious targets for its annual measures?** Answer: YES Question Weight: 12%

**Explanation:** The baseline and target for each OTA annual goal will be established for each specific country and each team. Baselines and targets will be established for each annual measure and monitored annually. OTA currently has established targets and baselines for the budget team. These are under development still for the other teams.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan.

**2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: YES Question Weight: 12%

**Explanation:** OTA projects require coordination among a number of partners or stakeholders. Most projects are initiated in one of three ways: (1) request from a host country government, (2) request from Treasury policy staff, or (3) request from the State Department. Treasury TA engages only where there is a written agreement on mutual goals and objectives. OTA requires that countries receiving assistance and advisors providing assistance sign a TOR before OTA will provide assistance. The TOR lays out broad goals and stipulates that advisors will develop a work plan and report to OTA on progress towards completing the work plan and achieving the goals identified in the TOR. TORs, however, currently do not identify specific performance measures. As part of its PMTS, OTA plans to include performance measures in its future TORs. Assistance after 1 year will be subject to satisfactory review of TORs.

**Evidence:** Example TORs; 1999 GAO Report; OTA's Project Management Tracking System proposal and implementation plan.

Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight: 12%

**Explanation:** At various times, OTA programs have been reviewed by the State Department IG (1994), the Treasury IG (1996) and the GAO (1999). However, no report has focused on the effectiveness of the program or on how well OTA is meeting its mission and/or long-term goals. While OTA projects are subject to review by the US Embassy and the USAID mission in the host country, which suggest changes in the scope of OTA's in-country work, these reviews are not independent.

**Evidence:** State IG, Treasury IG, and GAO reports.

**2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight: 12%

**Explanation:** OTA produces a yearly budget plan once they receive their appropriation from Congress. However, it is not clear that this plan is formed by laying out quantifiable, measurable program objectives, the link between the objectives and OTA's annual and long-term goals, and how funding is to be used to achieve these objectives and goals. Furthermore, OTA does not establish links between its budget plan and its GPRA Annual Performance Plans. Without such linkage, it is difficult to analyze the impact of funding, policy, and legislative changes. Finally, annual budget requests are not derived by estimating what is needed to accomplish the annual performance goals. It should be noted that once implemented, the new PMTS will provide strong additional specificity to evaluation of progress toward long and short-term goals.

**Evidence:** Annual Performance Plans; Annual Budget Plans; Assessment missions, trip reports, and monthly reviews constitute the basis for evaluation.

**2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight: 12%

**Explanation:** OTA continues to make progress in improving its strategic planning. In response to last year's PART recommendations, OTA is establishing a system for tracking project performance. Under PMTS each counterpart country will be evaluated according to a number of relevant Financial Performance Areas (FPAs). In addition, each project will establish annual objectives that contribute to a team's newly-established annual and long-term goals and measures. Each team's measures will contribute to OTA's overall long-term performance measures. In addition, OTA has implemented a formalized budget process in relation to the expenditure of funds appropriated by Congress (TIATA). This includes presentation of detailed budgets and project objectives. Budget submissions compete against one another for scarce TIATA funding. OTA worked with an outside software developer to create a financial database, the Budget and Financial Management Information System (BEMIS), which is used to track budgetary allocations for projects and the related obligation and expenditure of funds.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan. OTAs new PMTS will be piloted during FY 2004 by its Budget Team. After that, the system will be applied OTA-wide to all teams. Baseline data for Budget Team projects will be developed in FY 2003. Budget process documents.

## Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?**      Answer: YES      Question Weight: 14%

**Explanation:** OTA Partners include host countries and advisors. Historically, each OTA advisor filed a regular monthly report on project activities, including progress reaching goals established in the Terms of Reference (TOR) and significant obstacles to progress. The Monthly Reports were reviewed by the AD responsible for that functional activity. However, OTA plans to eliminate the Monthly Reports and replace them with the PMTS, which will be more useful as a performance measurement tool. Senior Advisors and Regional Advisors will still be required to file trip reports; however, they also will be expected to update the PMTS for the project that they visit. Team leadership, either the AD or Senior Advisor, will make at least an annual visit to each project in order to evaluate its effectiveness and gauge counterpart support. Per question 2.1, the annual PMTS review and trip reports will be used to judge project success. Where modifications and/or restatement of project goals are necessary, these will be done in the context of the annual review contained in the PMTS.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan; monthly reports (which will be replaced by PMTS); trip reports; work plans.

