



United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-280182

June 11, 1998

The Honorable Richard G. Lugar
Chairman
The Honorable Tom Harkin
Ranking Minority Member
Committee on Agriculture,
Nutrition, and Forestry
United States Senate

The Honorable Robert (Bob) F. Smith
Chairman, Committee on Agriculture
House of Representatives

Subject: Results Act: Observations on the U.S. Department of
Agriculture's Annual Performance Plan for Fiscal Year 1999

This report summarizes our observations on the U.S. Department of Agriculture's (USDA) annual performance plan for fiscal year 1999, which was submitted to the Congress in March 1998. USDA's plan includes 30 components—a departmental overview plan as well as 29 plans that correspond to USDA's major agencies and staff offices. Our review of USDA's plan was initially based on a January 26, 1998, request by several members of the majority leadership in the House of Representatives that we review the performance plans of the 24 federal agencies covered by the Chief Financial Officers (CFO) Act. We are issuing separate reports on the plans for each of these agencies, as well as a report summarizing information on our reviews of all 24 agencies.

As you know, the Government Performance and Results Act of 1993, commonly referred to as "GPRA" or "the Results Act," requires federal agencies to prepare annual performance plans covering the program activities set out in the agencies' budgets, beginning with plans for fiscal year 1999. These plans are to (1) establish performance goals to define the levels of performance to be achieved; (2) express those goals in an

GAO/RCED-98-212R Observations on USDA's Annual Performance Plan

objective, quantifiable, and measurable form; (3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the goals; (4) establish performance measures for assessing the progress toward or the achievement of the goals; (5) provide a basis for comparing actual program results with the established goals; and (6) describe the means to be used to verify and validate measured values.

For the purposes of our review, the Result Act's six requirements for the annual performance plans were consolidated into three core questions: (1) To what extent does the agency's performance plan provide a clear picture of intended performance across the agency? (2) How well does the agency's performance plan discuss the strategies and resources the agency will use to achieve its performance goals? (3) To what extent does the agency's performance plan provide confidence that its performance information will be credible? These questions are contained in our February 1998 congressional guide and our April 1998 evaluators' guide for assessing performance plans, which we used for our review.¹ These guides integrated criteria from the Results Act, its legislative history, the Office of Management and Budget's (OMB) guidance for developing performance plans (OMB Circular A-11, part 2), a December 1997 letter to OMB from several congressional leaders, and other GAO guidance on the implementation of the Results Act.² We used the criteria and questions contained in the guides to help us determine whether USDA's plan meets the requirements of the act and to identify strengths and weaknesses of the plan.

In summary, we found the following:

- USDA's performance plan partially meets the criteria set forth in the Results Act and related guidance. Specifically, the plan provides a limited

¹Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18, Feb. 1998) and The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20, Apr. 1998).

²The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997) and Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

picture of intended performance across the Department and partially discusses the ways in which USDA's strategies and resources will help it achieve the plan's performance goals. However, the plan provides little confidence that the information that USDA will use to assess performance will be accurate, complete, and credible.

- The strengths of USDA's performance plan are that most of its component plans have (1) linked their annual performance goals and indicators to their 5-year strategic goals; (2) described their strategies to accomplish their goals; and (3) described, at least partially, the capital, human, financial, and other resources they will use to achieve their performance goals. In addition, the component plans have formats that are generally consistent, and they attempt to address all of the key criteria for a good plan.
- The key areas in which USDA's performance plan could be improved to better meet the purposes of the Results Act include (1) explaining how USDA agencies are coordinating crosscutting issues both within and outside the Department; (2) discussing mitigation strategies for each significant external factor that may interfere with the achievement of performance goals; (3) describing the procedures that will be used to ensure that the data needed to measure progress in meeting performance goals are complete, accurate, and credible; and (4) identifying what, if any, limitations exist with respect to the data used for measuring performance.

Further information regarding our observations on USDA's annual performance plan is presented in enclosure I. (A list of related GAO products is also provided.)

