

Appendices

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Appendix A: Full Report of Treasury's FY 2005 Performance Measures by Focus and Strategic Goal

FY 2005 PERFORMANCE SUMMARY

This section reports the results of Treasury's official performance measures by focus and strategic goal (and further by bureau/organization) for which targets were set in the FY 2005 Performance Plan (as presented in the FY 2006 Congressional Justification for Appropriations and Performance Plans). For each performance measure, there is a definition for the measure, performance levels and targets for three previous fiscal years (where available), the performance target and actual for the report year, and proposed performance targets for next fiscal year (where available). The report examines unrealized performance targets and presents actions for improvement.

The purpose of Treasury's strategic management effort is to develop effective performance measures to achieve the goals, objectives and activities that will improve results delivered to the American public. In its final performance plan for FY 2005 that the Department transmitted to Congress, as part of the FY 2006 budget, Treasury detailed its performance targets.

Overall, the Department established 126 performance targets in FY 2005. Of these, 13 are baseline, and 14 have no data available at the time of this report. Of the remaining 99 measures, Treasury met or exceeded 78 targets and did not meet 21 of its targets

FY 2005 Treasury-wide Performance Summary			
Total Measures	Targets Met	Targets Not Met	Other (Baseline & Not Available)
126	78 (62%)	21 (17%)	27 (21%)

Definitions and Other Important Information:

Determination of Official Measures In FY 2005, Treasury began the process of improving its performance management system. The first stage was to focus performance management efforts to a streamlined set of key performance measures. A rigorous process is followed to maintain internal controls

on these measures, including what is ultimately approved as an official Treasury performance measure. The measures that follow are results of this improvement effort and process.

Actuals For most of the measures included in this report, the FY 2005 actual data is final. Some of the actual data for FY 2005 are estimates at the time of publication, which are indicated by a "*". Actual data for these estimated measures will be presented in the FY 2007 Congressional Justification for Appropriations and the FY 2006 Performance and Accountability Report. The actual data for previous years throughout this report is the most current data available and may not reflect previous editions of the Performance and Accountability Report and the Congressional Justification.

Targets The targets shown for FY 2006 are proposed targets and are subject to change. The final targets will be presented from the FY 2007 Congressional Justification for Appropriations. Also included in this report are the previous year's final targets for each performance measure.

Target Met? For each fiscal year that there is a target and an actual number, the report tells the reader whether the target was met or not. If the target is met, "Y" will be shown. If the target was not met, "N" will be shown.

Definition All performance measures in this report have a detailed definition describing the measure and summarizes the calculation.

Source The basis of the data is included in this report.

Future Plans/Explanation for Shortfall If a performance target is not met, the report includes an explanation as to why Treasury did not meet its target, and what it plans to do to improve performance in the future. If a performance target is met, the report

includes what future plans Treasury has to either match FY05's performance, or improve its performance in future years.

Not Available Targets Some measures indicated as "Not Available" do not have actual data and will be discontinued in the FY 2006 Congressional Justification for Appropriations.

Baselined Measures There are 13 new FY 2005 measures included in this report. These measures are baselined (actuals determined) this year. Baselines facilitate target-setting in the future.

Additional Information Additional Information relating to Treasury's performance management can be found at <http://www.treas.gov/offices/management/budget/planningdocs/index.html>

Legend

*	Indicates actual FY 2005 data is estimated and is subject to change.
Oe	Outcome Measure
E	Efficiency Measure
Ot	Output/Workload Measure

Goal: Promote Prosperous U.S. and World Economies

Objective: Stimulate Economic Growth and Job Creation

Community Development Financial Institutions Fund

Measure: Administrative costs per number of New Markets Tax Credit (NMTC) applications processed (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	5390
Actual				5390	
Target Met?	N/A	N/A	N/A	Y	
Definition: The cost per application for New Markets Tax Credit (NMTC) applications.					
Source: The Fund will analyze the cost of materials as well as staff time and contractor's time to determine the total fixed and variable cost per application.					
Future Plans/Explanation for Shortfall: In FY 2005, the Fund established the baseline cost of administering each NMTC application. A significant portion of this cost is driven by the number of applications in a particular year (or funding round). In the future, the Fund will concentrate on maintaining a rigorous, yet efficient review process for each application in order to contain the administrative costs. In addition, whenever possible, the Fund will use technology from the previous funding round to maximize efficiency and minimize costs. This previously developed technology will be used to streamline the application and review process for NMTC applications.					

Measure: Administrative costs per number of Bank Enterprise Award (BEA) Applications processed (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	1280
Actual				1280	
Target Met?	N/A	N/A	N/A	Y	
Definition: The fixed and variable cost per application for Bank Enterprise Award (BEA) applications.					
Source: The Fund will analyze the cost of materials as well as staff time and contractor's time to determine the total cost per application.					
Future Plans/Explanation for Shortfall: In FY 2005, the Fund established the baseline cost of administering each BEA application. A significant portion of this cost is driven by the number of applications in a particular year (or funding round). In the future, the Fund will concentrate on maintaining a rigorous, yet efficient review process for each application in order to contain the administrative costs. In addition, whenever possible, the Fund will use technology from the previous funding round to maximize efficiency and minimize costs. This previously developed technology will be used to streamline the application and review process for BEA applications.					

Measure: Number of full-time equivalent jobs created or maintained in underserved communities by businesses financed by CDFI Program Awardees and New Markets Tax Credit (NMTC) Allocatees (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	40230	33830	5852	26995	36538
Actual	36275	9141	9212	23656	
Target Met?	N	N	Y	N	

Definition: An employee that works at least a 35-hour workweek is considered a full-time equivalent. In calculating the number of full-time equivalents, part-time employees are combined into full-time equivalents. For example, two part-time employees that each work 17.5 hours/week are combined to count as one full-time equivalent. Jobs maintained are jobs at the business at the time the loan or investment is made. Jobs created are new jobs created after the loan or investment is made. Jobs created and maintained serve as an important indicator of the economic vitality of underserved areas. Underserved communities are those that qualify as CDFI Program Target Markets (which include a specific geography called an Investment Area) or a specific community of people with demonstrated lack of access to credit, equity, or financial services called a Low-Income Targeted Population or an Other Targeted Population. Underserved communities are also those that qualify as NMTC Low Income Communities.

Source: Each Awardee and Allocatee collects and tracks transaction level data in its own management information system(s). The information is self-reported by awardees. Many track the number of jobs projected to be created. A smaller number collect annual information on actual number of jobs created. Some do not collect the data and respond “don’t know.” Each CDFI Financial Assistance (FA) awardee and NMTC Allocatee is required to complete a Transaction Level Report. CDFI awardees report full-time equivalent data in the Institution Level Report and Transaction Level Report, while NMTC Allocatees report full-time equivalent data in the Transaction Level Report only.

Future Plans/Explanation for Shortfall: The Fund did not achieve the goal of 26,995 full-time equivalent jobs expected for FY 2005. The primary factor in this shortfall is fewer awardees submitting required reports on time in FY 2005 than in previous years. In the future, the Fund intends to work more closely with awardees regarding the importance of reporting in a timely and accurate manner. In FY 2002 and prior periods, the Fund reported jobs created during the reporting period plus jobs maintained by all businesses in each CDFI’s portfolio, regardless of when the business was financed. This means that the same jobs are counted as maintained across the years. The FY 2003 target was set using this formula. During FY 2003, the Fund refined its definition of jobs maintained to count each job only once in the year the business is financed. This refinement lowered the actual result reported in FY 2003. In FY 2004, the Fund set the target based on the revised definition. The FY 2005 and FY 2006 targets use this same definition, but are significantly higher than the FY 2004 target because they include jobs to be created or maintained through the NMTC Program. The NMTC program is relatively new. NMTC performance data was included in FY 2004, but reported activity was minimal because it the program was in the start-up phase. In FY 2005, NMTC reported activity increased significantly.

Measure: Administrative costs per Financial Assistance (FA) application processed (\$) (E)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	5130
Actual				5130	
Target Met?	N/A	N/A	N/A	Y	

Definition: The cost per application for Financial Assistance (FA) applications.

Source: The Fund will analyze the cost of materials as well as staff time and contractor’s time to determine the total fixed and variable cost per application.

Future Plans/Explanation for Shortfall: In FY 2005, the Fund established the baseline cost of administering each FA application. A significant portion of this cost is driven by the number of applications in a particular year (or funding round). In the future, the Fund will concentrate on maintaining a rigorous, yet efficient review process for each application in order to contain the administrative costs. In addition, whenever possible, the Fund will use technology from the previous funding round to maximize efficiency and minimize costs. This previously developed technology will be used to streamline the application and review process for FA applications.

Measure: Administrative costs per number of Native American CDFI Assistance (NACA) applications processed. (\$) (E)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	10050
Actual				10050	
Target Met?	N/A	N/A	N/A	Y	

Definition: The Fund will determine the total cost associated with Native American CDFI Assistance (NACA) applications based on fixed and variable costs.

<p>Source: The Fund will capture this information through budget documentation.</p> <p>Future Plans/Explanation for Shortfall: In FY 2005, the Fund established the Baseline cost of administering each NACA application. A significant portion of this cost is driven by the number of applications in a particular year (or funding round). In the future, the Fund will concentrate on maintaining a rigorous, yet efficient review process for each application in order to contain the administrative costs. In addition, whenever possible, the Fund will use technology from the previous funding round to maximize efficiency and minimize costs.</p>

Measure: Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance. (in millions) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	1150	669	500	690
Actual	660	1623	1300	1800	
Target Met?	Y	Y	Y	Y	
<p>Definition: This measure represents the dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance. For CDFIs, leverage is defined as the 1:1 non-federal match (as required by the CDFI Program), plus funds the CDFI is able to leverage with CDFI Fund Financial Assistance grant and equity dollars, plus dollars that the awardees' borrowers leverage for projects that the awardees invest in (i.e., if the total financing needed for a housing development is \$5 million, the awardee lends \$1 million for this development, and other investors lend the remaining \$4 million, then \$4 million is the project-level leverage).</p> <p>Source: Financial Assistance award disbursements are made once CDFIs provide documentation showing that they have received or been committed matching funds. Disbursements of financial assistance are tracked by the Financial Manager and are used as the proxy for matching funds raised. The CDFI Program annual Institution Level Report captures the leverage ratio for financial assistance grants and equity dollars, as well as project-level leverage.</p> <p>Future Plans/Explanation for Shortfall: The Fund exceeded the target of leveraging \$500 million in private dollars by more than 300%. The awardees have increased the ability to leverage debt by showing a higher ratio of liabilities to net assets. Furthermore, awardees have reported greater project leverage by partnering with other entities to finance projects. In the future, the Fund will set targets based on these higher actual leverage ratios to ensure that the targets are challenging yet realistic. The Fund established the proposed FY 2005 target of \$2 billion based on preliminary analysis of the FY 2004 data. Upon completing the analysis, the Fund determined that this target was too high. As a result, the final target was set at \$500,000 in early 2004.</p>					

Measure: Increase in community development activities over prior year for all BEA program applicants (\$ in millions) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	307	134	81
Actual		138	307	103	
Target Met?	N/A	Y	Y	N	
<p>Definition: This measures the Bank Enterprise Award (BEA) applicants' increase in qualified community development activities over prior year.</p> <p>Source: Each BEA Program applicant is required to submit an application containing a Report of Transactions. The BEA Program Unit administers the BEA application. All reports are submitted electronically and the data is stored in the Fund's databases.</p> <p>Future Plans/Explanation for Shortfall: Upon submitting the FY 2006 budget, the Fund planned to allocate \$5 million of its FY 2005 appropriation to BEA. The target for the measure was set at \$55 million. However, Congress set aside \$10 million for BEA and the Fund adjusted the target to \$134 million. In FY 2005, the Fund achieved a \$103 million increase in activities, falling short of the \$134 million target. The Fund awards BEA funds based on three priorities. Since FY 2003, the Fund has not been able to fund all three priorities due to increased demand and reduced funding. During these years, the Fund did not award any priority three requests. In addition, in FY 2003 the Fund instituted a \$1.5 million cap on awards followed by a \$500,000 cap in FY 2005. Seeing this trend, many 2005 applicants did not complete the priority three section of the application. Therefore, the Fund did not receive a complete account of increased activities. This, in turn, led the Fund to fall short of the target.</p>					

Measure: Amount of investments in low-income communities that Community Development Entities (CDEs) have made with capital raised through their New Markets Tax Credit (NMTC) tax credit allocations (\$ in billions)(Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	1.4	2
Actual			.1	1.1	
Target Met?	N/A	N/A	Y	N	
<p>Definition: Amount of investments in low-income communities that Community Development Entities (CDEs) have made with capital raised through their NMTC tax credit allocations. The Fund will report NMTC Qualified Low-Income Community Investments (QLICs) that are supported by NMTC Qualified Equity Investments (QEIs).</p> <p>Source: The Fund will capture the data in the CDEs' annual Institution Level and Transaction Level Reports.</p> <p>Future Plans/Explanation for Shortfall: CDEs did not complete the anticipated \$1.4 billion in QLICs, though they came close at \$1.1 billion. Given the newness of the NMTC Program, the Fund's FY 2005 target was based on less than one full year of historical data. The Fund now has nearly 2 years of data from which to project future targets. The Fund will analyze the increasing rate that allocatees raise equity and make qualified investments, and use this analysis to set more achievable future targets.</p>					

Measure: Annual percentage increase in the total assets of Native CDFIs (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	35	33
Actual			39	103	
Target Met?	N/A	N/A	Y	Y	
<p>Definition: Measure the percent change in total assets that Native CDFIs report from one year to the next. The Fund will calculate: $[\text{Total Assets in Current Year} - \text{Total Assets in Previous Year}] / [\text{Total Assets in Previous Year}]$</p> <p>Source: The Native CDFIs financial data is captured through the annual Institution Level Report.</p> <p>Future Plans/Explanation for Shortfall: CDFIs that received the Fund's Native Initiative awards increased total assets by 103% between FY 2004 and FY 2005. The Fund exceeded the designated target of 35%. The Fund has a small number of Native CDFI that report from year-to-year (six in FY 2005), therefore, the performance of a single CDFI can have a great impact on the average change in assets. In FY 2005, a single CDFI increased its total assets by 350%, leading the Fund to significantly surpass the established target. While the Fund has limited control over the change in total assets of its awardees, the Fund can promote growth by continuing to provide financial and technical assistance to Native Awardees. The provision of such assistance will help ensure that the Fund meets its targets for this measure in the future.</p>					

Departmental Offices

Measure: US Real Gross Domestic Product (GDP) growth rate (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	N/A	3.5	3.6	3.4
Actual	1.3	2.5	4.5	3.6	
Target Met?	Y	Y	Y	Y	
<p>Definition: Real GDP is the most comprehensive measure of economic activity and is compiled throughout the year to reflect developments in each calendar quarter.</p> <p>Source: Data are provided by the Department of Commerce, Bureau of Economic Analysis (BEA).</p> <p>Future Plans/Explanation for Shortfall: Treasury will continue to work with its partners to ensure a growing and stable domestic economy.</p>					

Measure: Number of new Free Trade Agreement (FTA) negotiations and Bilateral Investment Treaty (BIT) negotiations underway or completed (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				5	9
Actual				7	
Target Met?	N/A	N/A	N/A	Y	
Definition: The number of international trade or investment agreements underway or completed during the period and the number of those that reflect commitments to high standards such as new commitments by a foreign government to open its financial services markets to U.S. providers. It includes bilateral agreements and multilateral undertakings (e.g., WTO) from which the U.S. benefits.					
Source: International Affairs staff and U.S. Trade Representative's office reporting.					
Future Plans/Explanation for Shortfall: Treasury expects the workload to increase in the near future. Treasury anticipates launching as many as four new FTAs/BITs in the fiscal year immediately ahead. Furthermore, there are seven FTAs/BITs from FY 2005 or earlier years that are still being negotiated. FTA/BIT negotiations can sometimes be wrapped up quickly, such as in the case with Australia. More normally, however, these negotiations stretch over many months and even into years, depending upon the complexity of the negotiations and the willingness of the participants to compromise. In addition to negotiating new agreements, a relatively new and increasingly important component of the workload deals with monitoring and enforcing agreements already in place.					

Measure: The number of FTAs and BITs that reflect high standard commitments (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				5	Discontinued
Actual				7	
Target Met?	N/A	N/A	N/A	Y	
Definition: The number of international trade or investment agreements underway or completed during the period and the number of those that reflect commitments to high standards such as that includes new commitments by a foreign government to open its financial services markets to U.S. providers. It includes bilateral agreements and multilateral undertakings (e.g., WTO) from which the U.S. benefits.					
Source: International Affairs staff and U.S. Trade Representative's office reporting.					
Future Plans/Explanation for Shortfall: This measure is being discontinued. Treasury is working to improve the performance measures within International Affairs.					

Measure: U.S. unemployment rate (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	5.6	5.3	5.2
Actual		6.1	5.4	5.1	
Target Met?	N/A	Y	Y	Y	
Definition: The percentage of the U.S. labor force reported as unemployed in the last quarter of the reference fiscal year.					
Source: Data are collected from the U.S. Department of Labor, Bureau of Labor Statistics					
Future Plans/Explanation for Shortfall: Treasury will continue to work with its partners to ensure a growing and stable domestic economy.					

Measure: Level of MDB grant financing and satisfactory results measurements (Grants as a % of AFDF FY Commitment) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	21	19.5	35
Actual		17	39.2	21.8	
Target Met?	N/A	Y	Y	Y	
<p>Definition: The portion of resources provided to borrowers from each Multilateral Development Banks (MDB) in the form of grants and whether such grant financing contains a satisfactory results measurement framework. MDBs provide financial support and professional advice for economic and social development activities in developing countries.</p> <p>Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions. This information is measured on an annual basis.</p> <p>Future Plans/Explanation for Shortfall: Treasury successfully met its target to increase the number of grants with results-oriented measures in FY 2005. Staff will continue its efforts to encourage measurable performance.</p>					

Measure: Level of MDB grant financing and satisfactory results measurements (African Development Bank/AFDF Grants) (in millions) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	65	216	870
Actual		240	65	46	
Target Met?	N/A	Y	Y	N	
<p>Definition: Captures the portion of resources provided to borrowers from each Multilateral Development Banks (MDB) in the form of grants and whether such grant financing contains a satisfactory results measurement framework. MDA provide financial support and professional advice for economic and social development activities in developing countries.</p> <p>Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions. This information is measured on an annual basis.</p> <p>Future Plans/Explanation for Shortfall: The low number is a direct result of the difference in fiscal year definitions. The results in FY06 will correlate with the target.</p>					

Measure: Level of MDB grant financing and satisfactory results measurements (World Bank/IDA Grants) [in millions] (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	1681	1728	3555
Actual		1233	1681	1925	
Target Met?	N/A	Y	Y	Y	
<p>Definition: Captures the portion of resources provided to borrowers from each Multilateral Development Banks (MDB) in the form of grants and whether such grant financing contains a satisfactory results measurement framework. MDB provide financial support and professional advice for economic and social development activities in developing countries.</p> <p>Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions. This information is measured on an annual basis.</p> <p>Future Plans/Explanation for Shortfall: Treasury successfully met its target to increase the number of grants with results-oriented measures in FY 2005. Staff will continue its efforts to encourage measurable performance.</p>					

Measure: Encourage movement towards flexible exchange rate regimes (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	4
Actual				3	
Target Met?	N/A	N/A	N/A	Y	
Definition: Encouraging large economies with fixed or rigid exchange rate regimes to adopt flexible exchange rate regimes is a key to addressing global imbalances and assuring sustained global growth. International Affairs staff engage in and support economic dialogue with these countries, such as China, and provide technical assistance and support so those countries will be able to transition from fixed to flexible regimes. This measure captures the work Treasury is doing to support the transition, and shows the number of actions Treasury has taken to encourage flexible exchange rate regimes.					
Source: International Affairs staff tracks and accounts for actions undertaken during the reporting period.					
Future Plans/Explanation for Shortfall: As a part of stimulating economic growth and job creation, Treasury will continue to press for greater exchange rate flexibility in China. As part of the performance goal of increasing free trade and cross border investment, Treasury will continue to press China for additional financial sector opening. Finally, as a part of the goal of increasing the efficiency of Treasury resource allocation, Treasury IA will establish the Treasury financial attaché office in Beijing.					

Measure: Level of MDB grant financing and satisfactory results measurements (Grants as a % of IDA FY Commitment) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	22.0	19.6	30.4
Actual		17	18.8	21.4	
Target Met?	N/A	Y	N	Y	
Definition: The portion of resources provided to borrowers from each Multilateral Development Banks (MDB) in the form of grants and whether such grant financing contains a satisfactory results measurement framework. MDB provide financial support and professional advice for economic and social development activities in developing countries.					
Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions. This information is measured on an annual basis.					
Future Plans/Explanation for Shortfall: Treasury successfully met its target to increase the number of grants with results-oriented measures in FY 2005. Staff will continue its efforts to encourage measurable performance.					

Office of Comptroller of the Currency

Measure: Percentage of licensing applications and notices completed within established timeframes. (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	95	95	95	95	95
Actual	96	97	96	96	
Target Met?	Y	Y	Y	Y	
Definition: This measure reflects the extent to which OCC meets its established timeframes for reaching decisions on licensing applications and notices. The OCC's timely and effective approval of corporate applications and notices contributes to the nation's economy by enabling national banks to engage in corporate transactions and introduce new financial products and services.					
Source: The Chief Counsel's office uses the Corporate Activity Information System (CAIS) to identify applications completed during the fiscal year. For each filing, the actual decision date is compared to the target action date to determine whether the application was completed within established standards. The percentage is determined by comparing the number of licensing applications processed within the required timeframes to the total number of licensing applications processed during the fiscal year. The processing time is the number of calendar days from the date of OCC receipt to the date of OCC's decision. The established processing timeframe depends on the application type and if the application qualifies for expedited processing.					

Future Plans/Explanation for Shortfall: OCC plans to maintain its high level of timeliness in completing licensing applications and notices by hiring qualified staff as vacancies arise; providing staff training through annual conferences and rotational assignments, revising licensing manuals to address new circumstances and changed policies; and maintaining frequent communications between Headquarters office management and licensing analysts and District Office staff.