**3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?**      Answer: YES      Question Weight: 14%

**Explanation:** Each functional team within OTA is managed by an Associate Director (AD). Each OTA project has an individual budget that has been agreed between the AD and the Director of OTA. Using the Budget and Financial Information System (BFMIS), AD's can monitor the cost of each of his/her projects, and ADs are responsible for managing their projects within the agreed budget. In almost every case, ADs (or Senior Advisors) negotiate the scope of a project, which is summarized in the written Terms of Reference (TOR). A schedule for project implementation is also agreed at the time of project inception. Advisors are held accountable for individual program performance, based on guidelines agreed to in PSC contracts and TORs. If host country counterparts do not maintain their support for a project, it is frequently restructured or terminated; however, current TORs do not specify duties of the host government and the consequences of failing to meet these requirements. The new PMTS will make advisors and host governments even more accountable for program performance by tracking measures and including consequences of not meeting those measures.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan; TORs, performance evaluations, project budgets, project implementation guidelines.

## Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight: 14%

**Explanation:** OTA obligates funds 12-18 months after they are made available and has made efforts to not carry over large unobligated balances into the next fiscal year. Some carryover, however, is unavoidable due to two constraints: (1) OTA receives large fund transfers (SEED, FSA) 9-12 months into the fiscal year; and (2) OTA is only able to obligate funding at the beginning or annual renewal of a project. OTA has made significant progress in dealing with a third constraint (a disconnect between when it obligates funds and when Treasury's financial management system records these obligations) by communicating better with Treasury DO and by implementing a new financial management system (BFMIS). In terms of expenditures, OTA carefully segregates funds so they are spent on the intended activity. OTA's financial management system currently is unable to track expenditures according to obligations.

**Evidence:** SF 133s. Conversations between OMB, OTA and DO financial management personnel. Documents that evidence OTA is working to de-obligate previously obligated but unexpended funds (FY 2003 deobligations equal \$1.78 million).

**3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?** Answer: NO Question Weight: 14%

**Explanation:** OTA needs to develop an efficiency measure (per unit cost of outputs) to compare relative costs. OTA sources its advisors according to "best value for dollar cost" principles. OTA competitively sources its advisors, but education, and relevant experience are the key selection criteria, not advisor compensation nor the cost of supporting an advisor, and his/her family, overseas. OTA does have two options for sourcing logistical support services for its advisors overseas - the State Department ICASS system and Metrica, Inc., a private sector contracting firm. Wherever possible, OTA makes detailed comparisons of the relative cost of providing advisor support and chooses the low cost alternative. Working with the Procurement Services Division (PSD), OTA converted all Personal Services Contracts (PSCs) from annual agreements to 5-year option contracts. This has lowered the administrative costs associated with contract renewals. In FY 2004, OMB and OTA will work on evaluating the 15% flat program administration fee to see if this is appropriate and keeps administrative costs down.

**Evidence:** Examiner conversation with OTA; OTA Cost Containment Report; OTA Comparative Cost Analysis (between ICASS and Metrica). OTA has done an extensive review of total advisor costs, and several policies were changed to reduce spending. One outcome of this is that OTA no longer ships Advisor personally owned vehicles (POVs) overseas.

**3.5 Does the program collaborate and coordinate effectively with related programs?** Answer: YES Question Weight: 14%

**Explanation:** There are numerous providers of technical assistance, and OTA endeavors to design its program in concert with the resources that others are prepared to make available to a given country. Where appropriate, OTA coordinates with USAID. The technical assistance arms of other bi-lateral and multi-lateral donors may also be active in any given country. Where possible, OTA works to coordinate its assistance programs with these donors, including DIFID (UK) GTZ (Germany), PHARE (EU), SIGMA (EU/OECD), and others. In addition, projects are frequently designed to function in the context of IFI-sponsored reform programs, and project objectives are often related to the "Conditionality" provisions of IFI loans. It bears noting, however, that that there is often overlap and competition between OTA and other technical assistance providers, including USAID.

**Evidence:** TORs: sections that state OTA and host government will coordinate with USAID and other technical assistance providers in country. Technical Assistance Reports: detail cooperation in country.

## Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
1	2	3	4	Adequate
100%	75%	86%	40%	

**3.6 Does the program use strong financial management practices?**

Answer: YES

Question Weight: 14%

**Explanation:** OTA is subject to annual financial audits as part of main Treasury's audits by KPMG. These audits yield positive results and because Treasury Departmental Offices Financial Management Division (FMD) holds OTA funds, this ensures that adequate internal controls are exercised. In addition, OTA has taken a number internal measures to improve its practices. OTA has developed BFMIS and implemented the Travel Manager Plus system to provide internal financial controls. 100% of travel vouchers are subject to in-house audits. In addition, all other spending vouchers are fully audited.

**Evidence:** Conversations with OTA financial management officer and OTA management; example travel vouchers and contract reconciliation; Treasury Audit Report.

**3.7 Has the program taken meaningful steps to address its management deficiencies?**

Answer: YES

Question Weight: 14%

**Explanation:** OTA has taken strong measures to improve its management practices. The Budget and Financial Management System (BFMIS) was implemented to better control project budgets, obligations, and expenditures. Travel Manager Plus (TMP) was implemented to speed the processing of the 2,000+ travel vouchers that move through OTA. Payroll processing has been improved, although there still needs to be better links between OTA's BFMIS system and the DoA payroll system. An increasing Program Management budget has allowed OTA to add dedicated staff to its personnel, payroll, and logistical support functions allowing increasing specialization and improving efficiency. The new project performance measuring system (PMTS) will provide Program Management Staff with improved tools to evaluate project effectiveness.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan; Conversations with OTA staff; New Advisor Handbook.

**4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?**

Answer: SMALL  
EXTENT

Question Weight: 20%

**Explanation:** During the FY 2004 budget preparation process, OMB and OTA agreed to work on implementing new long-term performance measures to guide program management and budgeting and which promote results and accountability. At the time, while OTA had a limited number of long-term goals, these were not measurable and did not identify targets towards which to manage OTA resources or a timeframe for completion. For FY 2005, OTA has developed a new Project Management Tracking System (PTMS), which will require that all OTA teams establish long-term and annual performance measures associated with each team's mission and that support OTA's overall performance measures. The PTMS will be piloted first in the Budget Team's project in Azerbaijan. However, since these measures are new, it is not possible to yet measure progress along those goals.

**Evidence:** OTA's Project Management Tracking System proposal and implementation plan; The new PMTS requires all OTA teams to establish long-term goals for Financial Performance Areas (FPAs) associated with the mission of that team. The long-term goals will be supported by long-term and annual objectives that will be tracked throughout the year. PMTS results will be reviewed at mid-year, and at the end of each year to ensure progress on OTA long-term and annual measures. The PMTS will establish country-specific goals and measures during an Initial Assessment, and these goals and measures (as well as consequences of not meeting these) will be identified in the TOR. At the end of each annual cycle decisions will be made to continue efforts, to re-structure efforts, or to end OTA efforts (where goals have been reached, or where evaluation determines that projects are no longer feasible).

**Program Assessment Rating Tool (PART)**

**Program:** Treasury Technical Assistance  
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**4.2 Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight: 20%

**Explanation:** Because annual measures do not exist for OTA, so it not possible for partners to achieve such goals. However, as noted in Q.2.1 above, OTA is establishing a Project Management Tracking System for use in implementing long-term and annual performance measures and evaluating project results. Each team project in each country (whether it is established on a resident or intermittent basis) will use Financial Performance Areas (FPAs) to identify those specific areas in which measures will be established and results monitored. Annual, measurable objectives will be established (two or three) for each FPA identified, and progress toward those objectives will be evaluated on a mid-year, and end-of-year basis at a minimum. These annual measures will help OTA measure whether it is meeting OTA's overall long-terms goals.

**Evidence:** Despite the absenece of annual measures, there is evidence that OTA meets its goals. in FY 2003, OTA initiated and concluded 25 resident and intermittent projects; engaged in 31 anti-terrorism/corruption projects; and deployed 20 advisors who accompanied coalition forces into Iraq.

**4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?** Answer: SMALL EXTENT Question Weight: 20%

**Explanation:** Over the last 6 years, OTA has grown from an organization that conducted 45 country projects to one that conducted 137 projects in FY03. To support this growth, OTA added administrative personnel, and it adopted or developed financial systems (i.e. TMP+, BFMIS) to manage the increasingly diversified sources of funding. All of this has been financed by the consistent 15% OTA charges on the appropriations and transfers that it receives. While OTA has not been able to cut the cost of its advisory projects, it has been able to keep costs relatively constant in a period when the cost of inputs has risen. OTA has absorbed the capital cost of adopting and developing the financial systems necessary to support this program expansion. One major constraint OTA faces to cutting costs is that it is responsible for its own admin expenses, as opposed to having main Treasury fund some or all of these.