We provided copies of a draft of this letter's enclosure to USDA for review and comment. We met with USDA's Director, Office of Budget and Program Analysis, and other officials, who told us that, in general, the observations made by GAO would help them continue to refine their performance plan. These officials disagreed, however, with an observation in the draft enclosure that the Office of the Chief Financial Officer's performance measures are "generally not useful" in assessing year-to-year progress in correcting USDA's financial management problems. For example, the USDA officials said that several of the Department's performance measures will, among other things, help USDA achieve its goals of enhancing the Forest Service's accountability and meeting the requirements of the Federal Credit

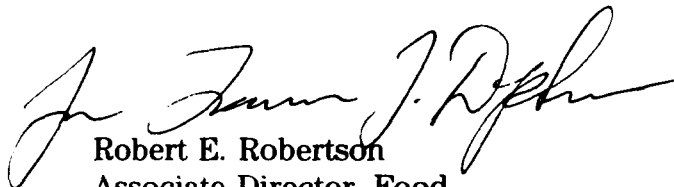
B-280182

Reform Act. We agree that these measures could be helpful in meeting these goals. Thus, the final enclosure no longer characterizes the performance measures as "generally not useful." However, we continue to believe that the plan for the Office of the Chief Financial Officer should provide more information on the specific progress expected each year during fiscal years 1997 through 1999. In addition, these officials offered several technical comments or clarifications that we have incorporated into the report, as appropriate. USDA's comments are discussed in further detail in enclosure I.

We conducted our review from March 1998 through May 1998 in accordance with generally accepted government auditing standards.

We plan no further distribution of this report for 14 days. At that time, we will send copies of this report to the appropriate congressional committees, interested Members of Congress, the Secretary of Agriculture, the Director of the Office of Management and Budget, and other interested parties. We will also make copies available upon request.

Please call me at (202) 512-5138 if you or your staff have any questions about this report. Major contributors to this report were Ruth Anne Decker, James R. Jones, Jr., and Eugene W. Wisnoski.



Robert E. Robertson
Associate Director, Food
and Agriculture Issues

Enclosure

OBSERVATIONS ON THE U.S. DEPARTMENT OF AGRICULTURE'S
ANNUAL PERFORMANCE PLAN

We reviewed the U.S. Department of Agriculture's (USDA) performance plan for fiscal year 1999, which was submitted to the Congress in March 1998. For this review, we used the criteria in the Results Act; the Office of Management and Budget's (OMB) guidance on developing the plan (Circular A-11, part 2); our February 1998 guidance for congressional review of the plans (GGD/AIMD-10.1.18); our evaluators' guidance for assessing annual performance plans (GGD-10.1.20); and the December 17, 1997, letter to OMB Director Raines from several congressional leaders. The criteria contained in these various documents focused the analysis of agencies' performance plans around three core questions: (1) To what extent does the performance plan provide a clear picture of intended performance across the agency? (2) How well does the plan discuss the strategies and resources the agency will use to achieve its performance goals? and (3) To what extent does the plan provide confidence that its performance information will be credible? We used the criteria contained in the Results Act and related guidance to determine the extent to which USDA's performance plan meets the objectives for each of these core questions.

USDA's performance plan includes 30 components—a departmental overview plan as well as 29 plans that correspond to USDA's major agencies and staff offices. We reviewed the plans for the 18 USDA agencies that are most directly responsible for accomplishing the Department's mission and implementing its programs. These agencies are the Agricultural Marketing Service (AMS); Agricultural Research Service (ARS); Animal and Plant Health Inspection Service (APHIS); Center for Nutrition Policy and Promotion (CNPP); Cooperative State Research, Education, & Extension Service (CSREES); Economic Research Service (ERS); Farm Service Agency (FSA); Food and Nutrition Service (FNS); Food Safety and Inspection Service (FSIS); Foreign Agricultural Service (FAS); Forest Service (FS); Grain Inspection, Packers, and Stockyards Administration (GIPSA); National Agricultural Statistics Service (NASS); Natural Resources Conservation Service (NRCS); Risk Management Agency (RMA); Rural Business-Cooperative Service (RBS); Rural Housing Service (RHS); and, Rural Utilities Service (RUS). In addition to reviewing the plans for these program agencies, we also reviewed the plans for the offices of the Chief Financial Officer and the Chief Information Officer. We analyzed the plans for each of these agencies and offices using the three core questions and related criteria. On April 21 and 28, 1998, we briefed the Chairman of the House Committee on Agriculture and the Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, respectively, on our major observations. The key points from those briefings are summarized below.