Office of Thrift Supervision

Measure: Difference between the inflation rate and the OTS assessment rate increase (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	0	0	0	0	0
Actual	0	0	0	0	
Target Met?	Y	Y	Y	Y	
<p>Definition: Without compromising responsibilities and the risk-based examination approach, OTS strives to efficiently manage its operations and budget to ensure that assessment rate increases do not exceed the inflation rate. However, if OTS believes that events require more personnel or other expenditures, OTS may increase assessments to raise the required resources. Annually, OTS analyzes its operating costs and compares them to the assessments it charges savings associations and holding companies in order to achieve a structure that keeps assessment rates as low as possible while providing OTS with the resources necessary for effective supervision. The assessment rate increases for savings associations have not exceeded the inflation rate for the past two years.</p>					
<p>Source: OTS's current assessment rates are specified in OTS's Thrift Bulletins (the TB 48 series). OTS calculates this measure annually for its January assessment cycle or whenever a new assessment bulletin is issued. The percent increase in assessment rates is calculated and compared with the inflation rate as specified in OTS's Thrift Bulletins. The difference between the inflation rate and the assessment rate increase is targeted to be greater than or equal to zero.</p>					
<p>Future Plans/Explanation for Shortfall: OTS plans to meet this target in 2006 based on its current revenue and expense projections. The anticipated assessment rate increase should be less than or equal to the inflation rate.</p>					

Objective: Improve and Simplify the Tax Code

Departmental Offices

Measure: Average tax compliance cost for individuals and small businesses (\$) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target					Baseline
Actual					
Target Met?	N/A	N/A	N/A	N/A	
<p>Definition: This measures the cost for individuals and small business to satisfy their tax obligations, including the amount of time spent filling out tax forms.</p>					
<p>Source: IRS tax data</p>					
<p>Future Plans/Explanation for Shortfall: The database has not yet been completed. Average tax compliance for small businesses should be available in FY 2006 and for individuals in FY 2007.</p>					

Goal: Promote Stable U.S. and World Economies

Objective: Increase Citizens Economic Security

Departmental Offices

Measure: On-time payment of federal loan guarantee fees and repayment of underlying loans by borrowers (ATSB loans) (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				100	100
Actual				100	
Target Met?	N/A	N/A	N/A	Y	
<p>Definition: Federal credit instruments (loan guarantees) were made to air carriers who suffered loss and are in financial difficulty due to the September 11, 2001 terrorist attacks. Air Transportation Stabilization Board (ATSB) closely monitors a loan guarantee portfolio to determine the financial health of the borrowers and compliance with the terms of the loan agreements. This measure tracks the timely payment of fees and principal back to the U.S. Treasury. Borrowers must submit monthly and quarterly financial reports which are reviewed by the ATSB.</p>					
<p>Source: Transaction data regarding guarantee fee payments come from the Financial Reporting Branch of Treasury's Departmental Offices.</p>					
<p>Future Plans/Explanation for Shortfall: The ATSB continues to monitor the financial and operational performance of its borrowers through its monitoring activities and will work with its borrowers to ensure the timely payment of the guarantee fees owed to the ATSB. Additionally, the ATSB will continue to work with its bankrupt borrower and the bankruptcy courts to ensure the maximum recovery to the U.S. taxpayers from this loan.</p>					

Measure: Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				90	90
Actual				78	
Target Met?	N/A	N/A	N/A	N	
<p>Definition: This measure tracks efforts by International Affairs (IA) staff to monitor quality of IMF country programs and ensure the application of appropriately high standards. IA staff endeavors to review each country program and provide a synopsis and recommendation for action at least one week before each program is voted on by the IMF Board. The measure tracks the percentage of times the staff review is completed in a timely manner (at least one week before Board action) to allow for alterations in language if deemed necessary.</p>					
<p>Source: International Affairs staff tracks and accounts for actions undertaken during the reporting period.</p>					
<p>Future Plans/Explanation for Shortfall: This is the first year the Treasury staff is being measured for reviewing IMF programs. As such, a 78% review rate is progress. Treasury will continue to emphasize IMF effectiveness by reviewing 90% of its programs in FY 2006.</p>					

Alcohol and Tobacco Tax and Trade Bureau

Measure: Percentage of COLA approval applications processed within 9 calender days of receipt (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	60	30	35
Actual		57	60	50	
Target Met?	N/A	Y	Y	Y	
Definition: The percentage of Certificate of Label Applications (COLA) processed electronically and by paper within 9 days of receipt.					
Source: Data is captured thru the COLAs Online data base system. There are periodic statistical reports, searches, and queries that are generated.					
Future Plans/Explanation for Shortfall: TTB exceeded this goal and continue to review processes to help evaluate this goal. TTB will have a business process reengineering study performed in FY 2006 to help reach future improvements. Upon receiving the results of the business process reengineering study, TTB management will make any necessary adjustments to continue to improve this very important function.					

Measure: Percent of electronically filed Certificate of Label Approval applications (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		10	7	16	18
Actual		3	10	20	
Target Met?	N/A	N	Y	Y	
Definition: Calculated by dividing the number of e-filed applications by the total Certificate of Label Approval applications (COLA) submissions (paper and electronic).					
Source: Data is captured through the COLAs Online database system. There are periodic statistical reports, searches, and queries that are generated.					
Future Plans/Explanation for Shortfall: TTB exceeded this goal. TTB has been actively involved in educating industry members about COLAs on-line database systems which allows members to file COLAs electronically. TTB has increased its efforts to provide knowledge to industry members through conferences, etc. TTB will continue this education effort in FY 2006.					

Objective: Improve the Stability of the International Financial System

Departmental Offices

Measure: Percentage of grant and loan proposals containing satisfactory frameworks for results measurement (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target					Baseline
Actual					
Target Met?	N/A	N/A	N/A	N/A	
Definition: The percentage of grant and loan project proposals that contain a satisfactory framework for measuring project results (such as outcome indicators, quantifiable and time-bound targets, etc.) This information is measured on an annual basis.					
Source: MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions					
Future Plans/Explanation for Shortfall: Once the baseline is available in FY 2006, FY 2007 target will be determined.					

Goal: Preserve the Integrity of Financial Systems

Objective: Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers, and Other Criminals and Isolate Their Support Networks

Departmental Offices

Measure: Maintain the annual increase in the number of and significance to the foreign narcotics traffickers of new designated targets (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			136	136	Discontinued
Actual			136	504	
Target Met?	N/A	N/A	Y	Y	
<p>Definition: Office of Foreign Assets Control (OFAC) systematically attacks the foreign drug cartels' networks of business investments and money laundering, especially their penetrations of the legitimate economy, by exposing, isolating, and impeding or incapacitating them, principally through denying them access to the U.S. financial and economic system. Narcotics designations (Specifically Designated Narcotics and Traffickers and KPA (Kingpin Act) Tier Is (top designations made under the Act) and Tier IIs (designations of those entities associated with the Tier I)) are a combination of major foreign drug traffickers (individuals and groups) and the persons (individuals and entities) that serve as their agents, straw men, operatives, front companies, money laundering connections, and penetrations into legitimate business. This is accomplished by investigation and research to determine who they are and to place them on the designation list.</p>					
<p>Source: The evidence used to develop the designation cases is examined for sufficiency on a case-by-case basis internally and involving OFAC's legal counsel and the Justice Department.</p>					
<p>Future Plans/Explanation for Shortfall: In FY2006 OFAC will be revising and redefining its measures, This measure will be discontinued in FY 2006.</p>					

Financial Crimes Enforcement Network

Measure: Percentage of customers finding FinCEN's analytic support valuable (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	75
Actual				73	
Target Met?	N/A	N/A	N/A	Y	
<p>Definition: This performance measure, starting in FY 2005, combines data from surveys on strategic analytical products, investigative case reports, and investigative targets.</p>					
<p>Source: Bi-annual surveys</p>					
<p>Future Plans/Explanation for Shortfall: FinCEN established this measure in FY 2005 to track the value to law enforcement of the FinCEN analytic products. It combines data from surveys on strategic analytical products, investigative case reports and investigative targets.</p>					

Measure: Number of users directly accessing BSA data through FinCEN's Gateway process (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	900	1700	3000	Discontinued
Actual	898	1105	2181	3344	
Target Met?	Y	Y	Y	Y	

Definition: The number of individuals with current passwords who have accessed the Bank Secrecy Act data through the Secure Outreach network in the past 90 days.
Source: The list can be checked through the Profile function at the Detroit Computing Center
Future Plans/Explanation for Shortfall: In FY 2005, FinCEN observed an increase in law enforcement customers directly accessing BSA data through the web based system, meeting the FY 2005 target of 3,000 with 3,344 users. FinCEN achieved this increase by establishing Memoranda of Understanding with law enforcement that access the data and increasing outreach and training. In FY 2006, FinCEN will discontinue using this performance measure as an external budget measure. However, FinCEN will continue to track performance internally.

Measure: Number of vulnerable industries covered by anti-money laundering regulations (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	7	11	15	Discontinued
Actual	10	10	10	11	
Target Met?	Y	Y	N	N	
Definition: The number of financial industries covered by the Bank Secrecy Act anti-money laundering reporting and record-keeping requirements					
Source: A list of industries is provided by FinCEN's Office of General Counsel					
Future Plans/Explanation for Shortfall: In FY 2005, FinCEN issued draft and final anti-money laundering regulations for vulnerable industries. Specifically, on June 9, 2005, FinCEN published the interim final rule for dealers in precious metals, precious stones, and jewels in the Federal Register. The interim rule requires dealers to implement anti-money laundering programs by January 1, 2006. Further, in February 2005, FinCEN completed the final regulation requiring certain insurance companies to establish anti-money laundering programs and transmitted the regulation to Treasury for review and clearance. Clearance at the Departmental level is a critical, yet time-consuming, step before publishing regulations. FinCEN prepared drafts of final regulations requiring securities investment advisers, commodity trading advisers, and unregistered investment companies to establish anti-money laundering programs and circulated them to the Securities and Exchange Commission and the Commodity Futures Trading Commission for review and comment. The descriptions above document some of the challenges FinCEN faced to finalize regulations. FinCEN did not meet the FY 2005 target of issuing final anti-money laundering program regulations covering 15 industries. FinCEN will work toward completion of the regulations for securities investment advisers, commodity trading advisers, and unregistered investment companies which require extensive consultation and coordination with both the Securities and Exchange Commission and the Commodity Futures Trading Commission. FinCEN will continue to work closely with policymakers and attorneys within Treasury to clear the pending insurance company regulation and any future regulation submissions.					

Measure: Average time to process enforcement matters (in Years) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	1.8	1.5	1.2	1.1	1
Actual	1.5	1.3	1	1.3	
Target Met?	Y	Y	Y	N	
Definition: The average time to process an enforcement matter is determined from the date a case is referred from the Office of Compliance to the date the charging (or action) letter is issued.					
Source: The data for this measure is captured through an internal database that stores enforcement matters. The database records the date cases are received, the analyst assigned, the statute of limitations date, and the date each case was closed.					
Future Plans/Explanation for Shortfall: In 2005, FinCEN closed an unprecedented number, 76, of enforcement cases and eliminated the historic case backlog at FinCEN. Although FinCEN did not meet the FY 2005 performance measure of 1.1 years average time to process cases, the actual result of 1.3 years reflects focusing resources on eliminating the case backlog. In other words, as FinCEN closed cases that had been open for a long period of time, the average time increased. With the elimination of the case backlog, FinCEN will direct resources exclusively towards the timely, appropriate resolution of significant cases such as AmSouth Bank and Arab Bank. FinCEN processed the AmSouth Bank and Arab Bank cases in three months and eight months, respectively. Over the past year, FinCEN reorganized the Regulatory Policy and Programs Division, added additional resources, and developed case processing procedures to prevent developing a backlog in the future.					

Treasury Forfeiture Fund

Measure: Percent of forfeited cash proceeds resulting from high-impact cases (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	75	75	75	75	75
Actual	73	80.55	83.95	81	
Target Met?	N/A	Y	Y	Y	
<p>Definition: A “high impact case” is a case resulting in a cash forfeiture equal to or greater than \$100,000. This measure is calculated by dividing the amount of cash forfeited in amounts equal to or greater than \$100,000 (as measured by individual deposits that are equal to or greater than \$100,000) divided by the total amount of cash forfeitures to the Fund (as of the end of the year, or other reporting period.)</p> <p>Source: The Treasury Forfeiture Fund is able to capture this data on a monthly basis and the source of the data is the Detailed Collection Report (DCR).</p> <p>Future Plans/Explanation for Shortfall: Fund management will continue to place a priority on funding those expense categories that emphasize “high impact” forfeitures. The success of this initiative is demonstrated by our performance against this measure and program expansion.</p>					

Objective: Execute the Nation’s Financial Sanctions Policies

Departmental Offices

Measure: Maintain turnaround time for license submissions with significantly increased workload. Requiring internal OFAC review with significantly increased workload (Days) (E) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				20	Discontinued
Actual				27.5	
Target Met?	N/A	N/A	N/A	N	
<p>Definition: The number of business days to process a license application from the time it is received in the Licensing Division to the time the final determination is issued.</p> <p>Source: Database maintained by Office of Foreign Assets Control (OFAC).</p> <p>Future Plans/Explanation for Shortfall: OFAC’s shortfall in this area was due to reduced staffing in our licensing division. This measure is being discontinued and replaced with a more appropriate measure, turn-around time for license and interpretative submissions, in FY 2006.</p>					

Measure: Number of countries that are assessed for compliance with the Financial Action Task Force (FATF) 40+9 recommendations (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	TBD
Actual				49	
Target Met?	N/A	N/A	N/A	Y	

Definition: Establishing FATF 40+9 international standards is the first step toward identifying and destroying terrorist networks and denying terrorist access to the international financial system. Without implementation of these standards throughout the world, terrorists will enter the international financial system at the point of least resistance, and preventative national efforts will be rendered less effective. In concert with the international community, Treasury is deploying a three-prong strategy that 1) objectively assesses all countries against the FATF 40+9, 2) provides capacity-building assistance for key countries in need and 3) isolates and punishes those countries and institutions that facilitate terrorist financing. TFI is working with international bodies like FATF, IMF (International Monetary Fund) and World Bank to ensure compliance. The IMF and World Bank have adopted the FATF 40+9 and they use those standards to assess countries for compliance.

Source: FATF, FATF-style regional bodies (FSRB), International Monetary Fund and World Bank data.

Future Plans/Explanation for Shortfall: Assessing compliance for the FATF 40+9 recommendations is crucial to identifying money laundering and terrorist financing vulnerabilities, and is one of the most effective levers to encourage reforms. Through participation by international bodies such as FATF, IMF, and World Bank, assessments for compliance with FATF's standards should become more widespread. Treasury will continue efforts to increase assessments and international cooperation. Growth in the number of countries assessed reflects increased acceptance of key international standards and should focus attention on key money laundering and terrorist financing issues and remaining implementation challenges. These issues and challenges should be targeted for technical assistance, which should promote greater Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) capabilities and greater vigilance in safeguarding the international financial system against illicit activity.

Measure: Increase the number of international measures and bodies established internationally to protect the financial system from money laundering and terrorist financing (Ot) [DISCONTINUED FY 2006]

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	Discontinued
Actual				5	
Target Met?	N/A	N/A	N/A	Y	

Definition: Financial Action Task Force on Money Laundering (FATF) and the FATF style regional bodies (FSRBs) are the international bodies that hold members to FATF standards. At the end of FY04, such bodies existed in South America, the Caribbean, Africa, Europe and Asia Pacific. At the beginning of FY05, no such bodies existed for Central Asia, and in the Middle East/North Africa—two key regions in the fight against terrorism. This is a major achievement that will bring a range of critical jurisdictions under the financial standards of the international community.

Source: FATF data

Future Plans/Explanation for Shortfall: The result shown is as of August 31, 2005. This measure is being discontinued and being replace with a suite of measures that better reflects Treasury's work in this program area.

Measure: Maintain turnaround time for license submissions with significantly increased workload. b. Requiring Chief Counsel's and interagency review with significantly increased workload (Days) (E) [DISCONTINUED FY 2006]

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				75	Discontinued
Actual				63	
Target Met?	N/A	N/A	N/A	N	

Definition: The number of business days to process a license application from the time it is received in the Licensing Division to the time the final determination is issued

Source: Database maintained by Office of Foreign Assets Control (OFAC).

Future Plans/Explanation for Shortfall: The measure is being discontinued and replaced with a more appropriate measure, Turn-around time for license and interpretative submissions, in FY2006.

Measure: Increase the number of outreach engagements with the charitable and international financial communities (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	105
Actual				95	
Target Met?	N/A	N/A	N/A	Y	
<p>Definition: Office of Terrorist Finance and Financial Crime (TFFC) outreach engagements allow it to assess first-hand domestic and international Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT) practices by governments and private institutions alike and engage with these entities to ensure that they safeguard themselves and the financial system against illicit activity. When followed-up consistently, this outreach has proven to be one of our most efficacious tools for changing behavior, raising awareness, and improving capacity among foreign governments as well as domestic and foreign institutions with gaps in their AML/CFT programs.</p>					
<p>Source: Data collected by the Department of Treasury's Office of Terrorism and Financial Intelligence (TFI); Terrorist Financing and Financial Crimes (TFFC).</p>					
<p>Future Plans/Explanation for Shortfall: Engagement with the international and charitable sectors has always played a key role in TFFC's work. Bilateral and multilateral engagements with the public and private sectors have enabled TFFC to promote and promulgate greater transparency and accountability in financial systems worldwide. In FY05, TFFC conducted 95 outreach engagements, leveraging a small staff to great effect. Looking ahead to FY06, the growth of TFFC along with the creation of a Director of Global Affairs position has focused and empowered TFFC to broaden and deepen these engagements yet further.</p>					

Objective: Increase the Reliability of the U.S. Financial System

Bureau of Engraving & Printing

Measure: Percent of currency notes delivered to the Federal Reserve that meet customer quality requirements (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	99.9	99.9	99.9	99.9
Actual	100	99.9	100	99.9	
Target Met?	Y	Y	Y	Y	
<p>Definition: A qualitative indicator reflecting the Bureau's ability to provide a quality product. All notes delivered to the Federal Reserve go through rigorous quality inspections. These inspections ensure that all counterfeit deterrent features, both overt and covert are functioning as designed.</p>					
<p>Source: Quality inspections are performed at each Federal Reserve Bank. Any discrepancies found are reported to BEP on a per shipment basis.</p>					
<p>Future Plans/Explanation for Shortfall: The Bureau regularly meets with its primary customer, The Federal Reserve Board, to solicit feedback on its performance. Manufacturing costs and production targets were met in FY 2005.</p>					

Measure: Security costs per 1000 notes delivered (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	5.95	6.25
Actual			5.95	5.75	
Target Met?	N/A	N/A	Y	Y	
<p>Definition: An indicator reflecting the cost of providing effective and efficient product security and accountability. This standard is developed annually based on the past year's cost performance and anticipated cost increases. The formula used to calculate this measure is the total cost of security divided by the number of notes produced divided by 1000.</p>					
<p>Source: Cost data is collected through BEP's accrual-based cost accounting system. This standard is developed annually based on the past year's cost performance and anticipated cost increases.</p>					

Future Plans/Explanation for Shortfall: The Bureau’s ability to provide effective and efficient product security and accountability during the manufacturing and delivery of currency notes to the Federal Reserve preserves the integrity of the Nation’s currency. Currency shipment discrepancies are prevented by a series of automated quality and accountability checks performed throughout the entire production process as well as a final verification prior to shipment to the customer.

Measure: Manufacturing costs for currency (dollar costs per thousand notes produced) (\$) (E)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	25	31	35	31	32
Actual	30.03	29.14	28.06	28.83	
Target Met?	N	Y	Y	Y	

Definition: An indicator of currency manufacturing efficiency and effectiveness of program management. This standard is developed annually based on the past year’s performance, contracted price factors, and anticipated productivity improvements. Actual performance comparison against the standard depends on BEP’s ability to meet annual spoilage, efficiency, and capacity utilization goals established for this product line.

Source: Cost data is collected through BEP’s accrual-based cost accounting system.

Future Plans/Explanation for Shortfall: Through monthly reporting and analysis of cost performance data, program managers receive timely and effective feedback that they use to continually adjust and fine-tune production processes to achieve continuous improvement. Production managers have specific cost standards as a part of their annual performance plans.

Measure: Currency shipment discrepancies per million notes (\$) (0e)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	.01	.01	.01	.01	.01
Actual	0	0	.01	0	
Target Met?	Y	Y	Y	Y	

Definition: A qualitative indicator reflecting BEP’s ability to provide effective product security and accountability. 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.

Source: The customer captures this data and report to BEP on a monthly basis.

Future Plans/Explanation for Shortfall: Currency shipment discrepancies are prevented by a series of automated quality and accountability checks performed throughout the entire production process as well as a final verification prior to shipment to the customer.

Departmental Offices

Measure: Release Federal Government-wide financial statements on time (0e)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Met	Met	Met	Met	Met
Actual	Met	Met	Met	Met	
Target Met?	Y	Y	Y	Y	

Definition: This report is the audited consolidated financial report of the Federal Government required by the Government Management Reform Act.

Source: Data are collected from the audited financial results of all federal agencies and is audited by GAO.

Future Plans/Explanation for Shortfall: Treasury plans to continue to establish policies and procedures to release the Federal government-wide financial statements on time.