**Evidence:** Over the last 6 years, OTA has charged the same Program Management fee for projects. The is 15% of the gross amount of funds appropriated and transferred. In addition, over the last 6 years, the one year cost of a resident advisor in the CEE has remained constant at \$475,000, and the cost of a resident advisor in the FSU has remained \$500,000 per year. OTA has offset increasing project costs with efficiencies. For instance, the Budget Team developed a skills bank for resident advisors and has used residents for activities in other countries formerly done by intermittents. In three of its recurring training activities, distance learning delivery has been developed to reach more participants in more countries. OTA has also been able to invest in financial systems that allow it to process an increasing number of TA activities. OTA and OMB will work to reevaluate the 15% administration fee to see if efficiencies can be achieved as OTA's appropriation increases.

Program Assessment Rating Tool (PART)

**Program:** Treasury Technical Assistance  
**Agency:** Department of the Treasury  
**Bureau:**  
**Type(s):** Direct Federal

Section Scores				Overall Rating
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100%	75%	86%	40%	

**4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: YES Question Weight: 20%

Explanation: OTA programs are implemented based on decisions of others to fund, or co-fund, OTA projects. These decisions are made by a number of different, independent parties, including the State Department Office of the Coordinator, State/INL, US Embassies, and individual USAID missions. Each of these entities has other options to achieve its assistance goals, including use of accounting firms, consultants, and NGOs. Their continued support confirms that OTA's costs and project performance compares favorably with other assistance providers.

Evidence: Reports by the GAO, State IG, and Treasury IG all indicate that OTA's costs are comparable to other assistance providers. Moreover, as OTA receives its funding from other organizations (i.e. USAID Missions, the State Department Coordinator's Office, and State/INL), OTA competes with other organizations to receive funding. This "market" mechanism ensures that OTA costs remain in line and competitive with other TA providers. PMTS will provide a more precise measure of OTA results relative to baselines to compare with the performance of other program sources that have developed similar data.

**4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: NO Question Weight: 20%

Explanation: No effectiveness evaluations have been conducted of OTA. The last report on this program was done by the GAO in 1999 and identified a number of problems faced by OTA in its operations. There has been no follow-up report by the GAO, but the program has taken steps to address the problems noted in the report. Please note that due to the small size of OTA and the prohibitive cost of evaluations, OTA does not commission independent evaluations of its projects.

Evidence: GAO Report; conversations with OTA.

## PART Performance Measurements

**Program:** Treasury Technical Assistance

**Agency:** Department of the Treasury

**Bureau:**

**Measure:** Increase in GDP average of 15 representative countries in which OTA operates. Since OTA's long-term goal is to increase GDP, this measures OTA's impact in this area. The target number represents a percentage increase over the baseline.

**Additional Information:** This measure is an average of 15 representative countries in which OTA operates and covers a 3-year period.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	Baseline GDP	\$19.3 B	
2007	>2%		

**Measure:** Increase in Trade/GDP ratio. Since OTA's long-term goal is to increase trade as a percent of GDP, this measures OTA's impact in this area. The target number represents a percentage increase over the baseline.

**Additional Information:** This measure is an average of 15 representative countries in which OTA works and covers a 3-year period.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	Baseline ratio	56.59%	
2007	>2%		

**Measure:** Increase in annual per capita income

**Additional Information:** This measure is an average of 15 representative countries in which OTA works and covers a 3-year period.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2001	Baseline income	870	
2007	>1%		

**Measure:** Stabilization of Debt/GDP ratio

**Additional Information:** This measure is an average of 15 representative countries in which OTA operates and covers a 3-year period.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Long-term
2003	Baseline ratio	56.59%	
2007	<+/-2%		

## PART Performance Measurements

**Program:** Treasury Technical Assistance

**Agency:** Department of the Treasury

**Bureau:**

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**Measure:** Increase in total number of countries that publish Annual Budget in Brief (Citizen's Guide) each year. Publishing this document is a sign of a transparent budget process, which is one of OTA's short-term goals.

**Additional Information:** This is a measure for the Budget team - Budget transparency processes - for country projects

<u>Year</u>	<u>Target</u>	<u>Actual</u>	<b>Measure Term:</b> Annual
2003		3	
2004	4		
2005	5		
2006	6		