Overall, USDA's performance plan partially meets the criteria set forth in the Results Act and related guidance. Specifically, the plan provides only a limited picture of intended performance across the Department and could more fully discuss the ways in which

USDA's strategies and resources will help the Department achieve the plan's performance goals. However, the plan provides little confidence that the information that USDA will use to assess performance will be accurate, complete, and credible.

The strengths of USDA's performance plan are that most of its component plans have (1) linked their annual performance goals and indicators to their 5-year strategic goals; (2) described their strategies to accomplish their goals; and (3) described, at least partially, the capital, human, financial, and other resources they will use to achieve their performance goals. In addition, the component plans have formats that are generally consistent across agencies, and they attempt to address all of the key criteria for a good plan.

The key areas in which USDA's performance plan could be improved to better meet the purposes of the Results Act include (1) explaining how USDA agencies are coordinating crosscutting issues both within and outside the Department; (2) discussing mitigation strategies for each significant external factor that may interfere with the achievement of performance goals; (3) describing the procedures that will be used to ensure that data needed to measure progress in meeting performance goals are complete, accurate and credible; and (4) identifying what, if any, limitations exist with respect to the data used for measuring performance.

We found that the quality of USDA's performance plan was often related to the quality of its strategic plan, which was issued on September 30, 1997. For example, we found that the lack of clarity in explaining how individual agencies were coordinating crosscutting issues in their performance plans was similar to the lack of clarity we previously noted in their strategic plans. Similarly, we found that the need to more clearly address how USDA agencies are addressing external factors and their mitigation in performance plans may have been caused by a need to more explicitly address these factors in their strategic plans.

USDA'S PERFORMANCE PLAN PROVIDES A PARTIAL PICTURE OF INTENDED PERFORMANCE ACROSS THE DEPARTMENT

Eight of the 18 USDA program agencies' performance plans we reviewed generally provide a clear picture of the agency's intended performance across the agency, including a means to measure progress towards expected performance. These are the plans for CNPP, FAS, FSA, FSIS, FNS, NASS, NRCS, and RMA. However, the remaining 10 plans only partially address this question. Specifically, we found in reviewing these 18 plans that (1) most contain measurable goals, but some lack a means to measure progress towards those goals; (2) all generally link annual performance goals to the respective agency's mission and strategic goals, but some do not adequately link annual goals to their program activities as described in the budget; and (3) most only partially recognize,

or fail to recognize, crosscutting activities and thus do not fully identify whether the agencies are coordinating their efforts in those cases in which agencies have potentially overlapping goals and strategies.

Defining Expected Performance

Although most of the USDA performance plans that we reviewed contain objective, measurable, and quantifiable goals, some lack the means to measure progress. Specifically, we found that the plans for APHIS, CSREES, ERS, GIPSA, FS, RBS, RHS, and RUS lack adequate baseline and/or interim performance data needed to ascertain progress toward meeting goals.¹ For example, APHIS' performance plan states that baseline data will be established in 12 to 18 months; however, the agency's strategic plan, issued about 6 months earlier, also states that these data will be established in 12 to 18 months. No explanation is provided in the performance plan for the apparent slippage in the time frame for developing baseline data, and the plan does not discuss whether any progress has been made in their development. In addition, RBS, RHS, and RUS provide "selected baseline data" but do not directly link these baseline data to their specific annual performance goals and indicators, nor do they provide specific targets with which to assess progress toward overall strategic goals. Rather than providing quantifiable targets, RBS', RHS', and RUS' annual plans merely indicate an expectation to "contribute to the amelioration of these conditions [selected baseline data]."

Connecting Goals, Mission, and Activities

All of USDA's performance plans have goals that are generally linked to the agency's missions and strategic goals; most of these plans also generally link performance goals to the agency's program activities as reported in its budget requests. Specifically, we found that each of the plans includes program objectives and annual performance goals and indicators that are linked to the agency's strategic goals. However, these links are clearer in some of the plans than in others. For example, most of the plans included a detailed and well-organized discussion of how their annual performance goals and indicators reflect their strategic goals. In contrast, the organization of this information in other plans, such as those for ARS and CSREES, is more difficult to follow, although we believe that these plans adequately link their performance and strategic goals.