Measure: Variance between estimated and actual receipts (annual forecast) (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			5	5	5
Actual			3.8	5	
Target Met?	N/A	N/A	Y	Y	
<p>Definition: Percentage error measure measures the accuracy of the Mark receipts forecasts produced monthly by the Office of Fiscal Projections (OFP). It measures the relative amount of error or bias in OCDM's receipts forecasts.</p> <p>Source: OFP within the Office of the Fiscal Assistant Secretary compiles receipts data by major categories (i.e., withheld income taxes, individual taxes, FICA, corporate, customs deposits, estate and excise) as well as by types of collection mechanisms (electronic and paper coupons). OFP is also responsible for forecasting the daily tax receipts in order to manage the Federal Government's cash flow. Data on monthly and daily federal tax receipts of actual and forecasts are compiled by the office and are used to report on the United States' monthly, weekly, and daily cash position in addition to determining the optimal financing for cash management.</p> <p>Future Plans/Explanation for Shortfall: FY 2006, the tolerance will be no higher than 5% and more than likely will be decreased. To meet our performance measure, Domestic Finance will focus on two areas, which will result in a reduction in our forecast error. Beginning in FY 2006, key macro-economic indicators will be received from our colleagues in the Office of Macroeconomic Analysis, Office of the Assistant Secretary for Economic Policy on a monthly basis. These indicators will be compared against those upon which our current receipt forecast is based and updated, as needed. During the latter half of FY 2005, the Revenue Forecasting Work Group was reconstituted. This group includes representatives from the Office of Tax Analysis, the Office of the Assistant Secretary for Economic Policy and the Office of the Fiscal Assistant Secretary. It meets at least twice quarterly to identify recent trends in tax receipts based especially on monthly budget reporting and daily cash flows. The group will also identify changes in key macro-economic indicators, which could result in a re-estimate of the major budget receipt categories (e.g., withheld income and FICA taxes, corporation taxes, individual tax refunds, etc.).</p>					

Measure: Increase the quantity and quality of information sharing of U.S. financial information between the federal government and the U.S. financial services sector institutions (reworded) (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		20	20	20	10
Actual		67	309	50	
Target Met?	N/A	Y	Y	Y	
<p>Definition: The increase/decrease in usage by the financial services sector of the Financial Services Information Sharing and Analysis Center (FS-ISAC) by the number of financial sector institutions participating in the FS-ISAC at the end of each calendar year.</p> <p>Source: FS-ISAC subscription list.</p> <p>Future Plans/Explanation for Shortfall: The Office of Critical Infrastructure Protection and Compliance Policy in Domestic Finance has successfully encouraged the private sector to start up the Financial Sector-Information Sharing and Analysis Center. In FY 2003, it increased participation by 67% and in FY 2004 increased participation by 309%.</p>					

United States Mint

Measure: Order Fulfillment (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	TBD
Actual				94	
Target Met?	N/A	N/A	N/A	Y	
<p>Definition: This measure will track order fulfillment in both the circulating and numismatic products. Each component will be scaled by its percentage of the total revenue to create an index. The formula for this measure is [(circulating shipments/circulating orders) (circulating revenue/total revenue) + (numismatic orders shipped within 7 days/numismatic orders requiring shipping) (numismatic revenue/total revenue)] The numismatic revenue and total revenue components exclude bullion revenue.</p>					
<p>Source: United States Mint analysts maintain circulating orders and shipment data in a database. Numismatic orders data are pulled via a query from the United States Mint's order management system. Revenue data are from the accounting system.</p>					
<p>Future Plans/Explanation for Shortfall: The Order Fulfillment was 94% in FY 2005. This means that 94% of the United States Mint's revenue was earned from products that were shipped to the customer in a timely fashion. This is a new performance measure and will continue to be tracked for appropriateness and for setting future targets.</p>					

Measure: Cost per 1000 Coin Equivalents (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	9.78	7.03	6.62
Actual		9.96	7.93	7.42	
Target Met?	N/A	Y	Y	N	
<p>Definition: Cost per 1000 coin equivalents is the cost of production (conversion cost) divided by the number of products made. Conversion costs are controllable costs within manufacturing. Those costs include manufacturing payroll, non-payroll, and depreciation costs. To determine the coin equivalents, an equivalency factor is assigned to each circulating denomination and numismatic product based on the resources it takes to make the product (indexed against the resources it takes to make one product – the quarter). The production quantity for each product is multiplied by the equivalency factor, resulting in a coin equivalent quantity. Thus, all denominations and products are equalized to a quarter.</p>					
<p>Source: Conversion costs are pulled from financial reports from the accounting system. Production data is pulled from the enterprise resource planning system via queries and converted to coin equivalents.</p>					
<p>Future Plans/Explanation for Shortfall: The Cost per 1,000 Coin equivalents during FY 2005 was \$7.42, an improvement of 6% from \$7.93 in FY 2004. The performance did not meet the target of \$7.03. The Mint had set an ambitious target for FY 2005 at \$7.03. This target (stretch goal) was an 11% decrease from the FY 2004 actual result and was set based upon forecasted volume and cost estimates. Differences in the actual volumes from forecast may impact the achievement of specific targets in any given year. Coin equivalent production increased to 19.9 billion in FY 2005 compared with 17.8 billion in FY 2004 (12%). The associated conversion cost increased at a lesser rate (4%) to \$147 million from \$141 million in FY 2004 due to cost cutting initiatives and process improvements. The United States Mint plans to continue to reduce conversion costs for given production volumes through further implementation of lean manufacturing techniques.</p>					

Measure: Total Losses (\$) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	250,000	15,000
Actual			3,109	1,135	
Target Met?	N/A	N/A	Y	Y	
<p>Definition: The United States Mint performs its protection function by minimizing the vulnerability to theft or unauthorized access to critical assets. The measure is comprised of the sum of three elements 1. Financial Losses: Losses that have been reported, investigated and verified as unrecoverable; from a. Strategic reserves (Theft of Treasury Reserves) b. Coining products (Theft from the production facilities) c. Sales of products to the public (Theft by fraud) d. Other losses (Other theft) 2. Productivity losses: The cost of intentional damage or destruction of United States Mint production capability and the cost to utilize alternative productivity as needed as a result of the intentional damage or destruction. 3. Intrusion losses: The cost to repair and/or recover from intentional intrusions into United States Mint facilities and systems, either physically or electronically.</p>					
<p>Source: The United States Mint Police maintains a secure database of monthly reports on incidents included in the categories above. Any theft or fraud amount determined as unrecoverable is assessed on a case-by-case basis. In the event that cost information is needed, data on the value of United States Mint assets and costs are in the ERP system.</p>					
<p>Future Plans/Explanation for Shortfall: Total Losses in FY 2005 were \$1,135 compared with \$3,109 in FY 2004. This performance were better than the target of \$250,000. Total Losses measures the results of fraud cases (e.g. credit card fraud during the purchase of Mint products by the public), theft cases, or intrusions that cause damage to Mint property. The result is from cases that have been investigated and closed during the fiscal year. The United States Mint also keeps track of exposure, or the dollar amount of open cases. As of September 2005, the exposure is \$276,295. The FY 2005 target was set based on prior exposure levels; the United States Mint has revised its future targets to be more in line with the recent actual performance.</p>					

Measure: Cycle Time (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	150	53	53	67
Actual	112	73	85	69	
Target Met?	Y	Y	N	N	
<p>Definition: Cycle time is the length of time from when material enters a production facility until it is delivered to the customer.</p>					
<p>Source: Data for each element is pulled from the United States Mint’s Enterprise Resource Planning system.</p>					
<p>Future Plans/Explanation for Shortfall: As of September 2005 the United States Mint’s cycle time was 69 days, an improvement of 16 days from 85 days as of September 2004. The targeted cycle time was 53 days. The primary cause for not reaching the target is the amount of dollar coin inventory maintained by the United States Mint. No new production of dollar coins is taking place for circulation; demand is currently being met by existing inventory. Measured without the dollar coin, Cycle Time improved to 48 days in FY 2005 compared with 55 days in FY 2004. The United States Mint plans to continue improving the cycle time of circulating coinage through further implementation of lean manufacturing techniques. The United States Mint is currently working with the Federal Reserve Banks, the armored carrier industry, and commercial banking industry to reduce and balance coin inventories. Initiatives include improving circulating coin inventory management by implementing a coin supply chain pilot with the Cleveland Federal Reserve district, and taking a broad look at opportunities to re engineer the manufacturing process and inventory handling.</p>					

Measure: Protection Cost Per Square Foot (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	31.86	31.22
Actual			32.51	32.43	
Target Met?	N/A	N/A	Y	N	
<p>Definition: Protection cost per square foot is the Protection operating costs divided by the area of usable space in square feet that the United States Mint Police protects. Usable space is defined as 90% of total square footage. The year-to-date result is then annualized on a straight-line basis.</p>					

Source: The Protection costs are automatically pulled from the United States Mint’s accounting system on a monthly basis. The square footage is relatively stable and is monitored by the Protection office and United States Mint management.

Future Plans/Explanation for Shortfall: Protection cost per square foot in FY 2005 was \$32.43, a slight improvement from \$32.51 in FY 2004. FY 2005 performance is 2% higher than the targeted \$31.86. Protection expenses are highly labor intensive, which results in continual upward pressure on costs. The Protection function requires that adequate staffing and coverage must be maintained at all times. The ability to apply downward pressure on costs is taken with a long-term view and must be tempered by the level of readiness necessary to fulfill the Protection mission. The United States Mint Protection office is analyzing future personnel needs and budget requirements in order to look for ways to keep costs manageable while maintaining adequate protection of assets and employees. Plans include efforts to leverage new technology to enhance security by automating entry and exit procedures at United States Mint facilities.

Office of Comptroller of the Currency

Measure: Rehabilitated problem national banks as a percentage of the problem national banks one year ago (CAMELS 3, 4 or 5) (%) (Oe)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	40	40	40	40
Actual	47	32	40	44	
Target Met?	Y	N	Y	Y	

Definition: This measure reflects the successful rehabilitation of problem national banks during the past twelve months. Problem banks can ultimately reach a point where rehabilitation is no longer feasible. The OCC’s early identification of and intervention with problem banks can lead to successful remediation of problem banks.

Source: The Supervisory Information office in OCC’s headquarters office uses Examiner View (EV) and the Supervisory Information System (SIS) to identify and compare the composite CAMELS ratings for problem banks from twelve months prior to the current period composite CAMELS ratings for the same banks. The percentage is determined by comparing the number of national banks that have upgraded composite CAMELS ratings of 1 or 2 from composite CAMELS ratings of 3, 4 or 5 to the total number of national banks that had composite CAMELS ratings of 3, 4 or 5 twelve months ago.

Future Plans/Explanation for Shortfall: To sustain this level of achievement, the OCC will execute its FY 2006 Bank Supervision Operating Plan that focuses on credit quality, allowance of loan and lease losses adequacy, off-balance-sheet activities, liquidity and interest rate risk management, consumer protection, and Bank Secrecy Act/Anti-money Laundering compliance. The OCC also will continue its recruiting of entry-level examiners, aligning supervision resources to the areas of greatest risk, training the examiner staff, and enhancing examination guidance.

Measure: Percentage of national banks that are well-capitalized (%) (Oe)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	95	95	95	95
Actual	99	99	99	99*	
Target Met?	Y	Y	Y	Y	

Definition: This measure reflects whether the national banking system is well-capitalized at fiscal year-end. The Federal Deposit Insurance Act established a system of prompt corrective action (PCA) that classifies insured depository institutions into five categories (well-capitalized; adequately capitalized; undercapitalized, significantly undercapitalized; and critically undercapitalized) based on their relative capital levels. The purpose of PCA is to resolve the problems of insured depository institutions at the least possible long-term cost to the deposit insurance fund.

Source: National banks file quarterly Reports of Condition and Income with the Federal Finance Institution Examination Council through the Federal Deposit Insurance Corporation’s data processing center. The Supervisory Information office reviews the Reports of Condition and Income (i.e., call reports) for each quarter to identify national banks that meet all of the criteria for a well-capitalized institution. The number of national banks at fiscal year-end is obtained from the Federal Reserve Board’s National Information Center database. The percentage is determined by comparing the number of national banks that meet all of the established criteria for being well-capitalized to the total number of national banks at fiscal year-end.

Future Plans/Explanation for Shortfall: To sustain this level of achievement, the OCC will execute its FY 2006 Bank Supervision Operating Plan that focuses on credit quality, allowance of loan and lease losses adequacy, off-balance-sheet activities, liquidity and interest rate risk management, consumer protection, and Bank Secrecy Act/Anti-money Laundering compliance. The OCC also will continue its recruiting of entry-level examiners, aligning supervision resources to the areas of greatest risk, training the examiner staff, and enhancing examination guidance.

Measure: Percentage of national banks with consumer compliance rating of 1 or 2 (%) (Oe)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		94	94	94	94
Actual		96	96	94*	
Target Met?	N/A	Y	Y	Y	

Definition: This measure reflects the national banking system’s compliance with consumer laws and regulations. Bank regulatory agencies use the Uniform Financial Institutions Rating System, Interagency Consumer Compliance Rating, to provide a general framework for assimilating and evaluating significant consumer compliance factors inherent in a bank. Each bank is assigned a consumer compliance rating based on an evaluation of its present compliance with consumer protection and civil rights statutes and regulations, and the adequacy of its operating systems designed to ensure continuing compliance. Ratings are on a scale of 1 through 5 in increasing order of supervisory concern.

Source: The Supervisory Information office identifies the number of banks with current consumer compliance ratings of 1 or 2 and the total number of national banks from Examiner View (EV) and Supervisory Information System (SIS) subject to consumer compliance examinations at fiscal year-end. The percentage is determined by comparing the number of national banks with current consumer compliance ratings of 1 or 2 to the total number of national banks subject to consumer compliance examinations at fiscal year-end.

Future Plans/Explanation for Shortfall: To sustain this level of achievement, the OCC will execute its FY 2006 Bank Supervision Operating Plan that focuses on credit quality, allowance of loan and lease losses adequacy, off-balance-sheet activities, liquidity and interest rate risk management, consumer protection, and Bank Secrecy Act/Anti-money Laundering compliance. The OCC also will continue its recruiting of entry-level examiners, aligning supervision resources to the areas of greatest risk, training the examiner staff, and enhancing examination guidance.

Measure: Percentage of national banks with composite CAMELS rating 1 or 2 (%) (Oe)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	90	90	90	90
Actual	95	94	94	94*	
Target Met?	Y	Y	Y	Y	

Definition: This measure reflects the overall condition of the national banking system at fiscal year-end. Bank regulatory agencies use the Uniform Financial Institutions Rating System, CAMELS, to provide a general framework for assimilating and evaluating all significant financial, operational and compliance factors inherent in a bank. Evaluations are made on: Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk. The rating scale is 1 through 5 where 1 is the highest rating granted.

Source: The Supervisory Information office identifies the current composite ratings from Examiner View (EV) and Supervisory Information System (SIS) at fiscal year-end. The number of national banks at fiscal year-end is obtained from the Federal Reserve Board’s National Information Center database. The percentage is determined by comparing the number of national banks with current composite CAMELS ratings of 1 or 2 to the total number of national banks at fiscal year-end.

Future Plans/Explanation for Shortfall: To sustain this level of achievement, the OCC will execute its FY 2006 Bank Supervision Operating Plan that focuses on credit quality, allowance of loan and lease losses adequacy, off-balance-sheet activities, liquidity and interest rate risk management, consumer protection, and Bank Secrecy Act/Anti-money Laundering compliance. The OCC also will continue its recruiting of entry-level examiners, aligning supervision resources to the areas of greatest risk, training the examiner staff, and enhancing examination guidance.

Office of Thrift Supervision

Measure: Percent of thrifts that are well capitalized (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	95	95	95
Actual		99.6	99.4	99.5	
Target Met?	N/A	Y	Y	Y	
<p>Definition: Capital absorbs losses, promotes public confidence, and provides protection to depositors and the FDIC insurance funds. It provides a financial cushion that can allow a savings association to continue operating during periods of loss or other adverse conditions. The Federal Deposit Insurance Act established a system of prompt corrective action (PCA) that classifies insured depository institutions into five categories (well-capitalized; adequately capitalized; undercapitalized, significantly undercapitalized; and critically undercapitalized) based on their relative capital levels. The purpose of PCA is to resolve the problems of insured depository institutions at the least possible long-term cost to the deposit insurance fund.</p>					
<p>Source: PCA ratings are stored in the Examination Data System and can also be found in the Thrift Overview Report and off-site financial monitoring reports. OTS calculates this measure by dividing the number of savings associations that are well capitalized by the total number of OTS-regulated institutions.</p>					
<p>Future Plans/Explanation for Shortfall: The favorable economic environment, strong earnings and low levels of problem assets have helped individual thrifts maintain strong levels of capital. This measure gauges the relative health of the industry, and OTS adjusts its supervisory activities accordingly. OTS plans to retain the current performance target for 2006.</p>					

Measure: Percent of thrifts with compliance examination ratings of 1 or 2 (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	90	90	90
Actual		94	94	94	
Target Met?	N/A	Y	Y	Y	
<p>Definition: A uniform, interagency compliance rating system was first approved by the Federal Financial Institutions Examination Council (FFIEC) in 1980. The FFIEC rating system was designed to reflect, in a comprehensive and uniform fashion, the nature and extent of an association's compliance with consumer protection statutes and regulations. The OTS's implementation expands that coverage to encompass compliance with a number of other public interest regulations. Among these are the Bank Secrecy Act, Bank Protection Act, economic sanctions, and advertising. The Compliance Rating System is based upon a scale of 1 through 5 in increasing order of supervisory concern. OTS began to combine safety and soundness and compliance examinations in 2002 to attain exam efficiencies and to improve risk assessment. Using comprehensive exam procedures, compliance with consumer protection laws is reviewed at more frequent intervals, which has improved the quality of the examination process.</p>					
<p>Source: Compliance examination ratings are stored in the Examination Data System. OTS calculates this measure by dividing the number of OTS-regulated savings associations that received a compliance examination rating of 1 or 2 on their most recent examination by the total number of OTS-regulated savings associations that have been assigned a compliance examination rating.</p>					
<p>Future Plans/Explanation for Shortfall: The thrift industry is operating in a safe and sound manner and performing extremely well. OTS examines savings associations every 12-18 months for safety and soundness, compliance, and consumer protection laws. This measure gauges the relative health of the industry, and OTS adjusts its supervisory activities accordingly. OTS plans to retain the performance target for 2006.</p>					

Measure: Percent of thrifts with composite CAMELS ratings of 1 or 2 (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	90	90	90
Actual		93	93	94	
Target Met?	N/A	Y	Y	Y	
<p>Definition: On December 9, 1996, the Federal Financial Institutions Examination Council adopted the CAMELS rating system as the internal rating system to be used by the federal and state regulators for assessing the safety and soundness of financial institutions on a uniform basis. The CAMELS rating system puts increased emphasis on the quality of risk management practices. “CAMELS” stands for Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk. OTS assigns a composite CAMELS rating to savings associations at each examination and may adjust the rating between examinations if the association’s overall condition has changed. New savings associations are typically not assigned a composite CAMELS rating until the first examination. OTS adjusts the level of supervisory resources devoted to an association based on the composite rating. The CAMELS rating is based upon a scale of 1 through 5 in increasing order of supervisory concern.</p>					
<p>Source: Composite CAMELS ratings are stored in and retrieved from the online Examination Data System. OTS calculates this measure by dividing the number of savings associations having a composite CAMELS rating of 1 or 2 by the total number of OTS-regulated savings associations that have been assigned a composite CAMELS rating.</p>					
<p>Future Plans/Explanation for Shortfall: The thrift industry is operating in a safe and sound manner and performing extremely well. OTS examines savings associations every 12-18 months for safety and soundness, compliance, and consumer protection laws. This measure gauges the relative health of the industry, and OTS adjusts its supervisory activities accordingly. OTS plans to retain the performance target for 2006, which is reasonable for the current economic environment.</p>					

Measure: Percent of safety and soundness exams started as scheduled (%) (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	90	90	90
Actual		92	94	93	
Target Met?	N/A	Y	Y	Y	
<p>Definition: OTS examines savings associations every 12-18 months for safety and soundness, compliance, and consumer protection laws. OTS performs safety and soundness examinations of its regulated savings associations consistent with the requirements in the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) as amended by the Riegle Community Development and Regulatory Improvement Act of 1994. When safety and soundness or compliance issues are identified during our risk-focused examinations, OTS acts promptly to ensure association management and directors institute corrective actions to address supervisory concerns. OTS staff often meets with the savings association’s board of directors after delivery of the Report of Examination to discuss findings and recommendations.</p>					
<p>Source: When a savings association is examined, OTS staff enters into the Examination Data System the examination type, examination beginning and completion dates, report of examination mail date, and CAMELS or equivalent ratings. The percentage success rate for this measure is calculated by dividing the number of examinations that were started by the number of examinations that were scheduled to be started during the review period.</p>					
<p>Future Plans/Explanation for Shortfall: The current performance target is considered a high standard given the rigidity of the law covering exam frequency. The FY 2006 budget enables OTS to continue tailoring supervisory examinations to the risk profile of the institutions, while effectively allocating resources to oversee and assess the safety and soundness and consumer compliance record of the thrift industry. OTS plans to retain the current target for 2006.</p>					

Goal: Manage the Government's Finances Effectively

Objective: Collect Federal Tax Revenue When Due Through a Fair and Uniform Application of the Law Financial Management Service

Measure: Percentage of delinquent debt referred to FMS for collection compared to amount eligible for referral (%) (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	75	85	90	92	93
Actual	93	92	99	97	
Target Met?	Y	Y	Y	Y	
Definition: The measure tracks the percentage of the dollar volume of debt referred to the total dollar volume that is eligible for referral.					
Source: The process of collecting and reporting the debt collection data is performed on a monthly basis. The methodology and the origin of the data are consistent from month to month. The referral data is contained in the program systems (TOP and DMSC). The referral data is loaded from the files received from Federal Program Agencies (AFPAs).					
Future Plans/Explanation for Shortfall: FMS has exceeded its FY 2005 performance goal. In FY 2006, FMS is targeted to receive 93% of the delinquent debt eligible to be referred to FMS for collection. Over the past few years, FMS has exceeded the performance target due to high-performing agency outreach and education efforts and improvements made to debt collection systems.					

Measure: Amount of delinquent debt collected per \$1 spent (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				41.09	44.26
Actual				37*	
Target Met?	N/A	N/A	N/A	N	
Definition: This measure shows the efficiency of the Debt Collection program. The costs include all debt collection activities and all funding sources.					
Source: Collection of data and reporting on the cost of the debt collection program are performed on an annual basis.					
Future Plans/Explanation for Shortfall: FMS calculates its unit costs based on Activity Based Costing and the Debt Collection Activity absorbed additional indirect program costs in FY 2005. Although FMS did not meet its FY 2005 performance target, FMS increased delinquent debt collections from \$3.0 to over \$3.2 billion or 8 %. FMS will continue to improve efficiencies in debt collection to contain costs while optimizing the collection of delinquent debt.					

Measure: Amount of delinquent debt collected through all available tools (Billions \$) (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	2.6	2.9	2.9	3	3.1
Actual	2.84	3.1	3	3.25	
Target Met?	Y	Y	Y	Y	
Definition: This measure provides information on the total amount collected, in billions, through debt collection tools operated by Debt Management Services.					
Source: The process of collecting and reporting the debt collection data is performed on a monthly basis. The methodology and the origin of the data are consistent from month to month. The collection data is generated by the program systems (TOP and DMSC) and is reported on a monthly basis. The tools include: tax refund offset, administrative offset, private collection agencies, demand letters, and credit bureau reporting. FMS also collects debt through the State debt program and tax levy.					
Future Plans/Explanation for Shortfall: FMS has met its FY 2005 performance goal. In FY 2006, FMS anticipates collecting \$3.1 billion in delinquent debt. This increase in the target is due in part to the large increase in the volume of the Federal Payment Levy Program levies.					

Internal Revenue Service

Measure: Customer Service Representative (CSR) Level of Service (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	71.5	72	83	82	82
Actual	68	80	87	82.6	
Target Met?	N	Y	Y	Y	
Definition: The measure is reported as the percentage of taxpayers that are calling IRS toll-free services and speak to an assistor. A call is counted as successful when the taxpayer seeking assistance from a Customer Service Representative (CSR) is connected to, and speaks with, a CSR.					
Source: Enterprise Telephone Database (ETD)					
Future Plans/Explanation for Shortfall: The IRS will continue to properly staff toll free call sites in order to maintain the Customer Service Representative Level of Service target of 82% based on the number of calls it expects to answer.					