¹ARS requested and received permission from OMB to use a descriptive, non-numeric approach to define how the agency will measure success in meeting performance goals. As a result, we could not apply the "quantifiable" criterion to ARS' performance measures. In general, however, we believe ARS' descriptive indicators are objective and, to some extent, measurable.

Although the plans generally associate funding levels with performance goals, it was not always clear how the program activities identified in the plans related to the program activities contained in the Department's budget documents. For example, APHIS and FS appear to have disaggregated some of the program activities found in their budget requests into smaller component activities in their performance plans. However, the plans do not explain how these component activities relate to the program activities in the budget requests. As a result, it is difficult to determine how a proposed level of funding for a program activity contributes to performance and whether the plans cover all program activities. In another case, AMS, the plan did not clearly discuss how the agency's expenditures for program activities, such as market protection and promotion, are related to its performance goals.

Recognizing Crosscutting Efforts

Most of USDA's performance plans at least partially describe the need to coordinate with agencies having related strategic or performance goals. However, many of these plans do not explain how this coordination will be accomplished. For example, FSA shares a common goal with the Commodity Credit Corporation² to protect communities' water supplies against chemical contamination; to this end, both FSA and the Corporation operate hazardous waste management programs. Although FSA's performance plan briefly discusses both programs, the plan does not address whether or how activities under these programs will be coordinated to ensure that the programs work in concert to achieve their common goal. Similarly, FSA and NRCS each administers programs designed primarily to take environmentally sensitive lands out of production to, among other things, conserve soil, protect water quality, and provide habitat for wildlife. However, the performance plans for these agencies do not describe how they will coordinate their efforts under these programs to identify those lands that are most sensitive and offer the greatest environmental benefit. Furthermore, although the Forest Service's performance plan emphasizes efforts to ensure sustainable ecosystems, it does not discuss how the Service will coordinate its efforts with those of other agencies having a similar goal, including NRCS; the Environmental Protection Agency; the Department of the Interior; state conservation agencies; or environmental, timber, or industrial organizations.

²Located within USDA, the Commodity Credit Corporation is a government-owned and -operated entity established to stabilize, support, and protect farm incomes and prices and to assist in maintaining balanced and adequate supplies of agricultural commodities. The Corporation's mission also includes financing a range of commodity export, resource conservation, and disaster assistance programs.

USDA'S PERFORMANCE PLAN COULD MORE FULLY
DISCUSS HOW THE DEPARTMENT'S STRATEGIES
AND RESOURCES WILL HELP ACHIEVE ITS GOALS

All of the USDA program agencies' performance plans we reviewed could more fully discuss how each agency's strategies and resources will help achieve its goals. Specifically, we found that the plans generally describe the strategies to be used to accomplish performance goals, but most do not adequately address external factors, including their mitigation, that may affect an agency's ability to implement its strategies and accomplish its goals. In addition, most of the plans at least partially describe the capital, human, financial, and other resources needed to achieve their performance goals.

Connecting Strategies to Results

Although USDA's performance plans generally describe the strategies that will be used to accomplish goals, the majority do not address external factors—factors not directly controllable by the agency—and their mitigation. Most of the strategic plans for these agencies included a discussion of external factors, but only six of the annual performance plans—those for AMS, ERS, FAS, FNS, FSIS, and NRCS—provide even a limited description of the external factors that might be problematic in fiscal year 1999 and their mitigation. One good example of identifying an external factor and its mitigation is found in the FNS plan. This plan, which includes a performance goal to reduce food stamp trafficking (the illegal sale of food stamps for cash), cites FNS' dependence on grocery stores to properly handle food stamps as an external factor that affects the agency's ability to achieve this goal. To mitigate this factor, the plan notes that FNS has promulgated rules that participating stores must follow and instituted a system of sanctions that may be applied to stores that violate the rules. Another example, contained in FAS' plan, is, in our view, a step in the right direction in terms of identifying an important external factor, but the plan does not provide an adequate explanation of how this factor will be mitigated. FAS' plan, which includes a goal to expand export opportunities for U.S. agricultural products, cites the trade practices of foreign competitors as an external factor that may impede the agency's ability to achieve this goal. These practices include the use of export subsidies and monopolistic marketing boards. To mitigate this and other factors, the plan states that FAS will maintain the organizational capacity to mitigate external factors by using a variety of mechanisms and programs. However, the plan does not explain the meaning of "organizational capacity" or "variety of mechanisms and programs" and how these techniques will be used to overcome foreign competitors' trade practices.

Connecting Resources to Strategies

The majority of USDA's performance plans that we reviewed contain a limited discussion of the resources that will be needed to implement strategies. However, four of the plans—

those for AMS, FSA, FSIS, and RMA—include detailed discussions of specific capital, human, financial, and other resources that will be needed. FSA's plan also links its discussion of the resources that will be used to specific performance goals. In contrast, plans for RBS, RHS, and RUS provide no details on the resources that will be needed. In each case, these plans simply reiterate the brief discussion of means and strategies contained in the strategic plans for these agencies, with little or no effort to explain the specific resources required to achieve their fiscal year 1999 performance goals.

FSIS' plan is illustrative of a plan that provides a detailed discussion of resources that will be needed to achieve performance goals. The plan thoroughly describes the resources that will be needed in fiscal year 1999 to achieve its performance goal of reducing pathogens on raw meat and poultry products. The plan states that an increase in funding of nearly \$20 million is proposed to expand in-plant inspections and laboratory testing of meat and poultry samples taken from slaughtering plants. The plan also states that an increase of \$1.4 million is proposed to upgrade the technology used to conduct inspections, including stethoscopes, thermometers, and computer software programs that are not currently available. In addition, the plan indicates that an additional \$2 million and 41 staff years are proposed to allow the federal operation of a state inspection program that was terminated in late 1997.

**USDA'S PERFORMANCE PLAN PROVIDES LITTLE
CONFIDENCE THAT THE DEPARTMENT'S PERFORMANCE
INFORMATION WILL BE CREDIBLE**

USDA's program agencies' performance plans provide little confidence that performance information will be credible. Specifically, 11 of the 18 plans do not provide information on how performance data will be verified and validated or on data limitations. The other seven plans—those for APHIS, FAS, FNS, FSA, FSIS, NRCS, and RMA—only partially provide this information.

Verifying and Validating Performance

USDA's performance plans do not provide an adequate description of how the agency will ensure that its performance information—obtained from both internal and external sources—is sufficiently complete, accurate, and credible. To establish the reliability of its information, an agency's plan should describe procedures to verify and validate performance information, including audits, program evaluations, and internal controls. We found, however, that USDA's plans generally do not refer to verification and validation procedures. Instead, most of the plans either describe the expected sources of performance information or the manner in which specific programs will be evaluated without explaining whether or how data verification will be accomplished. For example, APHIS' plan states that the agency will collect performance information from program

and workload/budget reports, as well as from other sources, such as customer surveys and statistical reports, but the plan provides no information on how APHIS will verify that these data are credible. Similarly, GIPSA's plan indicates that the agency will collect performance information from its investigations database, which contains information on efforts to ensure a fair marketing environment for the sale of livestock, meat, and poultry. However, the plan provides no information on how the agency will verify the reliability of these data.

Recognizing Data Limitations

USDA's performance plans do not sufficiently identify significant limitations to data obtained from sources internal and external to an agency. In addition, the plans do not adequately discuss or make reference to any significant new or modified information systems that will enhance the credibility of the data needed for performance measures. Few of USDA's performance plans discuss the limitations in the baseline and performance data they will use to assess progress in meeting goals. For example, RUS' plan, which includes a goal to revitalize rural communities through, among other things, providing financing for rural electrification infrastructure, notes that it will be assessing its progress towards meeting this goal by collecting data on loans made to rural utilities—including the number of loans made, their amounts, and the number of borrowers receiving these loans—from internal agency records. However, the plan says nothing about any limitations of these data that may have been identified by internal agency reviews or in inspector general or other external audits.

OBSERVATIONS ON THE PLANS FOR THE OFFICES OF THE CHIEF FINANCIAL OFFICER AND CHIEF INFORMATION OFFICER

In addition to reviewing the 18 agency plans discussed above, we reviewed the performance plans for USDA's offices of the Chief Financial Officer (OCFO) and Chief Information Officer (OCIO). The OCFO plan discusses in detail USDA's performance goals and measures for financial management. Similarly, the OCIO plan discusses the Department's performance goals and measures for information technology. We reviewed these plans because financial management and information technology issues are integral to the operations of all of USDA's component agencies.