Measure: Examination Coverage-Individual (%) (E) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				1.28	Discontinued
Actual				1.42	
Target Met?	N/A	N/A	N/A	Y	
Definition: The sum of all individual returns closed for Field Examination, Office Examination, Correspondence Examination and Automated Underreporter programs divided by the total individual return filings for the prior calendar year.					
Source: The data comes from the Audit Information Management System (AIMS) closed case data base, the automated under-reporter Management Information System for Top Level Executives (MISTLE) reports and Research projections for individual return filings.					
Future Plans/Explanation for Shortfall: The name of the measure will remain the same and a change in the methodology will occur in FY 2006. The IRS will use the National Research Program (NRP) results for developing improved analytics and workload identification and selection of the types of cases it selects for review and examination. Additionally, based on the NRP data, the IRS will highlight requisite skill sets and determine if a fundamental change in recruitment and training processes should be explored. Areas of emphasis include Abusive Promotions, High Income Taxpayers, Schedule C filers and Fraud.					

Measure: Examination Quality – Office (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	74	76	75	77	Discontinued
Actual	71	76	76	81	
Target Met?	N	Y	Y	Y	
Definition: The score awarded to a reviewed Office Examination case by a Quality Reviewer using the Examination Quality Measurement System (EQMS) quality standards					
Source: Examination Quality Measurement System					
Future Plans/Explanation for Shortfall: The IRS will continue to focus on improving the quality of all facets of the examination process, including timeliness of actions, proper consideration of related and multi-year returns, appropriate use of income probes, and appropriate fraud indications are properly pursued and developed. In FY 2006, Field Examination is converting to the Embedded Quality (EQ) system of measuring quality. EQ directly links the examiners Critical Job Elements to the quality measurement system, improving the relationship between individual performance and organizational objectives.					

Measure: Examination Efficiency – Individual (E) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				219	Discontinued
Actual				222	
Target met?	N/A	N/A	N/A	Y	
Definition: The sum of all individual returns closed (Field Examination, Correspondence Examination and Automated Underreporter) divided by the total FTEs expended in relation to those individual returns.					
Source: The data comes from the Audit Information Management System (AIMS) closed case data base, the automated under-reporter Management Information System for Top Level Executives (MISTLE) reports and Exams time reporting system and the Integrated Financial System.					
Future Plans/Explanation for Shortfall: The name of the measure will remain the same and a change in the methodology will occur in FY 2006. Future strategies to improve performance include improvements to the work stream through better case identification and classification, including leveraging NRP data to improve Exam’s ability to select the best workload for examination. Emphasis will continue to be placed on multi-year non-compliance, reduced cycle time, streamlined automation and utilization of risk analysis/assessment in all business processes.					

Measure: Examination Quality - Coordinated Industry (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	85	70	90	92
Actual	78	89	87	89	
Target met?	Y	Y	Y	N	
Definition: The average of the percentage of critical elements passed on Coordinated Industry cases reviewed.					
Source: The Large & Mid-Size Business (LMSB) Quality Measurement System (LQMS) database is used. This is Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago.					
Future Plans/Explanation for Shortfall: The IRS did not meet its 2005 target despite renewed focus on identification of material issues during the planning process and documentation of them during the initial risk analysis. Root cause analysis revealed filing and compliance requirements for corporate directors and officers are not being verified and documented. In addition, procedures used during the examination are not being identified and documented during the planning process, a critical element of case quality. While improved from last year, adherence to the requirements outlined in the Administrative Procedures Document, continues to be a concern. Revenue Agents and managers are still failing to complete the document or provide a copy of the document to the reviewer during the opening review conference. Also, Examination teams need to ensure the taxpayer’s and the IRS’ position is fully documented in the case file. To facilitate immediate corrective action and eliminate recurring errors LQMS reviewers will provide written feedback on all reviewed cases to the case manager and agent who worked the examination. The feedback will detail the results for each quality element and will stress areas that warrant improvement so field teams will correct identified process deficiencies in future examinations. Specific tools have been developed to address quality improvement, such as media devices (training materials on compact disc) that highlight the necessary actions needed to improve quality and partnering opportunities with industry contacts, the training office and the Case Quality Improvement Council.					

Measure: Collection Efficiency – units (E) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				497	Discontinued
Actual				510	
Target met?	N/A	N/A	N/A	Y	
Definition: Average number of cases disposed per collection full time position.					
Source: The data comes from the Collection Activity Report (CAR) and the Automated Financial System (AFS).					

Future Plans/Explanation for Shortfall: (The name of the measure will remain the same and a change in the methodology will occur in FY 2006.) To further reduce case cycle time, the IRS will focus on two key quality timeliness attributes: (1) reducing activity lapses and taking timely follow-up actions and (2) reengineering efforts being piloted such as a pre-populated financial statement and automated adjustments. In addition, a newly established Corporate Collection Governance Board of senior leaders from the collection operating units in the IRS will develop strategies and approaches to the collection activities including sponsoring a study on the effects of the collection notice stream.

Measure: TEGE Determination Case Closures (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	190800	189000	141000	131700	112400
Actual	129680	171812	143877	126481	
Target met?	N	N	Y	N	
Definition: Cases established and closed on the Tax Exempt and Government Entities Determination System (EDS) regardless of type of case or type of closing (e.g. employee plan, exempt organization or government entity).					
Source: Tax Exempt and Government Entities (TE/GE) Determination System (EDS) Table 2A					
Future Plans/Explanation for Shortfall: The IRS fell short of its FY 2005 target due to increased responsibility for certain correspondence previously worked out of the call site and a substantial investment in training this year. To mitigate these impacts, the Exempt Organization office has taken steps to maximize the number of cases that can be closed on merit with minimal additional information requests. The IRS targeted additional resources late in FY 2005 to hire 26 new revenue agents. These new resources are expected to help offset the increased workload in FY 2006. The IRS is restructuring the Employee Plan determination letter process to stabilize the receipt flow. Although the mix of receipts will change annually, the new approach will dramatically reduce the workload swings previously experienced in this program, improving program management and eliminating the need to pull resources from enforcement activities to support determination work during peak periods. The IRS is also developing a new interactive application for determination requests that will improve the quality of determination requests and enable the electronic filing of these applications.					

Measure: Customer Accuracy - Toll-Free Tax Law (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		87	85	82	83.5
Actual		82	80	89	
Target met?	N/A	N	N	Y	
Definition: The percentage of a live assistor giving the correct answer with the correct resolution to taxpayers' tax law inquiries. It measures how often the customer received the correct answer to their tax law inquiry and/or had their case resolved correctly based upon all available information and Internal Revenue Manual (IRM) required actions. This measure applies to all Tax Law inquiries on the toll-free lines.					
Source: Quality reviewers on the Centralized Quality staff complete a data collection instrument as calls are reviewed. Data is input to the Quality Review Database for product review and reporting.					
Future Plans/Explanation for Shortfall: The type and complexity of tax law questions changes each year as new and often complex tax laws are enacted.					

Measure: Automated Collection System (ACS) Accuracy (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	88	88
Actual			89	88.5	
Target met?	N/A	N/A	Y	Y	
Definition: Captures the percent of taxpayers who receive the correct answer to their Automated Collection System (ACS) question.					

Source: The Centralized Quality Review System (CQRS) monitors the calls as they are reviewed. Data is input to the Quality Review Database for product review and reporting.

Future Plans/Explanation for Shortfall: The IRS' focus on process and performance reviews coupled with the feedback loop and identification of training needs will continue to drive accuracy scores up and help improve the taxpayer's experience.

Measure: Percent of Business Returns Processed Electronically (%) (Oe)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	17	17.9
Actual			17.4	17.8	
Target met?	N/A	N/A	Y	Y	

Definition: The percentage of total number of business returns accepted electronically (posted to Business Master File) divided by the total returns received through all sources at IRS sites.

Source: Data is extracted from the Business Masterfile and fed into the Business Measures Datamart database.

Future Plans/Explanation for Shortfall: The IRS expects the percent of business filers to increase in the future due to increased marketing; expanded business e-file programs, including the acceptance of new forms and schedules attached to employer, estates and trusts, and partnership tax returns; acceptance of amended returns; and acceptance of the new annualized employment tax return.

Measure: Percent of Individual Returns Processed Electronically (%) (Oe)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	35	41	45	51	55.1
Actual	36	40	47	51.1	
Target met?	Y	N	Y	Y	

Definition: Number of electronically filed individual tax returns divided by the total individual returns filed. Includes all returns where electronic filing is permitted (practitioner e-file, Telefile, VITA [Volunteer Income Tax Assistance], On-Line Filing, Federal/State returns, etc.).

Source: Electronic Tax Administration reports

Future Plans/Explanation for Shortfall: E-file participation rates are expected to increase to over 55% in 2006, based on current experience, historical growth, increased advertising, marketing and expanded e-file programs, including free Internet filing through the Free File Alliance.

Measure: Timeliness of Critical Other Tax Products to the Public (%) (E)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	80	85
Actual			76	80	
Target met?	N/A	N/A	Y	Y	

Definition: The percentage of Critical Other Tax Products, paper and electronic, made available to the public timely. Critical Other Tax Products are business tax products, Tax Exempt and Government Entities and miscellaneous tax products. This measure contains two components: (1) percentage of paper tax products that meet the scheduled start to ship date within five business days of the actual start to ship date and (2) percentage of scheduled electronic tax products that is available on the Internet within five business days of the ok-to-print date. The intent is to have the tax products available to the public 30 days before the form is required to be filed.

Source: Publishing Services Data (PSD) System

Future Plans/Explanation for Shortfall: The IRS expects performance to increase for FY 2006. Standardized and measurable processes will be used to manage the quality and timeliness of tax product revision resulting from new or late legislation.

Measure: Timeliness of Critical Filing Season Tax Products to the Public (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			75	80	85
Actual			76	91.4	
Target met?	N/A	N/A	Y	Y	
<p>Definition: The percentage of Critical Filing Season tax products made available to the public in a timely fashion. Critical Filing Season tax products are those forms, schedules, instructions, publications, tax packages and certain notices normally filed between January 1 through April 15 that are mailed to taxpayers. This measure contains two components: (1) percentage of paper tax products shipped no later than December 19 (December 27 for tax packages) and (2) the percentage of scheduled electronic tax products available on the Internet no later than the first five business days of January 2005.</p>					
<p>Source: Publishing Services Data (PSD) System</p>					
<p>Future Plans/Explanation for Shortfall: The IRS expects performance to increase for FY 2006 as a result of efficiencies from locating IRS employees on-site at print vendors' facilities to monitor the quality and timeliness of printed tax products and implementing tighter inventory control by holding managers to higher standards for better determining tax products publication status.</p>					

Measure: Customer Accuracy - Toll-free Accounts (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		88	89	89.8	91
Actual		88	89	91.5	
Target met?	N/A	Y	Y	Y	
<p>Definition: Percentage of a live assistor giving the correct answer with the correct resolution to the taxpayer. It measures how often the customer received the correct answer to their account inquiry and/or had their case resolved correctly based upon all available information and Internal Revenue Manual (IRM) required actions.</p>					
<p>Source: Quality reviewers on the Centralized Quality staff complete a data collection instrument as calls are reviewed. Data is input to the Quality Review Database for product review and reporting.</p>					
<p>Future Plans/Explanation for Shortfall: Incremental improvement in performance is expected in FY 2006 and beyond with the implementation of Contact Recording deployment.</p>					

Measure: Percent of Eligible Taxpayers who File for EITC (Participation Rate)(%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	80	82
Actual			80	TBD	
Target met?	N/A	N/A	Y	N/A	
<p>Definition: The number of taxpayers who actually claim the Earned Income Tax Credit (EITC) compared to the number of taxpayers who appear to be eligible for the EITC.</p>					
<p>Source: Individual Returns Transaction File data; Census Bureau Survey; 1999 EITC Compliance Study – EITC Audits.</p>					
<p>Future Plans/Explanation for Shortfall: For Calendar Year (CY) 2004, the IRS participation rate estimate of 80.0% is based on the regression model that is currently being refined. Data to calculate the actual results will be available after the close of CY 2005 for Tax Year 2004. The IRS is refining the methodology for estimating the percent of eligible taxpayers claiming EITC by developing an advanced regression alternative. The IRS is also working on an alternative methodology to compare current population data from the U.S. Census Bureau and EITC data. Once the analysis is complete, the IRS will assess each methodology and make a decision on the best method to use in estimating participation.</p>					

Measure: Criminal Investigations Completed (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	3280	3250	3400	3895	4380
Actual	3201	3766	4387	4104	
Target met?	N	Y	Y	Y	
Definition: Cumulative count of the number of all Subject Criminal Investigations (SCI) completed during the fiscal year by IRS Criminal Investigation Division. It includes investigations that resulted in a criminal prosecution recommendation to the Department of Justice as well as investigations that were discontinued due to a lack of evidence or to a finding that the original allegation was false.					
Source: Criminal Investigations Management Information System (CIMIS)					
Future Plans/Explanation for Shortfall: Criminal Investigation will continue to aggressively enforce the criminal statutes of the Internal Revenue Code (IRC), the Bank Secrecy Act and the anti-money laundering statutes by devoting resources and special emphasis on investigations that have a strong tax administration nexus. Criminal Investigation will maintain relationships with key shareholders to continue to improve the fraud referral program and to facilitate the identification of areas of non-compliance adversely impacting tax administration. Specific priorities encompass such serious or chronic compliance challenges as abusive tax schemes and shelters, high income non-filers, employment tax fraud and refund crimes. Furthermore, the critical national law enforcement priorities of Corporate Fraud and Terrorism continue to be important areas of emphasis. Through its Refund Crimes Program, CI will continue to identify and pursue fraudulent return preparer and questionable refund schemes involving individual as well as business returns. CI will also increase its efficiency in verifying wages and identifying questionable claims by fully utilizing the National New Hire Database (maintained by the Department of Health and Human Services).					

Measure: Collection Coverage - Units (%) (E) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				32	Discontinued
Actual				39	
Target met?	N/A	N/A	N/A	Y	
Definition: The volume of collection work disposed (closed) compared to the volume of collection work available.					
Source: The data comes from the Collection Activity Report (CAR).					
Future Plans/Explanation for Shortfall: The name of the measure will remain the same and a change in the methodology will occur in FY 2006. Building on more effective case selection and refinement of Business Master File (BMF) case selection criteria is expected to result in improvements in case cycle time, freeing up resources that will be devoted to casework. In addition, a newly established Corporate Collection Governance Board of senior leaders from collection operating units in the IRS will guide development of new strategies and approaches to collection techniques including sponsoring a study on the effects of the collection notice stream.					

Measure: Field Collection Quality of Cases Handled in Person – (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	85.4	87	86	84	Discontinued
Actual	84	84	82	81	
Target met?	N	N	N	N	
Definition: The score awarded to a reviewed Collection case by a third-party reviewer who uses the Collection Quality Measurement System (CQMS) quality standards. CQMS composite score is computed based on 19 quality standards taken from the CQMS check sheet. Each standard has a value of four points. However, four of these standards have been designated as critical and are weighted more heavily. Failure to meet any one of the critical standard results in the deduction of 24 points from the overall composite score.					
Source: CQMS database					

Future Plans/Explanation for Shortfall: The IRS did not meet its FY 2005 target. Although performance improved in standards such as Publication One, Rights Notification and Case File Documentation, declines in other standards overshadowed gains. Also impacting the overall score was the IRS' emphasis on getting the inventory current by focusing on aged case inventories. Because older cases have increased chance for errors due to increased handling time, the need for repetitive actions such as re-issue of notices, and potential for more activity lapses, older cases adversely impact quality scores. The IRS is currently piloting the Embedded Quality (EQ) System to replace CQMS beginning in FY 2006. EQ creates a way of doing business that builds commitment and capability among all individuals to continually improve customer service, employee satisfaction and business results by aligning quality measures and individual performance. EQ standards are linked directly to employee Critical Job Elements (CJEs) enabling employees to see how individual performance impacts SBSE objectives. EQ results will be baselined during FY 2006. The IRS will place specific attention on quality attributes of setting clear action dates, setting clear expectations for taxpayers, timely follow-up actions and reducing activity lapses to improve quality and increase efficiency.

Measure: Examination Quality - Industry (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	75	80	78	80
Actual	69	74	74	77	
Target met?	Y	N	N	N	

Definition: Average score of all Industry cases reviewed. The Quality Rating System consists of five standards – 4 technical and 1 administrative. Each standard is worth 20 points for a total score of 100.

Source: The Large & Mid-Size Business (LMSB) Quality Measurement System (LQMS) database is used. This is Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago.

Future Plans/Explanation for Shortfall: The IRS did not meet its FY 2005 target due to several factors related to the examination planning process, specifically identification of material issues. Contributors to the lower rate include lack of documentation of the initial risk analysis in which material issues are considered and documentation of mandatory referrals to specialists. While improved from last year, the preparation and proper use of the Administrative Procedures Document (documentation regarding exam techniques such as interviews; reconciliation of books to tax returns; inspection of prior, subsequent and related tax returns; and tour of taxpayers' business) continues to be a concern. Revenue Agents and managers are not including the document in the case file or properly sign it as required. Preparation and inclusion of the No-Change report in the file when a case is closed without adjustment is an area that continues to affect quality scores. To facilitate immediate corrective action and eliminate recurring errors LQMS reviewers will provide written feedback on all reviewed cases to the case manager and agent who worked the examination. The written feedback provided will provide a detailed explanation of the results for each quality element and will stress areas that warrant improvement so field teams will correct identified process deficiencies in future examinations. Specific tools have been developed to address quality improvement, such as media devices (training materials on compact disc) that highlight the necessary actions needed to improve quality and identify partnering opportunities with industry contacts, the training office and the Case Quality Improvement Council.

Measure: Examination Coverage - Business (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				7.0	7
Actual				7.9	
Target met?	N/A	N/A	N/A	Y	

Definition: Large and Mid Size Business "customer base" returns (returns filed by large corporations), examined and closed during the current Fiscal Year, divided by filing of the same type returns for the preceding calendar year.

Source: The number of returns examined and closed during the Fiscal Year is from the Audit Information Management System (AIMS) closed case database, accessed via A-CIS (an MS Access application). Filings are from Document 6186, which is issued by the Office of Research, Analysis and Statistics.

Future Plans/Explanation for Shortfall: The IRS plans to expand examination coverage for corporations through innovative approaches such as pre-filing initiatives (such as the Compliance Assurance Process), Limited Issue Focus Examinations (LIFE) and the Currency Initiative. Through improved modeling and the use of targeted specialized teams, the IRS will focus its resources on the issues that pose the greatest compliance risk and begin to identify enterprises that appear to be non-compliant.

Measure: Examination Quality - Field (%) (Oe) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	71	75	78	80	Discontinued
Actual	74	75	78	84	
Target met?	Y	Y	Y	Y	
Definition: The score awarded to a reviewed Field Examination case by a Quality Reviewer using the Examination Quality Measurement System (EQMS) quality standards.					
Source: Monthly reports supplied from the EQMS database.					
Future Plans/Explanation for Shortfall: The IRS will continue to focus on improving the quality of all facets of the examination process, including timeliness of actions, proper consideration of related and multi-year returns, appropriate use of income probes, fraud indications are properly pursued and developed, and application of report writing procedures to improve future performance. In FY 2006, Field Examination is converting to the Embedded Quality (EQ) system of measuring quality. EQ directly links the examiners Critical Job Elements to the quality measurement system, improving the relationship between individual performance and organizational objectives.					

Measure: Customer Contacts Resolved per Staff Year (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				7261	7283
Actual				7585	
Target met?	N/A	N/A	N/A	Y	
Definition: The number of Customer Contacts resolved in relation to time expended based on staff usage. Customer Contacts Resolved are derived from all telephone and paper inquiries received by Accounts Management, in which all required actions have been taken, and the taxpayer has been notified as appropriate. The measure includes all self-service, Internet-based applications, such as the "Where's My Refund?" service available on www.irs.gov.					
Source: Contacts resolved volumes are derived from internal telephone management systems and modernization project websites. Staff year data is extracted from the weekly Work Planning & Control report and consolidated and included in the weekly resource usage report.					
Future Plans/Explanation for Shortfall: The IRS expects performance to continue to increase as more taxpayers choose to use automated and electronic means to contact the IRS instead of traditional, less efficient methods such as paper correspondence and speaking to live assistants.					

Alcohol and Tobacco Tax and Trade Bureau

Measure: Ratio of taxes collected vs. resources expended (Ot) [DISCONTINUED FY 2006]					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		211	257	250	Discontinued
Actual		242	368	270.27	
Target met?	N/A	Y	Y	Y	
Definition: Represents the amount of taxes collected, divided by the amount of resources expended to collect such taxes.					
Source: Taxes collected is captured by the Federal Excise Tax database; expense data is maintained in Oracle Financials.					
Future Plans/Explanation for Shortfall: This is mostly driven by revenue. TTB has rewritten this measure. It will be shown as an improved measure, "Resource as a percentage of revenue," in the future. TTB will continue to audit the books of regulated industry based on our risk model to assure that industry members maintain compliance in paying federal excise taxes that are rightfully due. TTB has hired mostly CPAs to perform the audits which increases the professionalism. This measure will be discontinued in FY 2006.					

Measure: Percentage of total tax receipts collected electronically (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Baseline	98	98	98	98
Actual	98	98	98	98	
Target met?	Y	Y	Y	Y	
Definition: The portion of total tax collected from taxpayers via electronic funds transfer (EFT).					
Source: Data on tax payments made electronically are recorded in Cashlink (Deposit reporting and cash concentration system). The Revenue Accounting Unit retrieves the wire transfer information from Cashlink. The detail records are input into the Electronic Wire Transfer table using the Federal Excise Tax System.					
Future Plans/Explanation for Shortfall: This target was met. TTB has begun to consolidate two of its major databases into a single integrated system to promote greater efficiency and reduce costs. TTB expanded the use of the Pay.Gov program to allow all federal excise taxpayers to file and pay electronically. In FY 2006, further work will be done on integration of the system.					

Measure: Percentage of Voluntary Compliance in filing tax payments timely and accurately (in terms of revenue) (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		Baseline	82	84	86
Actual		80	81.2	86.3	
Target met?	N/A	Y	N	Y	
Definition: The portion of total taxpayers that file payments on or before the scheduled due date, without notification of any delinquency.					
Source: Late filed tax payments are maintained in the Federal Excise Tax system (FET).					
Future Plans/Explanation for Shortfall: This measure is on target. TTB will continue to conduct industry meetings, etc. to help industry members comply. Also, TTB will use our risk model to evaluate the target audiences to audit. The risk model gives high ratings to the organizations that provide higher revenue. TTB has also recently come close to meeting our target for fully staffing our audit staff. TTB will continue to hire qualified auditors and currently has approximately 2/3 CPA's. TTB will continue to hire highly qualified auditors to perform these tasks (audits).					