The OCFO plan, along with the plans for six of USDA's component agencies that include some information on financial management goals and performance measures, partially meet the criteria contained in the Results Act and related guidance. Specifically, the OCFO performance goals are linked to the strategic goals identified in USDA's September 1997 strategic plan and broadly address the key long-standing financial management weaknesses that we and USDA's Office of Inspector General have reported for many years.

The OCFO's and the agencies' performance plans could be improved in a number of areas to better meet the purposes of the Results Act and provide a more useful document for decisionmakers. First, since most agencies' performance plans do not include financial management-related goals and measures, the OCFO plan should identify the individual agencies that are responsible for carrying out the Department's performance goals related to finance. Second, agency performance plans that do discuss financial management issues should more clearly link agency-specific goals and measures to the broader departmentwide goals and measures set forth in the OCFO's plan. Third, in future plans, the OCFO and the component agencies should develop annual interim performance measures by which year-to-year progress in attaining goals can be measured. For example, the OCFO and agency plans currently include many performance goals that are scheduled to be fully achieved in fiscal year 1999, such as developing new accounting systems or receiving an unqualified audit opinion. However, until these performance goals are actually achieved, there is no clear basis upon which to evaluate how much progress has been made. Fourth, the OCFO and the relevant component agency should include goals and measures for certain troublesome financial management issues that we have previously reported on and that we believe require the special attention of USDA management: (1) the need for USDA's lending agencies to comply with the requirements of the Federal Credit Reform Act of 1990, (2) the need for the Forest Service to achieve financial accountability, and (3) the need for the Department to submit audited financial statements by March 1 of each year to the Director of OMB in conformance with the Government Management Reform Act of 1994.

The OCIO performance plan partially meets the criteria contained in the Results Act and related guidance. Specifically, the plan provides only a partial picture of intended performance and does not adequately discuss strategies and resources for achieving goals, especially for ensuring that the Department's mission-critical information technology systems are Year 2000 compliant.³ The plan could be improved by describing how the OCIO intends to ensure that the Department has adequate systems to provide complete, accurate, and consistent information for measuring results. As we noted in our review of USDA's strategic plan, the Department has a long history of problems with its information, accounting, and financial management systems and therefore lacks adequate systems to provide reliable information for measuring results.⁴

³Year 2000 compliant means that the information technology accurately processes date and time data (including calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries.

⁴Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

While USDA's overview performance plan states that all of the Department's mission-critical information technology systems will be Year 2000 compliant by March 1999—a date set by OMB—no specific reference to this date is made in the OCIO plan. Moreover, although the OCIO's plan has a performance goal to ensure that critical information systems for each USDA agency are Year 2000 compliant and operating in fiscal year 1999, it provides no strategy for how the Department intends to achieve this goal. In addition, only seven of USDA's component plans include a Year 2000 compliance goal for fiscal year 1999, while the other component plans provide no performance goals, measures, and time frames for addressing the Year 2000 issue. Since the overview performance plan identified the Year 2000 issue as critical for all of USDA, it is reasonable to expect that each component plan would have included a goal related to this issue. The OCIO plan also does not discuss the contingency plans needed in the event that Year 2000-induced failures impair the operation of critical business processes.

In other cases, performance goals, measures, and baselines discussed in the OCIO plan are also not clearly described, making it difficult to assess performance. For example, the plan identifies a performance goal of increasing the percentage of the development and adoption of a departmentwide information and technical architecture. Yet, as we discussed in our March 1998 testimony, USDA only has an initial draft of a high-level version of an architecture, and much work is needed to refine it.⁵ Because the performance plan gives no baseline from which performance can be measured for this goal and does not define what is meant by the indicators of "development" and "adoption," it is unclear how OCIO will assess progress. The plan would be improved by revising this performance goal to show the current status of work on the architecture as a baseline and to establish clear indicators of performance and expected time frames for completion.