Objective: Manage Federal Debt Effectively and Efficiently

Bureau of Public Debt

Measure: Cost per federal funds investment transaction (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	88
Actual				85*	
Target met?	N/A	N/A	N/A	Y	
Definition: This performance measure divides the Federal funds investment costs, determined by an established cost allocation methodology, by the number of issues, redemptions, and interest payments for more than 200 trust funds, as well as the Treasury managed funds.					
Source: The automated investment accounting system captures and reports transaction counts. Costs are captured in our administrative accounting system.					
Future Plans/Explanation for Shortfall: The cost per Federal funds investment transaction was baselined in FY 2005 at \$85. The projection for FY 2006 includes increases for inflation.					

Measure: Cost per TreasuryDirect online transaction (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	TBD
Actual				TBD	
Target met?	N/A	N/A	N/A	N/A	
Definition: This performance measure divides TreasuryDirect online transaction costs, determined by an established cost allocation methodology, by the number of TreasuryDirect online transactions.					
Source: Workload figures are captured from information stored in TreasuryDirect. Costs are captured in BPD's administrative accounting system.					
Future Plans/Explanation for Shortfall: Baseline data will be available in the FY 2007 Congressional Budget Submission.					

Measure: Cost per TreasuryDirect assisted transaction (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	TBD
Actual				TBD	
Target met?	N/A	N/A	N/A	N/A	
Definition: This performance measure divides TreasuryDirect customer service transaction costs, determined by an established cost allocation methodology, by the number of customer requests assisted by a customer service representative.					
Source: For customer service transactions received by mail and for some requests received by phone or Internet, BPD obtains volumes from an automated tracking system. Simple phone and Internet requests are manually counted. Costs are captured in BPD's administrative accounting system.					
Future Plans/Explanation for Shortfall: Baseline data will be available in the FY 2007 Congressional Budget Submission.					

Measure: Percentage of retail customer service transactions completed within 13 business days (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			90	90	90
Actual			92.5	88.7	
Target met?	N/A	N/A	Y	N	
Definition: The length of time to complete a customer service transaction is measured from the date each transaction is received to the date it is completed.					
Source: For customer service transactions received by mail and for some requests received by phone or Internet, BPD uses an automated tracking system that measures the length of time it takes to complete the transactions. Simple phone and Internet requests are manually tracked.					
Future Plans/Explanation for Shortfall: In FY 2005, BPD narrowly missed this goal by 1.3%, because abnormally high volumes of transaction requests and business process reengineering disrupted normal workflow. BPD expects to meet its customer service goal for FY 2006 as business practices are further refined.					

Measure: Cost per debt financing operation (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	129321
Actual				119,261*	
Target met?	N/A	N/A	N/A	Y	
Definition: This performance measure divides debt financing operations costs, determined by an established cost allocation methodology, by the number of auctions and buybacks.					

Source: The number of debt financing operations is captured in the Auction Information Calendar (AIC) and the Auction Analysis System. Costs are captured in BPD's administrative accounting system.
Future Plans/Explanation for Shortfall: The cost per debt financing operation for auctioning more than \$4 trillion annually in Treasury securities was baselined in FY 2005 at \$119,261. The projection for FY 2006 includes the estimated cost of replacing the legacy auction system, an effort in the very early stages, as well as increases for inflation.

Measure: Percent of auction results released in 2 minutes +/- 30 seconds (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			95	95	95
Actual			99.53	95	
Target met?	N/A	N/A	Y	Y	
Definition: This measures the elapsed time from the auction close to the public release of the auction results. The annual percentage of auctions meeting the release time target of 2 minutes plus or minus 30 seconds is calculated for the fiscal year.					
Source: BPD's automated auction processing systems					
Future Plans/Explanation for Shortfall: BPD expects to continue meeting this goal through a program of ongoing staff training and process improvements.					

Departmental Offices

Measure: Audit opinion received on government-wide financial statements (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	Met	Met	Met	Met	Met
Actual	Met	Met	Met	Met*	
Target met?	Y	Y	Y	Y	
Definition: This is the independent audit opinion rendered on the financial statements by GAO. Treasury expects to receive a disclaimed audit opinion until FY 2007.					
Source: GAO is the statutorily prescribed auditor.					
Future Plans/Explanation for Shortfall: Audit opinion will be available on December 15, 2005. Treasury expects to receive a disclaimed audit opinion. Improvement of the audit result is dependent upon the Defense Department's (DoD) audit. DoD has stated that they do not expect to receive a clean audit opinion until FY 2007, at the earliest. Treasury will continue to ensure that the government-wide audit, with the exception of DoD is good.					

Financial Management Service

Measure: Unit cost to process a Federal revenue collection transaction (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	1.4	1.37
Actual			1.4	1.2	
Target met?	N/A	N/A	Y	Y	
Definition: The unit cost to process a revenue collection transaction.					
Source: The cost data is captured through an activity based costing process. The unit cost is the calculated ratio of total direct and indirect costs over total government-wide collection transactions.					
Future Plans/Explanation for Shortfall: FMS anticipates meeting our FY 2005 performance goal. In FY 2006, FMS will conclude the rebid of the Plastic Card Network, anticipating decreased collection fees and reviewing other collection tools to determine new efficiencies. FMS will also continue to expand electronic collection tools to other agencies in an effort to improve efficiency and keep costs low.					

**Objective: Make Collections and Payments on Time and Accurately,
Optimizing Use of Electronic Mechanisms**

Financial Management Service

Measure: Percentage of paper check and Electronic Funds Transfer (EFT) payments made accurately and on time (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	100	99,9999	100	100	100
Actual	100	99,9999	100	100	
Target met?	Y	Y	Y	Y	
Definition: Accurately refers to the percentage of check and EFT payments that FMS makes which are not duplicate or double payments. On time means that FMS releases checks to the U.S. Postal Service and EFT payments to the Federal Reserve Bank such that normal delivery by them results in timely receipt by payees.					
Source: Accuracy data is captured through FMS' Regional Financial Centers which submit statistics on duplicate payments and data for the performance measure. The payments are balanced with payment certifications submitted to FMS by Federal Program Agencies. On time data on check and EFT volumes are captured monthly in a report from FMS' Production Reporting System.					
Future Plans/Explanation for Shortfall: FMS is on target to meet our FY 2005 performance goal. In FY 2006, FMS will continue to issue 100% of payments accurately and on-time. Assisting in this effort is implementation of the new Secure Payment System (SPS) which certifies check, ACH, or FedWire payments to recipients in a secure environment.					

Measure: Percentage collected electronically of total dollar amount of Federal government receipts (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	80	80	81	82	83
Actual	79	80	81	79	
Target met?	N	Y	Y	N	
Definition: Electronic collections data are retrieved from the CA\$H-LINK system, which encompasses eight collection systems.					
Source: This measure considers the percentage of government collections that are collected by electronic mechanisms (Electronic Federal Tax Payment System, Plastic Card, FEDWIRE Deposit System, Automated Clearinghouse (ACH)) compared to total government collections. The system receives deposit and accounting information from local depositories and provides detailed accounting information to STAR, FMS' central accounting and reporting system.					
Future Plans/Explanation for Shortfall: FMS anticipates falling short of its FY 2005 performance goal by approximately one percent. This is due to increased IRS Lockbox collections (paper), the volume of which is now projected to increase by approximately three million transactions over FY 2004. These increased IRS Lockbox collections, which represent paper checks mailed from individuals and small businesses, are likely due to the withholding changes related to the 2003 tax cuts. In FY 2006, FMS plans to increase the percentage of government receipts collected electronically to 83%. FMS will be converting more checks to electronic collections at the various collection lockboxes, expanding pay.gov, to other Federal agencies, and will continue to expand EFTPS for taxpayers.					

Measure: Percentage of Treasury Payments and associated information made electronically (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	73	74	75	76	78
Actual	73	74	75	76	
Target met?	Y	Y	Y	Y	
Definition: The portion of the total volume of payments that is made electronically by FMS. Electronic payments include transfers through the automated clearinghouse and wire transfer payments through the FEDWIRE system.					
Source: The volume of payments is tracked through FMS' Production Reporting System. The amount and number of payments are also maintained under accounting control.					

Future Plans/Explanation for Shortfall: FMS anticipates meeting our FY 2005 performance goal. In FY 2006, FMS will increase our performance to make 78% of payments and associated information electronically. Assisting in this effort is the nationwide roll-out of Go Direct, a marketing campaign designed to increase the amount of payments paid via direct deposit.

Measure: Unit cost for Federal Government payments (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	.35	.35
Actual			.35	.37*	
Target met?	N/A	N/A	Y	N	
Definition: Unit cost combines both paper and electronic payment mechanisms and includes the aftermath processes (reconciliation and claims) for both types of payment mechanisms.					
Source: The cost data is captured through an activity based costing process. The unit cost is the calculated ratio of cost per payment.					
Future Plans/Explanation for Shortfall: FMS calculates its unit costs based on Activity Based Costing. FMS incurred increased expenses due to Enterprise Architecture enhancements. FMS will continue to improve efficiencies in payments delivery, concentrating on expanding electronic payments to contain costs. To increase direct deposit, FMS launched a nationwide campaign at the end of FY 2005 called "Go Direct" to encourage current check recipients to switch to direct deposit.					

Objective: Optimize Cash Management and Effectively Administer the Government’s Financial Systems
Bureau of Public Debt

Measure: Cost per summary debt accounting transaction (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	TBD
Actual				TBD	
Target met?	N/A	N/A	N/A	N/A	
Definition: This performance measure divides summary debt accounting transaction costs, determined by an established cost allocation methodology, by the number of summary debt accounting transactions.					
Source: Public debt accounting systems capture and report transaction counts. Costs are captured in BPD’s administrative accounting system.					
Future Plans/Explanation for Shortfall: Baseline data will be available in the FY 2007 Congressional Budget Submission.					

Financial Management Service

Measure: Percentage of Governmentwide accounting reports issued accurately (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	100	98	100	100	100
Actual	100	98	100	100	
Target met?	Y	Y	Y	Y	
Definition: All Governmentwide financial data that FMS publishes relating to U.S. Treasury cash-based accounting reports (i.e., the Daily Treasury Statement, the Monthly Treasury Statement, and the Annual Combined Report) will be 100% accurate.					
Source: A monthly tracking system reports on the various published statements and monitors errata as it pertains to this data.					

Future Plans/Explanation for Shortfall: FMS is on target to meet our FY 2005 performance goal. In FY 2006, FMS will continue to issue 100% of governmentwide accounting reports accurately. Assisting in this effort is further deployment of Governmentwide Accounting and Modernization project modules.

Measure: Percentage of Governmentwide accounting reports issued timely (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	100	100	100	100	100
Actual	100	100	100	100	
Target met?	Y	Y	Y	Y	
Definition: All Governmentwide financial data that FMS publishes relating to U.S. Treasury cash-based accounting reports (i.e., the Daily Treasury Statement, the Monthly Treasury Statement, and the Annual Combined Report) will be on time 100% of the time.					
Source: A monthly reporting system is used to track the release dates to the public of all of the various governmentwide statements.					
Future Plans/Explanation for Shortfall: FMS is on target to meet our FY 2005 performance goal. In FY 2006, FMS will continue to issue 100% of governmentwide accounting reports accurately. Assisting in this effort is further deployment of Governmentwide Accounting and Modernization project modules and continued progress and improvements on the Government Financial Reporting System (GFRS).					

Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury

Objective: Protect the Integrity of the Department of the Treasury

Office of Inspector General

Measure: Number of completed audits and evaluations (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	130	146	48	53	56
Actual	130	116	49	54	
Target met?	Y	N	Y	Y	
Definition: Audits, attestation engagements, and evaluations: (1) promote economy, efficiency, and effectiveness of Treasury programs and operations; (2) prevent and detect fraud, waste, and abuse in those programs and operations; (3) keep the Secretary and the Congress fully informed; and (4) help the Federal government to be accountable to the public.					
Source: OIG audits, attestation engagements, and evaluations result in sequentially numbered written products.					
Future Plans/Explanation for Shortfall: OIG plans to increase the number of audits and evaluations completed from 53 in FY 2005 to 56 in FY 2006.					

Measure: Number of investigations referred for criminal prosecution, civil litigation or corrective administrative action. (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	15	24	15	72	76
Actual	15	26	23	85	
Target met?	Y	Y	Y	Y	
<p>Definition: In order to protect the integrity and efficiency of Treasury programs it is important that findings of criminal or civil misconduct be referred to the Justice Department, state and/or local governments for prosecution and litigation in a timely manner. Criminal and civil convictions have a greater impact and carry a greater deterrent effect when they are prosecuted expeditiously. Some investigations will identify violations of the Ethical Standards of conduct, Federal Acquisition Regulations, or other administrative standards, which do not rise to the level of criminal or civil prosecution. In these cases it is important that OIG findings are reported to the bureau or office in a timely manner to allow them to take administrative action against the individuals engaging in misconduct.</p>					
<p>Source: This data will be retrieved from the Investigations Data Management System (IDMS) system.</p>					
<p>Future Plans/Explanation for Shortfall: In FY 2006, OIG expects to refer at least 76 cases for criminal prosecution, civil litigation or administrative action. Actual case referrals increased from FY '04 to FY '05 for two reasons: first, productivity increased because OIG agent's are carrying more cases and working longer and harder; and second, OIG changed the methodology to include additional types of cases that we did not refer in the past.</p>					

Measure: Percent of statutory audits completed by the required date (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	100	100	100	100	100
Actual	100	92	100	100	
Target met?	Y	N	Y	Y	
<p>Definition: Legislation mandating certain audit work generally prescribes, or authorizes OMB to prescribe, the required completion date for recurring audits and evaluations, such as those for annual audited financial statements. For other types of mandated audit work, such as a Material Loss Review (MLR) of a failed financial institution, the legislation generally prescribes a timeframe to issue a report (6 months for an MLR, as an example) from the date of an event that triggers the audit.</p>					
<p>Source: The date OIG issues an audit, attestation engagement, or evaluation report is printed on the cover. The required dates vary each year and are specified in different legislation, most often in the Annual Treasury Appropriation language.</p>					
<p>Future Plans/Explanation for Shortfall: In FY 2006, OIG plans to continue to complete all statutory audits by the required dates. The OIG places a priority on mandatory work. Managers review the status of work weekly to ensure deadlines are met.</p>					

Treasury Inspector General for Tax Administration

Measure: Percentage of positive results from investigative activities (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	67	70
Actual			64	82	
Target met?	N/A	N/A	Y	Y	
<p>Definition: The percentage is computed by dividing the total number of completed Criminal, Civil and Administrative actions (results) by the total number of investigative cases final-closed during the fiscal year.</p>					
<p>Source: The total number of investigative cases closed along with the total number of completed Criminal, Civil and Administrative Actions is extracted from the Performance and Results Information System (PARIS).</p>					
<p>Future Plans/Explanation for Shortfall: As of September 30, 2005, actual performance (82%) exceeded the FY05 performance target (67%). Modifications are being made to the FY05 performance measure criteria that will eliminate results previously captured in FY05. The decrease in results will significantly reduce the FY05 actual goal of 82 percent. The FY06 target performance goal (70%) is reflective of the modifications and will more accurately reflect OI's performance for FY06.</p>					

Measure: Average calendar days to issue final audit report (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	250	250	300	300	325
Actual	308	317	338	358	
Target met?	N	N	N	N	
Definition: The total number of calendar days elapsed from the start of an audit to the date the final report is issued. This figure is divided by the total number of final reports issued to determine the average.					
Source: TIGTA's management information system.					
Future Plans/Explanation for Shortfall: In FY 2005, TIGTA did not achieve its target for the "Average calendar days to issue final audit report." The actual performance as of September 30, 2005, was 358 calendar days. Historically TIGTA has not been able to meet this goal due to the increased complexity of the audits performed. In addition, on many occasions, the IRS requested additional time to provide responses to our reports. TIGTA must balance the goal of issuing reports timely with the need to provide the IRS with sufficient time to evaluate and respond to recommendations. As a result of these issues TIGTA plans to change the target for this measure to 325.					

Measure: Number of total taxpayer accounts impacted as a result of audit activities. (in Millions)(Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	14	14	13.4	13	14.5
Actual	7.5	47	49.7	2.8	
Target met?	N	Y	Y	N	
Definition: This indicator measures the number of taxpaying entities that benefit from audit recommendations. The benefits include: insuring taxpayers receive refunds when warranted and are granted due process when the IRS conducts its return filing and compliance programs; decreasing the number, time or cost of contacts with the IRS by compliant taxpayers; increasing protection of taxpayer account and financial information; and improving security over tax administration systems.					
Source: Data is entered into a centralized database and verified against draft and final report documents.					
Future Plans/Explanation for Shortfall: As of September 30, 2005, the number of taxpayer accounts impacted is 2,881,518. While Office of Audit's (OA) Audit Plan is designed to include the most sensitive Internal Revenue Service (IRS) issues having the greatest impact on tax administration, the results from individual audits vary considerably and are inherently difficult to estimate in magnitude until the audits are initiated. OA will continue to refine its forecasting methodology to better reflect anticipated actual performance.					

Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service

Treasury Franchise Fund

Measure: Customer satisfaction approval rating—Financial System, Consulting & Training (%) (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	80	80	80	80	80
Actual	93	87	87	88	
Target met?	Y	Y	Y	Y	
Definition: Indicates an objective level of customer satisfaction					
Source: The result of the survey is derived from the following: (a) ongoing management service reviews with customers through on-site visits; (b) ongoing management contract review with contractors; and (c) customer surveys using scale method with quantitative statistical analysis and results.					
Future Plans/Explanation for Shortfall: The Fund will be using the American Customer Satisfaction Index in FY 2006. This will allow us to benchmark our results against other Federal entities.					

Measure: Customer satisfaction approval ratings—Consolidated/Integrated Administrative Management (Ot) (%)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	80	80	80	80	80
Actual	93	81	87	81	
Target met?	Y	Y	Y	Y	
Definition: Indicates an objective level of customer satisfaction					
Source: The result of the survey is derived from the following: (a) ongoing management service reviews with customers through on-site visits; (b) ongoing management contract review with contractors; and (c) customer surveys using scale method with quantitative statistical analysis and results.					
Future Plans/Explanation for Shortfall: The Fund will be using the American Customer Satisfaction Index in FY 2006. This will allow us to benchmark our results against other Federal entities.					

Measure: Operating expenses as a percentage of revenue—Financial Management Administrative Support (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	11	12
Actual			9	9	
Target met?	N/A	N/A	Y	Y	
Definition: The Franchise Fund will either maintain or decrease their operating (administrative) expenses as a percentage of revenue year to year.					
Source: The data is captured in Oracle Financials system and reported through Oracle's Discoverer Reporting system. Measure is calculated as Operating Expenses divided by Total Revenue.					
Future Plans/Explanation for Shortfall: ARC is streamlining its administrative processes to ensure low operating costs. ARC is also putting effort into managing their larger administrative costs with their host bureau - BPD.					

Measure: Operating expenses as a percentage of revenue—Consolidated/Integrated Administrative Management (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	4	12
Actual			4	4	
Target met?	N/A	N/A	Y	Y	
Definition: The Franchise Fund will either maintain or decrease their operating (administrative) expenses as a percentage of revenue year to year.					
Source: The data is captured in Oracle Financials system and reported through Oracle's Discoverer Reporting system. Measure is calculated as Operating Expenses divided by Total Revenue.					
Future Plans/Explanation for Shortfall: FedSource is consolidating activities across its 9 locations. This effort should result in lower operating costs because of the increased efficiencies.					

Measure: Operating expenses as a percentage of revenue—Financial Systems, Consulting and Training (%) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			Baseline	12	12
Actual			14	11	
Target met?	N/A	N/A	Y	Y	
Definition: The Franchise Fund will either maintain or decrease their operating (administrative) expenses as a percentage of revenue year to year.					
Source: The data is captured in Oracle Financials system and reported through Oracle's Discoverer Reporting system. Measure is calculated as Operating Expenses divided by Total Revenue.					
Future Plans/Explanation for Shortfall: Federal Consulting Group is constantly streamlining administrative processes and procedures. They are currently looking for new space to help reduce their lease cost.					

Measure: Customer satisfaction approval rating—Financial Management Administrative Support Services (%) (Ot)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	80	80	80	80	80
Actual	90	94	85	96	
Target met?	Y	Y	Y	Y	
Definition: Indicates an objective level of customer satisfaction					
Source: The result of the survey is derived from the following: (a) ongoing management service reviews with customers through on-site visits; (b) ongoing management contract review with contractors; and (c) customer surveys using scale method with quantitative statistical analysis and results.					
Future Plans/Explanation for Shortfall: The Fund will be using the American Customer Satisfaction Index in FY 2006. This will allow us to benchmark our results against other Federal entities.					

Departmental Offices

Measure: Management cost per Treasury employee (\$) (E)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				Baseline	40.27
Actual				39.33	
Target met?	N/A	N/A	N/A	Y	
Definition: Total amount obligated for Treasury's strategic objective, M5B, divided by total amount of Treasury FTEs (excluding IRS employees).					
Source: Total amount obligated for M5B is taken from year end execution reports. The total amount of Treasury FTEs is taken by each bureau (except IRS) from the Department of Agriculture's National Finance Center database.					
Future Plans/Explanation for Shortfall: In FY 2006, Treasury will evaluate the effectiveness of this performance measure in managing Treasury.					

Measure: Bureau performance plans for supervisors, managers, and SES members contain elements that link to the bureau mission (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			75	100	100
Actual			77	100	
Target met?	N/A	N/A	N	Y	
Definition: The overall percentage of bureaus whose performance plans for supervisors, managers, and SES members contain elements that specifically link to the bureau mission.					
Source: Data will include bureau feedback in response to questions and answers posed by the Office of the DAS for Workforce Management and from sample evaluation plans submitted by the bureaus.					
Future Plans/Explanation for Shortfall: The target is met and will continue to be met in FY 2006 and FY 2007. All supervisory, managerial and SES individual performance plans will include elements that link to bureau mission.					

Measure: Complete investigations of EEO complaints within 180 days (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target			40	50	50
Actual			31	36	
Target met?	N/A	N/A	N	N	
Definition: The average time it takes to complete investigations of Equal Employment Opportunity (EEO) complaints.					
Source: The Annual Federal EEO Statistical Report of Discrimination Complaints and the Department's Complaint Tracking System are the primary sources of data.					
Future Plans/Explanation for Shortfall: The EEO Center's ability to timely complete cases was impacted by 14 vacancies existing throughout FY 2005. The Center will work to fill these positions early in FY 2006. A Center review is also being done in October 2005 to identify bottlenecks and determine case process improvements.					

Measure: Number of open material weaknesses (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target	15	8	8	4	2
Actual	20	9	8	7	
Target met?	N	N	Y	N	
Definition: Treasury wants to reduce and eventually eliminate the material weaknesses that currently exist within Treasury, while simultaneously taking actions which will serve to avoid new material weaknesses. Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations.					
Source: Identified by the General Accounting Office, Treasury's Inspectors General, and/or Treasury bureaus.					
Future Plans/Explanation for Shortfall: Treasury reduced its 1998 baseline of 60 material weaknesses to 9 weaknesses since the beginning of FY 2004. This number was further reduced by 1 during FY 2004 and by 1 during FY 2005, leaving a reportable balance of 7 for FY 2005 reporting. Although significant success has been achieved, those material weaknesses that remain have long-term solutions of which are many are dependent upon the implementation of major systems. For other audit recommendations, Treasury has maintained a completion rate of 87% through June 30, 2005. Success has been achieved through ongoing management attention in the form of quarterly progress reports to executive management on the status of material weaknesses, the inclusion of material weaknesses as an agenda topic for bureau heads meetings, and similar vehicles which help focus attention on major challenges. Although certain long-standing challenges will remain problematic for the foreseeable future, responsible progress toward closure on many similar challenges continues to be achieved and no new material weaknesses have been identified.					

Measure: Injury and illness rate Treasurywide—including DO (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target		3.21	3.94	3	2.8
Actual		3.9	3.94	2.8	
Target met?	N/A	N	Y	Y	
Definition: The number of reported work-related injuries and illnesses Treasury-wide.					
Source: Safety and Health Information Management System					
Future Plans/Explanation for Shortfall: In FY 2005, Treasury started to pursue an aggressive occupational safety and health program. In FY 2004, Treasury was recognized by the Department of Labor for reducing the Departments total injury and lost time injury rates by more than 10 % each, well below the recommended 3 % for all Federal Agencies.					

Measure: Percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process (%) (Oe)					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Target				25	30
Actual				25	
Target met?	N/A	N/A	N/A	Y	
Definition: Equal Employment Opportunity (EEO) contact means an instance where an EEO Counselor or an ADR Intake Officer performs the counseling duties described in Chapter 2 of MD 110 (Government-wide managing directive on EEO). This is the same information which is reported in Part One, Section one of 462 report (Government-wide EEO report). Participation means both parties agree to enter an ADR process.					
Source: Treasury’s automated Complaint Tracking System.					
Future Plans/Explanation for Shortfall: Treasury will continue to encourage employees to participate in the Alternative Dispute Resolution (ADR) process. This will be accomplished by developing an improved ADR marketing strategy and working to determine the barriers to using of ADR.					

Appendix B: Completeness and Reliability of Performance Data

Treasury’s Commitment to Quality Performance Measurement

Bureaus rate the data for each performance measure as having:

- *Reasonable Accuracy*: Judged to be sufficiently accurate for program management and performance reporting purposes (specified in OMB Circular A-11, Section 230-4(f)).
- *Questionable or Unknown Accuracy*: Judged to be materially inadequate (specified in OMB Circular A-11, Section 230-4(f) as “materially inadequate”).
- Where statistical confidence intervals are available, these are provided instead of the rating statements. More verification efforts were added in FY 2001 - FY 2003, when bureaus were required to address any data reliability issues regarding their performance measures in the Assurance Statements required by the Federal Managers’ Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA).

Completeness of Data

Not Available The following performance measures did not have any data available for this Report, but will have final numbers presented in the FY 2006 President’s Justification for Appropriations:

Bureau	Performance Measure
IRS	Percent of Eligible Taxpayers who File for the EITC (Participation Rate)
BPD	Cost per TreasuryDirect customer service transaction
BPD	Cost per TreasuryDirect operations securities transaction
BPD	Cost per summary debt accounting transaction

Discontinued The following performance measures were discontinued in FY 2005 and will not have data available for this Report:

Bureau	Performance Measure
IRS	Contracted Program Cost and Schedule Variance
IRS	Contracted Requirements Stability and Contracted Requirements Delivered
Dept Offices	Increase the dollar amount of terrorist assets and number of channels blocked
Dept Offices	Percent reduction in the number of countries removed from the Financial Action Task Force 40+9 Non-Cooperative Countries and Territories (NCCT) list
Dept Offices	Number of targets recommended for interagency consideration for terrorist designation or alternative actions
Dept Offices	Increase number of terrorist finance designations for which other countries join in with the United States
Dept Offices	GDP Average in developing countries with significant Treasury engagement
Dept Offices	Stabilize Debt/GDP ratios in developing countries with significant Treasury engagement

Baseline The following performance measures were baselined in FY 2005 and will be baselined in FY 2006

Bureau	Performance Measure
Dept Offices	Average tax compliance cost for individuals and small businesses
Dept Offices	Percentage of grant and loan proposals containing satisfactory frameworks for results measurement

Data Reliability

Performance data presented in this report meets the standards for reliability set forth in OMB Circular A-11, Section 230-5(f). There is neither a refusal nor a marked reluctance by agency managers or Government decision makers to use the data in carrying out their responsibilities.

Appendix C: Improper Payments Information Act and Recovery Act

The Improper Payments Information Act of 2002 (IPIA) requires agencies to annually review their programs and activities to identify those that are susceptible to significant erroneous payments. “Significant” means that an estimated error rate and a dollar amount exceed the threshold of 2.5% and \$10 million. Once high-risk programs are identified, a method for systematically reviewing them must be developed and statistically valid samples conducted to determine annual error rates. If those error rates, when applied to all program funding, result in a level on improper payments that meet the significant criteria, a Corrective Action Plan must be developed to resolve the underlying causes and reduce improper payments.

Some Federal programs are so complex that developing an annual error rate is not feasible. The government-wide Chief Financial Officers Council developed an alternative for such programs to assist them in meeting the IPIA requirements. Agencies may establish an annual estimate for a high-risk component of a complex program (e.g., a specific program population) with Office of Management and Budget (OMB) approval. Agencies must also perform trend analyses to update the program’s baseline error rate in the interim years between detailed program studies. When development of a statistically valid error rate is possible, the reduction targets are revised and become the basis for future trend analyses.

I. Description of Treasury’s risk assessment(s) performed subsequent to compiling its full program inventory and risk-susceptible programs.

Each year, a comprehensive inventory of the funding sources for all programs and activities is developed and distributed to Treasury’s bureaus and offices. If program or activity funding is at least \$10 million, Risk Assessments are required at the payment type level (e.g., payroll, contracts, vendors, travel, etc.). For those payment types resulting in high risk assessments that comprise at least 2.5% and \$10 million of a total funding source, (1) statistical sampling must be performed to determine the actual improper payment rate, and (2) a Corrective Action Plan must be developed and submitted to Treasury and OMB for approval.

Responses to the Risk Assessments produce a score that falls into pre-determined categories of risk. The following table describes the actions required to be taken at each risk level:

Risk Level	Required Action(s)
High Risk \geq 2.5% Error Rate & $>$ \$10 Million	Corrective Action Plan
Medium Risk	Review Payment Controls for Improvement
Low Risk	No Further Action Required

The Risk Assessments performed across Treasury in FY 2005 resulted in all programs and activities as low and medium risk susceptibility for improper payments. The Earned Income Tax Credit (EITC) high-risk status is well-documented, having been previously identified in the former Section 57 of OMB Circular A-11, and has been deemed a complex program for the purposes of the Improper Payments Information Act.

II. Describe the statistical sampling process conducted to estimate the improper payment rate for each program identified.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is a refundable federal tax credit that offsets income taxes owed by low income workers and, if the credit exceeds the amount of taxes owed, provides a lump-sum payment to those who qualify.

Treasury Department and the IRS are now working with OMB on how to appropriately measure IRS activities designed to reduce improper EITC payments. Much of the discussion has focused on how to update previous estimates of the improper payment rate and how the IRS can set meaningful targets for error reduction. In addition, there has been consideration of an alternative measure for IPIA that would incorporate the direct effects of IRS compliance activities on reducing erroneous EITC payments.

The rest of this section explains how the IRS revised its erroneous payment projections to provide more current estimates. The basis for this update is a Tax Year 2001 reporting compliance study that estimated the level of improper over claims for FY 2005 to range between \$9.6 - \$11.4 billion and 23% (lower bound) to 28% (upper bound) of approximately \$41.3 billion in total program payments.

National Research Program (NRP) Analysis

The complexity of EITC's program, the nature of tax processing, and the expense of compliance studies preclude statistical sampling on an annual basis in order to develop error rates for comparison to reduction targets. The following set of estimates is based primarily on information from the National Research Program (NRP) reporting compliance study of individual income tax returns for Tax Year (TY) 2001.

Under the TY 2001 NRP reporting compliance study, individual income tax returns filed during calendar year 2002 for TY 2001 were randomly selected for examination.¹ This selection method allows the measures for the entire NRP individual income tax return population to be estimated from the results of the NRP program sample returns. Because one of the objectives of the NRP is to provide data for compliance measurement, NRP procedures and data collection differed from those followed in standard examination programs. NRP classification and examination procedures were more comprehensive in scope and depth than those for standard examination programs. These expanded procedures were designed to provide a very accurate determination of what taxpayers should have reported on their returns.

Estimates of various compliance measures for individual income taxpayers can be calculated by comparing the NRP sample case results—the estimate of what taxpayers should have reported on their returns—to what these taxpayers voluntarily reported on their returns and then projecting the sample results to the population. The projection to the population is done using weights assigned to each return. These weights reflect the number of returns in the population that the sample return represents.

¹ The NRP used a stratified, random sample design. Returns are grouped into predefined categories or “strata” and selected randomly within each stratum.

The TY 2001 NRP individual income tax return study covered filers of individual income tax returns. About 6,400 of the approximately 44,400 returns in the regular NRP sample were EITC claimants.² The NRP study results for this EITC claimant subset of NRP returns were the primary source of data for the improper payments estimates. Other data and information sources used for the estimates included IRS Enforcement Revenue Information System (ERIS) data (which tracks assessments and collections from IRS enforcement-related activities), Treasury Department estimates of the effect of the EITC provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) on EITC erroneous claims, and Treasury Department FY 2006 EITC budget estimates.

The general approach for developing the FY 2005 set of EITC improper payments estimates involved the following steps: (1) estimating an improper payment rate for TY 2001 using the NRP data, (2) adjusting the TY 2001 rate to reflect the estimated impact of the EITC-related EGTRRA provisions, (3) estimating EITC claims for FY 2002- FY 2007 by projecting TY 2001 claims forward using the growth rates implicit in Treasury Department budget outlay estimates, and (4) multiplying the adjusted improper payment rate by the estimated claims to calculate estimated improper payments for each fiscal year. These steps are described in more detail below.

(1) TY 2001 Improper Payment Rate Estimates

The TY 2001 improper payment rate was calculated from NRP and ERIS data. The improper payment rate is defined as follows³:

$$\text{EITC Improper Payment Rate} = \frac{\text{Amount of EITC Overclaimed} \quad \text{minus} \quad \text{Amount of EITC Overclaims Recovered}}{\text{Amount of EITC Claimed on all Returns}}$$

The *Amount of EITC Overclaimed* is the weighted sum of the amount of EITC overclaimed on NRP sample returns where EITC was overclaimed. The amount overclaimed is the difference between the amount of EITC claimed by the taxpayer and the amount the NRP examination determined the taxpayer should have claimed. The *Amount of EITC Claimed on all Returns* is the weighted sum of the amount of EITC claimed by all EITC claimants in the NRP sample. The weights used are the NRP study sample weights described earlier.

The IRS, through various administrative activities, prevents the payment of some EITC overclaims and recovers some overclaims that were paid. This occurs primarily through math error processing, information document matching in the Automated Underreporter Program (AUR), and the examination of returns. These amounts are reflected in the *EITC Improper Payment Rate* through the *Amount of EITC Overclaims Recovered* term.

Math error processing involves computerized checks during return processing for mathematical and clerical errors. This generally involved checks for arithmetic mistakes and errors in reading tax and EITC tables, but

² About 1,600 other returns (the “calibration sample”) were included in the TY 2001 NRP Individual Income Tax Study. These returns went through a somewhat different examination process and they were not used for these calculations.

³ The EITC improper payment rate is identical in concept to the Unrecovered Overclaim Percentage from the TY 1999 EITC Compliance Study.

also includes checks for valid taxpayer identification numbers. IRS data files contain fields for both the EITC claimed by the taxpayer and the EITC calculated by the computer. The difference in these two fields, when the amount claimed is greater than the computer amount, is the amount of overclaims that were not paid because of IRS math error activities. The math error EITC recovered amounts were estimated from the NRP EITC claimant sample returns on which EITC was overclaimed. It was calculated as the weighted sum of the difference between the EITC claimed and computer amounts for NRP EITC sample returns that overclaimed EITC. Again, the weights used were the NRP sample weights.

Some EITC overclaims that result from income misreporting are identified and recovered through AUR activities. These are detected when the IRS compares information document amounts to the corresponding amounts reported by the taxpayer. The estimate of the amount of overclaims recovered through AUR reflects amounts IRS expects to collect through AUR on TY 2001 EITC overpayments. This estimate was based on actual AUR results shown in ERIS data through December 2004. The ERIS numbers were increased slightly to account for assessments and collections made after December 2004 on TY 2001 returns. These figures are based on IRS operations applied to all EITC claims, not just NRP sample returns.

EITC overclaims also are prevented and recovered through examination activities. Most examinations of EITC claims are conducted pre-refund. This means that the EITC claim is not paid, but rather is held by the IRS pending the outcome of the examination. For these cases, the EITC amount is paid only if the examination is resolved in support of the taxpayer's claim. Other EITC examinations are conducted after the credit is paid (i.e., post-refund). For these cases, should the IRS reduce or deny the EITC claim, the IRS must recover the amount that was previously paid. The estimate of the amount of EITC overclaims that were not paid due to pre-refund examinations and the amount that was recovered through post-refund examinations was based on actual amounts either not paid or recovered as shown in ERIS data. The ERIS data through December 2004 were adjusted slightly to account for assessments and collections made after December 2004 on TY 2001 returns.

As explained earlier, the amount of EITC overclaimed is calculated as the difference between the amount of EITC that was claimed by the taxpayer and the amount NRP determined the taxpayer should have claimed. Some taxpayers in the NRP (and also in standard examination programs) never appear for their examination even though they received the notification.⁴ Standard administrative procedures in these cases result in disallowance of the EITC and this disallowance is reflected in the NRP data.

Because of concerns that the NRP case outcome for these types of cases may not accurately reflect the amount of EITC that these taxpayers should have claimed, two TY 2001 improper payments rate estimates were calculated using different assumptions about the amount of EITC to which taxpayers who do not appear for examination are entitled. One estimate is based directly on the NRP data and therefore implicitly assumes that taxpayers who do not appear for their examination are not entitled to the EITC. The other estimate assumes that the compliance of taxpayers who do not appear for an examination is the same as that of other taxpayers in their stratum who did appear for an examination. This set of estimates was developed by using adjusted NRP data. This procedure mirrors the two sets of compliance estimates provided in the TY 1999 EITC Compliance Study report.

⁴ The IRS distinguishes between cases that are “unlocatable”—which are cases where the IRS cannot find taxpayers to inform them that they are under examination and cases that are “no show/no response”—which are cases where taxpayers were contacted but do not show up for the examination. These latter cases include a range of situations from those where taxpayers break appointments they made with IRS examiners to cases where contact with taxpayers is presumed because IRS outgoing correspondence is never returned as undeliverable.

(2) Adjustment of the TY 2001 Improper Payments Rate to Account for Estimated Effects of EGTRRA

The EGTRRA contained several provisions related to EITC that became effective for TY 2002. Some of these provisions were expected to improve EITC compliance and also to increase claims. Thus, this legislation may have affected the improper payments rate for years after enactment. As explained earlier, the NRP individual income tax study was for tax year 2001 returns filed during calendar year 2002. The improper payment rate estimated from the TY 2001 NRP data, therefore, does not reflect any effects of the EGTRRA changes.

Treasury Department economists conducted an analysis of the EITC-related EGTRRA provisions. The analysis estimated that the provisions reduced EITC erroneous claims by about 13 percent and increased claims by about 5 percent.⁵ These estimates were used to adjust the NRP-based TY 2001 estimates to account for the effect of the EGTRRA provisions. This was done by reducing the NRP-based estimate of the *Amount of EITC Overclaimed* by about 13 percent, increasing the NRP-based estimate of *Amount of EITC Claimed on all Returns* by about 5 percent, and recalculating the improper payment rates.

(3) EITC Improper Payment Estimates for FY 2002-FY 2005

The improper payments estimates for FY 2002 through FY 2005 were developed by multiplying an improper payment rate for each fiscal year by estimated claims for the corresponding fiscal year. This involved several steps.

The first step involved determining an improper payments rate for each fiscal year. This was done under the assumption that the EGTRRA-adjusted NRP-based TY 2001 rate was applicable for FY 2004 and later and that the rates for FY 2002 and FY 2003 reflected a phased-in effect of the EGTRRA changes on the rate. Two sets of rates were developed based on the two NRP-based estimates.

The next step involved estimating EITC claims for FY 2002 through FY 2005. This was accomplished by projecting forward the TY 2001 NRP-based estimate of EITC claims by the annual growth rates implicit in Treasury's FY 2006 EITC budget estimates. For these purposes, FY n is assumed to reflect TY n-1 (i.e., FY 2002 reflects TY 2001).

The final step involved estimating the amount of improper payments by multiplying the improper payment rate for each fiscal year by the corresponding claims for the year. Two sets of estimates were developed, one for each of the two sets of improper payment rate estimates. The current improper payment estimates are reflected in IV. *Improper Payments Reduction Outlook*, below.

III. Describe the Corrective Action Plans for reducing the estimated rate of improper payments for the EITC program.

The IRS uses a two-pronged approach to reduce erroneous EITC payments:

1. Continually seek opportunities to increase program efficiency within existing resources – in other words, make the base program better; and

⁵ The estimates were in 1999 dollars.

2. Test potential business process enhancements to reduce error and then request implementation funding if the tests prove successful.

Base Program

In 2005, the IRS will spend approximately \$165 million to prevent more than \$1.94 billion from being paid in error. Three areas of activity compose the bulk of this spending:

- **Examinations** – the IRS identifies tax returns for examination and holds the EITC portion of the refund until an audit can be conducted. This is the *only* IRS audit program where exams are conducted *before* a refund is released. The audit closures and enforcement revenue protected in the charts below do not include test initiatives.
- **Math Error** – this refers to an automated process in which IRS identifies math or other statistical irregularities and automatically prepares an adjusted return for a taxpayer. Congressional approval is required for math error use.
- **Document Matching** – involves comparing income information provided by the taxpayer with matching information (e.g. W-2s, 1099s) from employers to identify discrepancies.

The chart below shows significant results from FY 2002 through FY 2005. In FY 2005 alone, the IRS issued 649,927 math error notices, conducted 464,889 audits and touched 300,000 document matching returns.

	Compliance Activities (thousands)							
	FY02	FY03	FY04	FY05*	FY06*	FY07*	FY08*	FY02-FY08* Total
Audit Closures	373,508	422,033	449,435	464,899	477,169	489,940	502,768	3,179,752
Math Error Notices	993,387	922,465	817,440	649,927	617,430	586,559	557,231	5,144,439
Document Matching			300,000	300,000	300,000	300,000	300,000	1,500,000

These activities had a significant effect. We estimate that EITC enforcement efforts have directly protected an estimated \$6.48 billion in revenue for FY 2002 through FY 2005. In addition, we project that continued enforcement efforts will protect a total of \$12.65 billion in revenue through FY 2008.

	Enforcement Revenue Protected (\$ billions)							
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY02-FY08 Total
Examination	0.95	1.00	1.10	1.30	1.41	1.48	1.55	8.79
Math Error Notices	0.42	0.34	0.42	0.33	0.27	0.25	0.24	2.27
Document Matching			0.31	0.31	0.32	0.32	0.33	1.59
TOTAL	1.37	1.34	1.83	1.94	2.00	2.05	2.12	12.65

Business Process Enhancements

In 2003 and 2004, the IRS received a total of \$75 million to fund a number of EITC business process improvement initiatives. These initiatives included the use of private sector solutions to better identify egregious cases, apply appropriate collection methods, assign and manage case inventory more efficiently, catch problems with amended returns, improve communications with taxpayers, better focus on under-reported income and explore use of new notices to improve taxpayer response. The entire initiative process was managed using a project management governance structure known as the Enterprise Life Cycle – which, among other requirements – includes a business case analysis to justify investment choices. It was conceived of, designed and implemented in three separate releases over a three year period. Here are the estimated benefits of the EITC investment portfolio:⁶

	Enforcement Revenue Protected (\$ billions)							
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY02-FY08 Total
Investment Portfolio				0.01	0.08	0.08	0.08	0.25

Testing New Business Processes

In addition to building new solutions for existing business processes, the IRS is also conducting a test of a completely new approach that would require certain EITC taxpayers to certify they meet a key eligibility requirement before receiving the credit. This process could potentially affect millions of taxpayers and is the subject of careful evaluation. If the IRS concludes the process should be implemented, it will request additional funding to expand the scope of its existing EITC activities.

Finally, the IRS has a number of other activities it is using to combat program error. This past year saw the first test of a strategy to address egregious EITC return preparers. In addition, the IRS has identified three states with an interest in sharing information to prevent erroneous payments. The Service is also evaluating potential new ways to share data to improve its revenue protection activities. These include an evaluation of external databases that could help identify taxpayers who are not qualified for the EITC (National Directory of New Hires and Department of Education student loan data) as well as developing possible new candidates for math error authority and new strategies to prevent duplicate claims of qualifying children.

IV. EITC Improper Payment Reduction Outlook.

The IRS has developed a new methodology to estimate improper payments that will be implemented in the coming months. The reduction outlook is as follows:

⁶ These estimates represent the low end of the range of estimates of revenue protected from the EITC investment portfolio.

Improper Payment Reduction Outlook (\$ in millions)															
Program	PY Outlays	PY %	PY \$	CY Outlays	CY IP%	CY IP\$	CY+1 Est Outlays	CY+1 IP%	CY+1 IP\$	CY+2 Est Outlays	CY+2 IP%	CY+2 IP\$	CY+3 Est Outlays	CY+3 IP%	CY+3 IP\$
EITC Upper Bound Estimate	\$40.5	28%	\$11.2	\$41.3	28%	\$11.4	\$42.1	28%	\$11.6	\$42.7	28%	\$11.8	\$42.7	28%	\$11.8
EITC Lower Bound Estimate	\$40.5	23%	\$9.4	\$41.3	23%	\$9.6	\$42.1	23%	\$9.8	\$42.7	23%	\$10.0	\$42.7	23%	\$10.0

Outlays: Following prior methodology, the amount shown is the total EITC claimed.

IP % and IP \$: These estimates follow the prior approach which provided a range for improper payments.

Recovery Act

V. Treasury's Recovery Auditing Program.

In FY 2005, the Treasury issued contracts totaling \$4.9 billion. The annual Improper Payments Information Act Risk Assessment process includes a review of pre-payment controls that minimize the likelihood and occurrence of improper payments. For Recovery Act compliance, Treasury requires each bureau and office to review their post-payment controls and report on recovery auditing activities, contracts issued, improper payments made, and recoveries achieved. Bureaus and offices may use recovery auditing firms to perform many of the steps in their recovery program and identify candidates for recovery action.