While the OCIO performance plan links its performance goals to strategic goals and management initiatives identified in the office's September 1997 strategic plan, strategies for achieving some strategic objectives are left out of the OCIO's performance plan, and these omissions are not explained. For example, the OCIO strategic plan sets as an objective the need to implement a departmentwide data management program to develop the data standards, guidelines, and policies necessary to ensure data sharing and provide computer and data security over USDA information resources. Although the OCIO performance plan mentions the need for establishing a data management program, no performance goal or corresponding strategy for this objective is provided. Moreover, the plan does not discuss any planned actions related to information security, a high-risk issue that we have identified across all government agencies.

⁵USDA Information Management: Proposal to Strengthen Authority of the Chief Information Officer (GAO/T-AIMD-98-96, Mar. 3, 1998).

AGENCY COMMENTS

We provided a draft of our observations on USDA's annual performance plan for the Department's review and comment. We met with USDA's Director, Office of Budget and Program Analysis; the Deputy Chief Financial Officer; the Associate Chief Information Officer for Policy; and other officials. These officials told us that, in general, our observations would help them continue to refine their performance plan. In addition, USDA made the following comments:

- USDA disagreed with our observation that the Office of the Chief Financial Officer's and agencies' performance measures are "generally not useful" in assessing year-to-year progress in correcting USDA's financial management problems. USDA maintained, for example, that it believes several performance measures discussed in the Office's plan are useful in assessing this progress in fiscal year 1999, the year covered by the plan. These measures include (1) converting the Forest Service to the Foundation Financial Information System, (2) preparing consolidated financial statements for the Department that receive an unqualified audit opinion from the Inspector General, and (3) implementing cost accounting standards departmentwide. USDA said that the completion of these measures will, among other things, help USDA achieve performance goals related to enhancing the Forest Service's accountability and meeting the requirements of the Federal Credit Reform Act. While we agree that these measures could be helpful, we continue to believe that the Office of the Chief Financial Officer's plan should provide more information regarding the specific progress made in fiscal year 1997 and anticipated in fiscal years 1998 and 1999 for these measures. Accordingly, while the final report no longer characterizes these measures as "generally not useful," we have retained the statement that future performance plans should develop annual interim performance measures by which year-to-year progress in completing measures and attaining goals can be determined.
- USDA told us that we had incorrectly identified Agricultural Research Service's component plan as one that lacks adequate baseline and/or interim performance data needed to ascertain progress toward meeting its performance goals. According to USDA, the Service sought and received permission from OMB to use a descriptive, non-numeric approach to define how the Service will measure the successful accomplishment of its performance goals. USDA also provided us with documentation related to this matter. At the time of our review of the Agricultural Research Service's plan, however, we were unaware that the Service had permission to use an alternative approach. In light of this new information, we dropped mention of the Service from the discussion of component plans that lack adequate baseline and/or performance data.

- Although the strategic plan for APHIS was issued in September 1997 and the performance plan for this agency was publicly released in March 1998, USDA said that it is misleading to characterize the time frame between the issuance of these documents as being about 6 months. According to USDA, this agency's performance plan, as well as the plans for a number of other USDA agencies, was "set" by January 1998, pending a final decision on the funding in the President's budget. However, in our view, USDA had the opportunity to update the information in APHIS' performance plan up until early March 1998—the time at which the plan was submitted to OMB for its pre-release review. Thus, we continue to believe that it is correct to characterize the time frame between the issuance of this agency's strategic and performance plans as being about 6 months.

USDA also provided a number of technical changes and clarifications to the report, which we have incorporated as appropriate.

RELATED GAO PRODUCTS

Credit Reform: Greater Effort Needed to Overcome Persistent Cost Estimation Problems (GAO/AIMD-98-14, Mar. 30, 1998).

USDA Information Management: Proposal to Strengthen Authority of the Chief Information Officer (GAO/T-AIMD-98-96, Mar. 3, 1998).

Forest Service: Status of Progress Toward Financial Accountability (GAO/AIMD-98-84, Feb. 27, 1998).

Managing for Results: Experiences of Selected Credit Programs (GAO/GGD-98-41, Feb. 19, 1998).

Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

Federal Management Issues (GAO/OCG-98-1R, Jan. 9, 1998).

Results Act: Observations on USDA's Draft Strategic Plan (GAO/RCED-97-196R, July 10, 1997).

USDA Financial Systems: Additional Actions Needed to Resolve Major Problems (GAO/AIMD-95-222, Sept. 29, 1995).

(150750)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (202) 512-6061, or TDD (202) 512-2537.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