Treasury considers both pre-payment and post-payment reviews to identify payment errors a good management practice that should be included among basic payment controls. All of Treasury's bureaus use some form of recovery auditing techniques to identify improper payments during post-payment reviews. At times, bureaus may use the services of recovery auditors to help them identify payment anomalies and target areas for improvement. Strong contract payment controls exist throughout Treasury, and recovery activity is minimal. Our ongoing reviews of contract payment controls do not exclude any type of contract actions. Further, the low level of improper payments in 2005 did not require any Treasury bureau to develop a management improvement program under Recovery Act guidance.

Agency	Amount Subject to Review for CY Reporting	Actual Amount Reviewed and Reported	Amounts Identified for Recovery	Amounts Recovered CY	Amounts Recovered PY
Treasury	\$4,941,295,411	\$3,851,985,924	\$428,977	\$364,680	\$668,715

VI. Management Accountability.

The Secretary of the Treasury has delegated responsibility for improper payments to the Assistant Secretary for Management/Chief Financial Officer (ASM/CFO). The area of improper payments falls under Treasury's management control program. Through associated risk assessments, these are an extension of each bureau's annual Risk Assessment and review process. Through Treasury Directive 40-04, executives and other managers are required to have management control responsibilities as part of their annual performance plans. With oversight mechanisms such as the Treasury CFO Council and IRS' Financial and Management Control Executive Steering Committee, managerial responsibility and accountability in all management control areas are visible and well documented.

Improper payments are a separate initiative under the President's Management Agenda and has been monitored for improvement as a material weakness under the Federal Managers' Financial Integrity Act. Managers who are responsible and accountable for reducing the level of EITC over claims have been identified, while other senior and mid-level officials have responsibility for monitoring progress in this area as bureau and program internal control officers.

VII. Resources Requested in the FY 2006 Budget Submission to Congress.

Several new initiatives were requested in the IRS FY 2006 President's Budget submission which relate to the enforcement of tax laws. If approved, the EITC program should benefit from these broader initiatives.

VIII. Limiting Statutory and Regulatory Barriers.

A number of factors serve as barriers to reducing overclaims in the EITC program. These include:

- The complexity of the tax law.
- The structure of the earned income credit.
- Confusion among eligible claimants.
- High program turnover.
- Unscrupulous preparers.
- Fraud.

No one of these factors can be considered the primary driver of program error. Furthermore, the interaction among the factors makes addressing the credit's erroneous claims rate, while balancing the need to ensure the credit makes its way to taxpayers who are eligible, extremely difficult.

IX. Other Factors.

Since June 2003, EITC has focused on reducing erroneous over claims by implementing a five-point initiative that will:

- *Reduce the backlog of pending EITC examinations to ensure that eligible taxpayers whose returns are being examined receive their refunds quickly.*
- *Minimize the burden and enhance the quality of communications with taxpayers by improving the existing audit process.*
- *Encourage eligible taxpayers to claim the EITC by increasing outreach efforts and making the requirements for claiming the credit easier to understand.*
- *Ensure fairness by refocusing compliance efforts on taxpayers who claimed the credit but were ineligible because their income was too high.*
- *Pilot a certification effort to substantiate qualifying child residency eligibility for claimants whose returns are associated with a high risk for error.*

As part of this initiative, in FY 2005, the IRS completed the following tests designed to evaluate new ways of reducing erroneous EITC payments while maintaining participation by eligible taxpayers:

- *Qualifying Child Test: Requires EITC claimants to certify that they meet qualifying child residency requirement before paying out the refund;*

- *Filing Status Test: Reviews filing status claims to ensure they are correct. IRS selected claimants whose filing status had changed to one that increased the value of the credit (generally, from married filing joint to head of household);*
- *Misreporting Income (Automated Underreporter) Test: Enhances error detection through the automated underreporter program. This test focuses not on the number of cases IRS is reviewing, but on improved selection methodologies. Completing these tests is imperative to assessing their effectiveness in reducing erroneous EITC over claims while maintaining high participation rates by eligible taxpayers.*

Appendix D: Material Weaknesses, Audit Follow-up, and Financial Systems

Summary of Open Federal Managers' Financial Integrity Act Material Weaknesses and Federal Financial Management Improvement Act Compliance As of September 30, 2005								
Bureau/Reporting Entities	Number of Material Weaknesses For FMFIA Section 2			Number of Material Instances of Non-Conformance For FMFIA Section 4			Grand Total(Sec 2 & Sec 4)	Substantial Compliance with FFMIA?
	Carry over from Prior Years	New This Year	Total	Carry over from Prior Years	New This Year	Total		
Bureau of Engraving and Printing	0	0	0	0	0	0	0	Yes
Bureau of the Public Debt	0	0	0	0	0	0	0	Yes
Community Development Financial Institutions Fund	0	0	0	0	0	0	0	Yes
Departmental Offices	1	0	1	0	0	0	1	Yes
DC Pension Fund	0	0	0	0	0	0	0	Yes
Exchange Stabilization Fund	0	0	0	0	0	0	0	Yes
Executive Office of Asset Forfeiture	0	0	0	0	0	0	0	Yes
Financial Crimes Enforcement Network	0	0	0	0	0	0	0	Yes
Financial Management Service	1	0	1	0	0	0	1	Yes
Treasury Franchise Fund	0	0	0	0	0	0	0	Yes
Internal Revenue Service	4	0	4	1	0	1	5	No
U.S. Mint	0	0	0	0	0	0	0	Yes
Office of the Comptroller of the Currency	0	0	0	0	0	0	0	Yes
Office of Thrift Supervision	0	0	0	0	0	0	0	Yes
Alcohol and Tobacco Tax and Trade Bureau	NA	0	0	NA	0	0	0	Yes
Total	6	0	6	1	0	1	7	
Recapitulation of Material Weaknesses (MWs):						Section 2	Section 4	Total
Balance at the Beginning of FY 2005:						7	1	8
Closures/Downgrades during FY 2005*:						1	0	1
New MW declared during FY 2005:						0	0	0
Balance at the End of FY 2005:						6	1	7

Section 2 Summary Of Pending Material Internal Control Weaknesses As Of September 30, 2005		
Bureau	Description of Material Weakness	Remedial Actions And Key Target Dates For Correction
DO-02-01 (Departmental Offices)	Lack of substantial compliance with Federal Information Security Management Act (FISMA), including the Treasury communication system back-up and disaster recovery capability.	DO needs to improve the level of Certifications and Accreditations throughout the Department and improve the entity-wide security program for headquarters operations. Target Date: December 2006
FMS-01-16 (Financial Management Service)	The government did not have adequate systems, controls, and procedures to properly prepare the consolidated financial statements.	FMS needs to implement Intra-Governmental fiduciary confirmation system, establish business rules, and accelerate the central reporting cycle. Target Date: December 2006
IRS-88-01 (Internal Revenue Service)	IRS needs to resolve workload for Tax Assessments and prioritize Collectible Assessments .	IRS plans to improve systems support and explore the use of private collection agencies. Target Date: December 2008
IRS-95-03	Improve Modernization Management Controls and Capabilities.	IRS plans to improve Modernization Management Controls and Capabilities to consistently ensure delivery of systems with expected functionality within budget and on time that will dramatically improve both internal operations and services to taxpayers. Target Date: January 2006
IRS-99-01	Earned Income Tax Credit (EITC).	The IRS needs to implement several program enhancements to reduce the high number of overclaims and erroneous payments. Target Date: September 2006
IRS-01-01	Various systems security controls need improvement.	The IRS needs to ensure that access to key computer applications and systems is limited to authorized persons, and to effectively monitor key networks and systems to identify unauthorized activities and inappropriate system configurations. Target Date: December 2007

Section 4 Summary Of Pending Material Instances Of Non-conformance As Of September 30, 2005		
Bureau	Description Of Material Non-conformances	Remedial Actions And Key Target Dates For Correction
IRS-95-01	GAO's audits of the IRS' financial statements have disclosed material weaknesses in financial reporting processes that affect IRS' ability to prepare reliable financial information on an ongoing basis. IRS' financial management systems do not substantially comply with the requirements of the FFMIA of 1996.	Implement the Custodial Detail Data Base (CDDDB) – An integrated data repository of taxpayer account information, integrated with and conforming to the US Standard General Ledger and accessible for management analysis and reporting. Target Date: May 2007

* During FY 2005, the IRS closed the material weakness for measuring taxpayer compliance based upon updated tax compliance measures established as a result of the National Research Program.

Audit Follow-Up Activities

During FY 2005, Treasury continued its efforts to improve both the general administration of management control issues throughout the Department and the timeliness of the resolution of all findings and recommendations identified by the Office of the Inspector General (OIG), the Treasury Inspector General for Tax Administration (TIGTA), the Government Accountability Office, and external auditors. During the year, Treasury continued its effort to provide enhancement to the tracking system called the “Joint Audit Management Enterprise System” (JAMES). JAMES is a Department-wide, interactive, on-line, real-time system accessible to the OIG, TIGTA, Bureau Management, Departmental Management, and others. The system contains tracking information on audit reports from issuance through completion of all actions required to address all findings and recommendations contained in a report.

In addition, Treasury oversight of bureau management control program activities, as well as communication and coordination with the bureaus in general, was strengthened through a combination of:

- on-site visits/reviews with bureau control personnel.
- the issuance of Management Control Program Quarterly Reports which focus on significant control issues throughout the organization and which are distributed to the Secretary, bureau heads, bureau CFOs and other key personnel.

Potential Monetary Benefits

The Inspector General Act Amendments of 1988 (the Act), Public Law 101-504, require that the Inspectors General and the Secretaries of Executive Agencies and Departments submit semiannual reports to the Congress on actions taken on audit reports issued that identify potential monetary benefits. Treasury consolidates and annualizes all relevant information for inclusion in this report. The information contained in this section represents a consolidation of information provided separately by the OIG, TIGTA, and Treasury management.

At the beginning of FY 2005, Treasury had identified corrective actions for 40 audit reports with \$8,061.2 million in potential monetary benefits. Corrective actions were identified for 33 new audit reports having \$83,422.4 million in potential benefits. Thirty-two reports with potential benefits of \$74,968.9 million were closed; \$81.0 million of the benefits were realized and \$74,887.9 million of potential benefits was not realized. At the end of FY 2005 there were 41 such open audit reports having potential benefits of \$16,514.7 million.

Treasury regularly reviews progress made by the bureaus in realizing potential monetary benefits identified in audit reports, and coordinates with the auditors as necessary to ensure the consistency and integrity of information on monetary benefit recommendations being tracked.

The statistical data in the following summary table and proceeding charts represents audit report activity for the period from October 1, 2004 through September 30, 2005. The data reflects information on reports that identified potential monetary benefits that were issued by the Office of Inspector General (OIG) and the Treasury Inspector General for Tax Administration (TIGTA).

Audit Report Activity With Potential Monetary Benefits For Which Management Has Identified Corrective Actions (OIG and TIGTA) October 1, 2004 through September 30, 2005 (Dollars in Millions)								
	Disallowed Costs		Better Used Funds		Revenue Enhancements		Total	
	Reports	Dollars	Reports	Dollars	Reports	Dollars	Reports	Dollars
Beginning Balance*	8	\$3.6	16	\$166.8	16	\$7,890.8	40	\$8,061.2
New Reports	14	8.2	7	42.8	12	83,371.4	33	83,422.4
Total	22	11.8	23	209.6	28	91,262.2	73	91,483.6
Reports Closed	8	2.5	12	149.9	12	74,816.5	32	74,968.9
<i>a. Realized or Actual</i>	6	1.0	8	76.3	3	3.7	17	81.0
<i>b. Unrealized - Written off</i>	5 ¹	1.5 ¹	7 ²	73.5 ²	13 ³	74,812.9 ³	25	74,887.9
Ending Balance	14	\$9.3	11	\$59.7	16	\$16,445.7	41	\$16,514.7

* The beginning balance row was revised to reflect certain retroactive corrections of the beginning balances.

¹ This category includes two reports, with \$917,651 written off, for which TIGTA does not agree with the IRS that benefits have not been realized.

² This category includes three reports, with \$37.5 million written off, for which TIGTA does not agree with the IRS that the benefits have not been realized; one report written off in the amount of \$3.1 million for which IRS management did not agree with TIGTA's recommended corrective action; and also includes two reports written off in the amount of \$32.9 million for which IRS management did not concur with TIGTA's projected benefit.

³ This category includes one report, with \$0.1 million written off, for which TIGTA does not agree with the IRS that the benefits have not been realized; three reports written off in the amount of \$63,739.7 million for which IRS management did not agree with TIGTA's recommended corrective action; and also includes seven reports written off in the amount of \$11,063.9 million for which IRS management did not concur with TIGTA's projected benefit.

The following provides a snap shot of OIG and TIGTA audit reports with significant recommendations reported in previous semiannual reports for which corrective actions had not been completed at September 30, 2004 and September 30, 2005, respectively. There were no “Undecided Audit Recommendations” during the same periods.

Significant Unimplemented Recommendations				
	9/30/2004		9/30/2005	
	OIG	TIGTA	OIG	TIGTA
	No. of Reports	No. of Reports	No. of Reports	No. of Reports
Unimplemented	9	38	12	45

The following presents a summary of TIGTA and OIG audit reports that were open for more than a year with potential monetary benefits at the end of PAR Report Year.

Number of Reports Open for More than One Year				
	PAR Report Year	FY 2003	FY 2004	FY 2005
TIGTA	No. of Reports	13	14	17
	\$ Projected Benefits	\$355.7 million	\$7,262.1 million	\$7,581.8 million
OIG	No. of Reports	5	2	0
	\$ Projected Benefits	\$6.3 million	\$.5 million	\$0 million

Details of the Audit Reports on Which Management Decisions Were Made On or Before September 30, 2004, But Final Actions Have Not Been Taken as of September 30, 2005. (In Thousands)								
Bureau	Report Numbers	Report Issue Date	Brief Description	Disallowed Cost	Funds Put to Better Use	Revenue Enhancement	Total	Reason for final actions not taken
IRS	2000-30-165	9/20/2000	The IRS can better use collectibility information during the examination process.			\$8,100.0	\$8,100.0	Delayed 01/15/06 pending clarifying update to the IRM publication.
FY 2000	1					\$8,100.0	\$8,100.0	
IRS	2001-30-168	9/21/2001	Improvements in recording Third party addresses from tax returns will reduce undeliverable business mail.		\$98.4		\$98.4	Due 2/15/06. Funding unavailable for system enhancements. Will resubmit RIS for 02/15/06 implementation.
IRS	2001-30-168	9/21/2001	"			\$4.5	\$4.5	"
IRS	2001-30-165	9/27/2001	Implement a process to identify taxpayers that are likely personal service corporations but did not file as such.			\$78,158.6	\$78,158.6	Delayed to 11/15/06 so 2005 data can be extracted and analyzed to provide an accurate response.

Details of the Audit Reports on Which Management Decisions Were Made On or Before September 30, 2004, But Final Actions Have Not Been Taken as of September 30, 2005. (In Thousands) <i>(continued)</i>								
Bureau	Report Numbers	Report Issue Date	Brief Description	Disallowed Cost	Funds Put to Better Use	Revenue Enhancement	Total	Reason for final actions not taken
FY 2001	2			\$0.0	\$98.4	\$78,163.1	\$78,261.5	
IRS	2003-20-049	2/28/2003	Ensure that a consolidated or integrated system is implemented to effectively manage all background investigations and identification badges.		\$30.0		\$30.0	Rejected 10/15/05.
IRS	2003-30-071	3/14/2003	Improvements Could Be Made to the Schedule K-1 Matching Program by Increasing the Use of Electronic or Scannable Data.		\$3,000.0		\$3,000.0	Delayed 1/15/07. IRS has decided to consider mandating e-filing at the time each form is to be converted in the Modernized e-file environment.
IRS	2003-30-162	8/6/2003	The regulations for granting extensions of time to file are delaying the receipt of billions of tax dollars and creating substantial burden for compliant taxpayers.			\$6,900,000.0	\$6,900,000.0	Delayed 1/15/05. IRS seeking TIGTA concurrence.
FY 2003	3			\$0.0	\$3,030.0	\$6,900,000.0	\$6,903,030.0	
IRS	2004-40-004	10/30/2003	The selections of earned income tax credit returns for examination can be improved to further prevent payment of erroneous claims.		\$20,900.0		\$20,900.0	Due 2/15/2006
IRS	2004-20-014	11/19/2003	The IRS should use the planned Travel Reimbursement and Accounting System long-term travel authorization processing enhancements to assure that IRS periodically reassesses employee travel plans.	\$25.0			\$25.0	Due 1/15/06
IRS	2004-20-014	11/19/2003	"			\$180.5	\$180.5	"

Details of the Audit Reports on Which Management Decisions Were Made On or Before September 30, 2004, But Final Actions Have Not Been Taken as of September 30, 2005. (In Thousands)								
Bureau	Report Numbers	Report Issue Date	Brief Description	Disallowed Cost	Funds Put to Better Use	Revenue Enhancement	Total	Reason for final actions not taken
IRS	2004-30-106	6/17/2004	Change the IRS regulations for granting corporate tax returns filing extensions.			\$512,900.0	\$512,900.0	Due 10/15/2005
IRS	2004-10-128	7/28/2004	LOU: Contractor's Documentation was not adequate to support the tax forum income and expenses.	\$684.0			\$684.0	Due 10/15/06
IRS	2004-20-135	8/18/2004	IRS should ensure the requirements for the Security Audit and Analysis System requirements are adequately tested and implemented.		\$584.4		\$584.4	Due 4/1/2006
IRS	2004-1c-140	8/25/2004	Evaluation of Contractor's General and Administrative Costs, TIRNO-99-D-005.	\$1.1			\$1.1	Due 7/15/07
IRS	2004-20-142	8/26/2004	The IRS should ensure the Storage Strategy Study addresses the data storage capacity deficiency and recommends a cost-effective Virtual Tape system solution to reduce maintenance and tape shipping costs.		\$200.0		\$200.0	Due 12/31/2010
IRS	2004-20-156	9/8/2004	The IRS should continue to monitor controls over its telecommunications costs.	\$2,248.0			\$2,248.0	Due 11/1/2005
IRS	2004-20-156	9/8/2004	"		\$3,200.0		\$3,200.0	"
IRS	2004-30-170	9/21/2004	Improvements are needed for processing income tax returns of controlled corporate groups.			\$29,670.0	\$29,670.0	Due 12/15/2006

Details of the Audit Reports on Which Management Decisions Were Made On or Before September 30, 2004, But Final Actions Have Not Been Taken as of September 30, 2005. (In Thousands) <i>(continued)</i>								
Bureau	Report Numbers	Report Issue Date	Brief Description	Disallowed Cost	Funds Put to Better Use	Revenue Enhancement	Total	Reason for final actions not taken
IRS	2004-10-182	9/27/2004	The IRS should require facility managers to report vacancies based on IRS requirements for telecommuting employees.		\$19,800.0		\$19,800.0	Due 10/15/06
IRS	2004-10-185	9/27/2004	The IRS should develop and distribute a Collection Due Process (CDP) Tracking Systems to identify CDP cases			\$2,000.0	\$2,000.0	Due 2/15/07
FY 2004	11			\$2,958.1	\$44,684.4	\$544,750.5	\$592,393.0	
# of Reports	17			\$2,958.1	\$47,812.8	\$7,531,013.6	\$7,581,784.5	

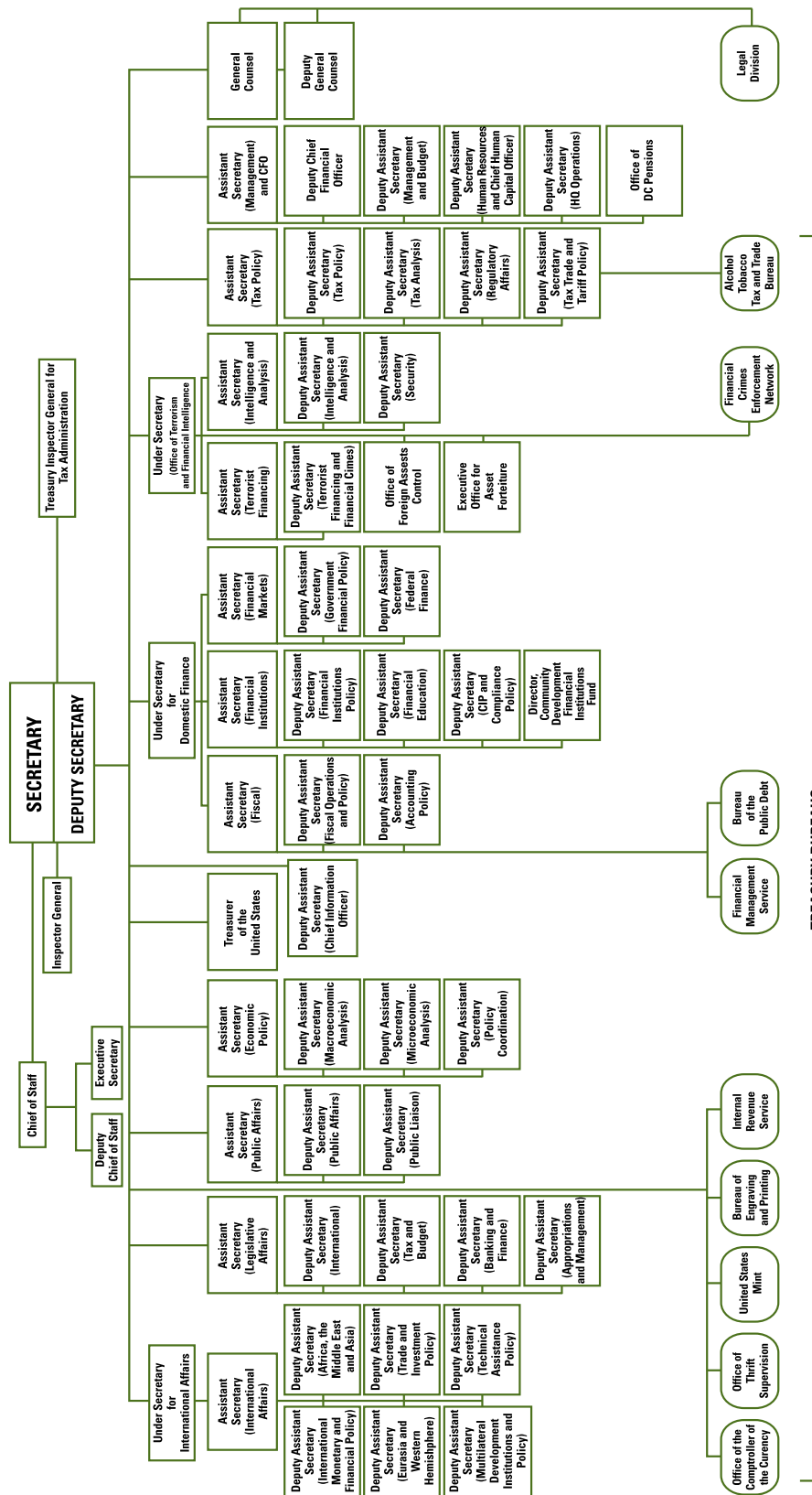
FY 2005 Results – Alcohol and Tobacco Tax and Trade Bureau (TTB)'s TAX Audit Division

During FY 2005, TTB's Tax Audit Division had 10 audit field locations and staffed these locations with 83 professional and administrative full time equivalents (FTEs). The goal of the Tax Audit Division is to complete an audit of all of the major federal excise taxpayers within a five year cycle. The major taxpayers contribute roughly 98% of the \$14.7 billion in federal excise taxes collected each fiscal year by the bureau. While the audit efforts focus on the major taxpayers, the remaining taxpayers are selected for audit under a risk based audit plan.

In FY 2005 TTB's Tax Audit Division completed 86 audits of TTB's regulated taxpayers. Through these audits, TTB was able to validate over \$19 billion in federal excise taxes paid during the multi year audit period. Based on audit work completed in FY 2005 and audit results from FY 2004, the bureau collected an additional \$2.4 million in federal excise tax, and identified an additional \$10.2 million in tax, penalties and interest potentially due. At the end of FY 2005, an additional 48 audits were "in-progress."

Appendix E: Organizational Structure

DEPARTMENT OF THE TREASURY



* Unless otherwise indicated, all Bureaus report through the Deputy Secretary to the Secretary.



Appendix F: Program Assessment Rating Tool (PART) Evaluations

Departmental Office	FY PARTed: FY 2002
Program: International Development Association	
Rating: Adequate	
OMB Recommended/Found that:	
<ul style="list-style-type: none"> • by signing on to the IDA-13 replenishment agreement, the U.S. committed to provide \$850 million annually for the next three years (2003 through 2005). The administration is also requesting \$27 million in 2004 to clear some of the \$73 million in arrears that the U.S. owes IDA. • the administration will request an additional \$100 million for IDA in 2004 if IDA meets specific performance benchmarks and an additional \$200 million for IDA in 2005 if IDA makes satisfactory progress in the areas of health, education, and private sector development. • the administration will continue to press IDA and other donors to increase the amount of grants that IDA provides. 	
In Response, DO:	
<ul style="list-style-type: none"> • requested \$950 million for the first of three scheduled contributions to IDA-14 and the full amount has been approved. • agreed to provide \$34 billion for development, primarily in the poorest countries, for FY 2006-FY 2008 through the IDA-14 agreement. The U.S. committed \$2.85 billion to IDA-14. Major policy initiatives that emerged in the IDA-14 agreement include: a significant expansion of the results measurement system; a sharp increase in the provision of grants; promotion of private sector development; and expanded transparency. • will work closely with Treasury to ensure that the performance and other reform commitments agreed to in the replenishment negotiations are implemented in a timely and effective manner. 	

Alcohol and Tobacco Tax and Trade Bureau	FY PARTed: FY 2002
Program: Consumer Product Safety Commission	
Rating: Adequate	
OMB Recommended/Found that TTB:	
<ul style="list-style-type: none"> • Establish clear guidelines and procedures to ensure that goals are very specific. Establish written guidelines and supporting documentation for all aspects of the program. • Refine performance measures to more accurately reflect the goals and achievements of the program. 	
In Response, TTB:	
<ul style="list-style-type: none"> • hired Kelly Anderson and Associates in the summer of 2004 and has currently hired Sim-G, an 8a contractor, to review all processes as they relate to the goals of this program. The 2004 business process reengineering study resulted in establishing clear guidelines as it related predominantly to the National Revenue Center (NRC) in which more than half the NRC resources are related to Protect the Public activities. • established clear guidelines and procedures as they relate to all facets of a number of sub-programs under the Protect the Public mission. In addition to written procedures, this study will provide “as is” and “should be” process flow maps. • rewrote its strategic plan to better align with the goals of Treasury, reassess its goals as they related to the mission, and then determine outcome measures that reflect those goals. Currently, TTB has developed pilot measures. Sim-G has also been tasked with the activity of reviewing the Protect the Public measures to assure that those measures adequately reflect the goals and achievement of the program. These measures are expected to be included in the President’s budget in February 2006. 	

United States Mint	FY PARTed: FY 2002
Program: Coin Production	
Rating: Effective	
OMB Recommended/Found that the Mint:	
<ul style="list-style-type: none"> • needs to improve customer satisfaction survey scores. • has shown some efficiency improvements in achieving reducing manufacturing costs. 	
In Response, the Mint:	
<ul style="list-style-type: none"> • will reduce the maintenance down time of coin manufacturing machinery. • competing customer service and order mailing staff to determine if contractors could handle these functions more efficiently. • will establish a performance target to reduce the time required to process raw materials into finished goods. • examined and addressed systemic risks in the 2004 Strategic Plan. 	

Office of the Comptroller of the Currency	FY PARTed: FY 2002
Program: Bank Supervision	
Rating: Effective	
OMB Recommended/Found that the OCC:	
<ul style="list-style-type: none"> • program purpose is clear, goals are outcome-oriented, program measurements are clear, program is efficiently and effectively managed, but the program is not unique in that other agencies perform similar types of regulatory functions in the banking industry. • should work with federal banking regulatory agencies to align outcome goals and related measures to allow for greater comparison of program performance in the industry. 	
In Response, OCC:	
<ul style="list-style-type: none"> • along with the OTS, NCUA, FDIC, Federal Reserve, Office of Federal Housing Enterprise Oversight (OFHEO), Securities and Exchange Commission (SEC), and the Federal Housing Finance Board (FHFB), will continue to share their strategic plans, performance plans, and performance measures on a regular basis. This allows each agency to consider the approaches used by other agencies when developing or revising their goals and measures. The OCC and OTS, as bureaus in the Department of the Treasury, continue to work together to maintain alignment of their performance measures. 	

Office of Thrift Supervision	FY PARTed: FY 2002
Program: Thrift Supervision	
Rating: Effective	
OMB Recommended/Found that OTS:	
<ul style="list-style-type: none"> • work together with other agencies to align outcome goals and related measures to allow for greater comparison of program performance in the industry. • evaluate the efficiency and effectiveness of a single examination for both Safety and Soundness and Compliance functions. • take steps to examine long-term systemic risks in the industry. 	
In Response, OTS:	
<ul style="list-style-type: none"> • worked with OCC throughout the strategic and performance planning efforts to ensure that their strategic goals were closely aligned. The banking regulatory agencies share their performance and strategic plans with each other and meet quarterly to discuss performance and strategic planning. • eliminated much of the redundancy of two separate exams based on feedback received over the last two years from the vast majority of the industry. OTS will fulfill its statutory examination responsibilities with less FTE's as a result of this change. • examined and addressed systemic risks in the 2004 Strategic Plan. 	

Internal Revenue Service Program: Earned Income Tax Credit (EITC)	FY PARTed: FY 2002
Rating: Ineffective	
<p>OMB Recommended/Found that:</p> <ul style="list-style-type: none"> • the IRS will delay refunds on returns deemed high risk for filing status or income errors while agents take action to resolve cases. High-risk returns will be identified by researching taxpayer historical compliance and by requiring new information on EITC returns. • as part of a test, the IRS will require high-risk EITC applicants to pre-certify that the children claimed on their return are really qualifying children under EITC. Incorrectly claimed children have been a major source of EITC error. High-risk applicants will be identified through databases such as the Federal Case Registry (information on child custody) and by focusing on taxpayers with characteristics linked to high error rates in compliance studies (e.g., relatives other than parents who claim a child for EITC purposes). 	
<p>In Response, the IRS:</p> <ul style="list-style-type: none"> • revamped the way it approaches EITC administration. The IRS broadened its mission for the program – maximize participation and minimize error – and is testing a number of “pre-refund” approaches to reduce filing status and income errors. These tests are all part of a broader plan to redesign the entire EITC program. • Results of the FY 2004 Proof of Concept (POC) tests (Qualifying Child Residency Certification, Filing Status and Automated Underreporter) designed to evaluate new ways of reducing erroneous EITC payments while maintaining participation by eligible taxpayers were finalized, and the IRS initiated implementation of the Automated Underreporter process. An interim report on these results was issued to Congress on April 12, 2005, and the final report on October 13, 2005. • will continue POC testing in FY 2006. In FY 2007, the IRS expects to implement additional enhancements based on the evaluation and analysis of the certification and filing status tests. In addition, technology-enabled business process improvements are being designed to augment the efficiency and effectiveness of compliance activities. • held a cross-functional meeting in March 2005 to discuss the administration of the Uniform Definition of a Qualifying Child (UDOQC) and its impact on issues such as exemptions, EITC, child tax credit, childcare credit, and the education credits. It is expected that UDOQC will have far-reaching impact on many functions involved within the examination process. During the meeting, interested stakeholders determined the impact of UDOQC on each operation to ensure consistent understanding of the law and how it will apply to certain credits and related statutory adjustments. Action plans were developed to facilitate internal and external communication of the new uniform definition of qualifying child and to train IRS employees on the new definition during Continuing Professional Education sessions prior to January 2006. • developed a new marketing campaign (“Don’t guess. Know.”) consisting of print ads, outdoor advertising, radio in select media markets and public service announcements for radio and newspaper intended for nationwide distribution. The IRS also produced e-mail blasts and a magazine ad aimed at tax professionals, and produced a cable television program and eight grassroots events for the Limited English Proficient Hispanic community. These events were coordinated internally within IRS and externally with the Volunteer Income Tax Assistors to ensure local participation and partner support. 	

Internal Revenue Service Program: Tax Collection	FY PARTed: FY 2002
Rating: Results not Demonstrated	
<p>OMB Recommended that the IRS:</p> <ul style="list-style-type: none"> • increase staffing by 537 FTE. • has ongoing efforts to reengineer and modernize technology to introduce risk-based targeting of specific taxpayers with the most effective collection procedures (i.e., notice, phone call or field visit). • improve financial information as part of the IRS-wide financial management improvements. 	
<p>In Response, the IRS:</p> <ul style="list-style-type: none"> • included in the President's Budget for FY 2005 an initiative for an additional 66 revenue officers (32 Equivalent FTE) in Field Collection and 250 collection representative hires (125 FTE) in Electronic/Correspondence Collection. The FY 2005 Budget also included an additional 66 FTE for the Automated Collection System initiative. The final enacted levels for FY 2004 and FY 2005 provided only partial funding for these hiring initiatives. The FY 2006 President's Budget includes a request for resources to hire an additional 518 collection employees as well as 46 tax examiners. • formed reengineering teams with one team focused on implementing models to conserve Automated Collection System (ACS) and field resources by identifying the non-filer and balance due accounts that have the highest collection probability to accelerate contact and to identify other accounts for limited contact. The team has developed models to better identify high-priority work, monitoring and confirming the success of the collection reengineering models through several research projects. A second team focused their efforts in ACS, making better use of the predictive dialer, realigning the workforce to core hours and analyzing ACS treatments. This team created a performance support tool to provide employees with technical guidance while handling a call, improving telephone operations and the expansion of ACS scripts and leveraging service delivery. The team also implemented a refocused Collection training syllabus that included new tools to assist collection employees, e.g., contact recording and desktop integration, which impacted program efficiency. In addition, the team re-wrote IRS.gov web pages to encourage Direct Debit and convey payment options to taxpayers. • re-wrote the Internal Revenue Manual (IRM) for ACS and toll free operations. New procedures place emphasis on Direct Debit benefits and the use of automatic and electronic methods of payment over traditional installment payment methods. • established new efficiency and outcome measures, Collection Efficiency (units) and Collection Coverage (units) in FY 2005. The target for Collection Efficiency in 497 and Collection Coverage is 32%. • began receiving levy sources from Electronic Filing returns and from State Employment Commissions in January 2005, and implemented programming changes that increased the number of levy sources provided. Systemic changes have been made to prevent erroneous levy sources (e.g., invalid bank routing numbers, missing addresses) from loading to taxpayer accounts, reducing the number of unproductive levy responses. • held a multi-functional summit in July 2005 to create the Collection Corporate Governance Board, used to address alternative treatments to the non-filer inventory. New IMF non-filer models have been developed to assist in selecting the most productive work. A non-filer strategy was developed, focusing on improved identification of non-filers, appropriate outreach and education efforts to address the non-filing segment and identify sustained return filing through balanced, appropriate compliance actions. • began development of business requirements and a release strategy for implementation (September 2005) of the Private Debt Collection effort, including initial work in the development of a methodology to identify accounts that have potential for resolution. Planned actions include: <ul style="list-style-type: none"> ○ Improve the process to better align resources and demand under the enterprise call routing technology by implementing a telephone forecast and work plan. (July 2006) ○ Develop and implement Call Segmentation to increase the number of ACS calls that can be handled in an automated environment, thus allowing collection representatives to handle calls that require personal interaction with taxpayers. (July 2006) ○ Develop a TeleFile/Internet electronic funds withdrawal application for notice payments. (September 2006 – Contingent on additional funding.) ○ Develop a funds withdrawal (Direct Debit) application for installment agreements. (September 2006 – Contingent on additional funding.) 	

Community Development Financial Institutions Fund	FY PARTed: FY 2002
Program: Bank Enterprise Award	
Rating: Results not Demonstrated	
OMB Recommended/Found that the Fund:	
<ul style="list-style-type: none"> • has difficulty measuring the amount BEA awardees reinvest in community development initiatives because it cannot be determined how awardees would behave in the absence of the program. • has no way to measure prospective performance requirements on how awardees spend award funds, as the award is for past performance. This prevents the Fund from ensuring that program awardees commit to the long-term goals of the program. • conduct an independent evaluation of the program. • measure progress in meeting long-term outcome goals and annual performance goals. • make statutory changes to the authorizing legislation that would clearly distinguish this program from the mandates of the Community Reinvestment Act and would insure that award funds are spent on community development activities. 	
In Response, the Fund:	
<ul style="list-style-type: none"> • determined that it could more effectively achieve its strategic objectives if the BEA Program regulations and NOFA were revised to target awards: (1) to CDFIs with a greater need for the incentive provided by the BEA Program award, and (2) to “personal wealth” and “community asset” building activities. The BEA Program revised interim rule and subsequent NOFAs contain several revisions to ensure that the program: better targets awards to community development activities in distressed areas; and achieves greater operational efficiencies for applicants and the Fund. • planned to conduct an evaluation of the BEA Program in FY 2006, but discontinued planning when SACI legislation was proposed in FY 2005. • began measuring progress toward meeting long-term and annual goals in FY 2003, and has measured progress annually since then. • considered amending the BEA statute to allow it to make awards abased on prospective commitments to engage in innovative investment activities, but determined that it was not politically feasible. 	

Departmental Office	FY PARTed: FY 2002
Program: Office of Technical Assistance	
Rating: Adequate	
OMB Recommended that DO:	
<ul style="list-style-type: none"> • work with the administration as they implement the Project Management Tracking System (PMTS) and develop long-term and annual measures and targets across OTA. 	
In Response, DO:	
<ul style="list-style-type: none"> • has developed and implemented long-term performance measures, through the new PMTS, in which it continues to work. The trial PMTS implementation was completed with the OTA Budget Unit during FY 2005; full implementation across all OTA units will be effective in FY 2006. • has developed two long-term measures and one annual measure. 	

Departmental Office	FY PARTed: FY 2002
Program: Tropical Forest Conservation Act (TFCA)	
Rating: Results not Demonstrated	
OMB Recommended/Found that: <ul style="list-style-type: none"> • the program did not have performance measures that would enable a meaningful evaluation of program effectiveness. To overcome this deficiency, the Treasury has developed an Evaluation Sheet and is currently in the process of implementing this tool for existing and pending agreements. The Evaluation Sheet will measure the success of the TFCA boards and oversight committees in developing a strategic plan that specifies key objectives, conservation and funding priorities, target dates in meeting those objectives, and key TFCA efficiency measures. 	
In Response, DO: <ul style="list-style-type: none"> • requested \$99.75 million in the FY 2006 budget for debt restructuring programs overall and flexibility in determining the amount to allocate for each program, including TFCA. A total of \$65 million has been approved which no less than \$20 million shall be made available to TFCA. • will work with TFCA boards, oversight committees, and program partners to implement the TFCA Evaluation Sheet for all existing and pending agreements, and include the Evaluation Sheet or other appropriate evaluations in all new agreements. • will ensure that the program is effectively managed and meets performance goals. 	

Departmental Office	FY PARTed: FY 2002
Program: Office of Foreign Assets Control	
Rating: Results not Demonstrated	
OMB Recommended/Found that OFAC: <ul style="list-style-type: none"> • develop long-term performance goals with specific timeframes and measures • develop annual performance goals and align them with the long-term performance measures. 	
In Response, OFAC: <ul style="list-style-type: none"> • has developed one long-term measure and one short-term measure, as follows: <ul style="list-style-type: none"> ○ Long-Term: The number of civil penalty cases that are resolved within the Statute of Limitations Periods. Target: 40 ○ Short-Term: Turn around time for license and interpretive submissions 	

Departmental Office	FY PARTed: FY 2002
Program: Global Environment Facility	
Rating: Results not Demonstrated	
OMB Recommended/Found that: <ul style="list-style-type: none"> • the GEF has not yet implemented a performance-based allocation system (PBAS) as promised during the most recent donor replenishment agreement for the GEF (called GEF-3). While project selection focuses on global benefits, projects are funded in the order in which they are proposed and not on the basis of relative country performance or environmental benefits. • GEF funds should be focused on countries with the greatest potential benefits to the global environment and the best policy performance. • the GEF needs to pay great attention to cost-effectiveness. • while the GEF has long-term performance goals, several are rather general, such as conserving biological diversity; many do not have established baselines; and several goals lack time-frames. • GEF annual measures are mainly process rather than outcome oriented. • the GEF needs to undertake more rigorous evaluations of its projects' performance and donors should tie a portion of their replenishment contributions to key outcomes. 	

<p>In Response, DO:</p> <ul style="list-style-type: none"> • requested \$107.5 million for the fourth and final scheduled contribution to the GEF-3 replenishment and \$80 million in appropriations. • will continue to work on the reform commitments contained in the GEF-3 replenishment agreement. However, progress on implementation was uneven. There has been an improvement in the results measurement framework of new projects, although there needs to be better focus on country and GEF-wide institutional outcomes and more systematic reporting of those outcomes. A new independent evaluation function has been established and is now operational. A more competitive system for implementing GEF projects has been put in place, although GEF needs to focus on further improvement in cost effectiveness and overall project management. The creation of a new private sector strategy, as agreed in GEF-3, is over two years behind schedule. Finally, the central GEF-3 replenishment reform—the establishment of a performance-based allocation system—has been repeatedly delayed and remains controversial with many member governments. These issues will continue to be pursued actively by the U.S.
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<p>Bureau of Engraving and Printing Program: New Currency Manufacturing</p>	<p>FY PARTed: FY 2003</p>
<p>Rating: Effective</p>	
<p>OMB Recommended that BEP:</p> <ul style="list-style-type: none"> • monitor design and overhead costs related to the manufacture of New Currency to ensure the most efficient production and distribution of future denominations. • continue to work with federal partners to assess the impact of New Currency on counterfeiting performance measures across government. 	
<p>In Response, BEP:</p> <ul style="list-style-type: none"> • will work closely with the ACD Steering Committee to identify and evaluate future counterfeit deterrent designs. • will work with Treasury/Federal Reserve/U.S. Secret Service within the Advanced Counterfeit Deterrent Steering Committee to assess impacts. 	

<p>Financial Management Service Program: Debt Collection</p>	<p>FY PARTed: FY 2003</p>
<p>Rating: Effective</p>	
<p>OMB Recommended that FMS:</p> <ul style="list-style-type: none"> • develop a more ambitious long-term performance measure for the program. • set interim targets and describe interim actions necessary to achieve the long-term performance measure. • level fund the debt collection program for FY 2005. • propose legislation to increase and enhance debt collection opportunities. 	
<p>In Response, FMS:</p> <ul style="list-style-type: none"> • will continuously review the trend in debt collection and revise/update the long-term measure as necessary. • will establish annual performance measures for collections and referrals of debt by agencies. FMS has reduced its salary and expenses appropriated funding requirements for this program in recent years and is funding the program through fee revenue. These interim targets/measures and actions are part of the overall long-term strategy to maximize collections for the federal government and to improve the efficiency and effectiveness of the debt collection program. These targets/measures and actions help direct efforts to achieve our long-term measure. • will operate within budgetary resources and analyze projected collections and fees with the goal of maintaining or reducing the fees charged to customers for FMS debt collection services. • has worked with Congress to enact two of the four proposals into law. 	

Bureau of the Public Debt	FY PARTed: FY 2003
Program: Administering the Public Debt	
Rating: Effective	
OMB Recommended that BEP:	
<ul style="list-style-type: none"> • continue to improve annual performance targets. • develop long-term performance measures and goals, with interim targets, for inclusion in the 2006 budget. 	
In Response, BEP:	
<ul style="list-style-type: none"> • improved annual performance targets. • developed long-term performance measures and goals, with interim targets, for inclusion in the 2006 budget. 	

Internal Revenue Service	FY PARTed: FY 2003
Program: Submission Processing	
Rating: Moderately Effective	
OMB Recommended/Found that the IRS:	
<ul style="list-style-type: none"> • complete a successful implementation of the Integrated Financial Systems (IFS) project, which will provide Submissions Processing with the data necessary to calculate accurate, complete unit cost measures. • implement the Modernized e-File IT project to facilitate further e-File growth. • develop appropriate short and long-term outcome goals. 	
In Response, the IRS:	
<ul style="list-style-type: none"> • implemented IFS in October 2004 and completed data conversion from its current financial system historical data in November 2004. This deployment included a cost module that captured data for the first ten months of FY 2005, enabling the IRS to view direct expense data (labor, supplies, travel, etc.) FTEs and on-rolls data captured at the lowest cost center (group or work unit) level; in addition, the IRS has completed running allocations to distribute support costs to the operational business units. • plans to allocate overhead costs based on proven business methodologies that are consistently applied, easy to maintain and will support internal and external audits. Initially, the budget allocation methodology, developed by the Budget Restructure project team and used in formulation of the FY 2006 budget, will be integrated into IFS functionality to distribute support costs into operational areas of the IRS budget. Then, as obligations and expenditures are recorded they will be appropriately distributed among the operational areas of the IRS budget. • implemented a new Modernized e-File system in FY 2004. • will report performance versus the business sector of electronic filing, as well as progress toward increasing the number of payments received electronically. In the FY 2007 budget submission, the IRS has also included the following measures for Submission Processing to track efficiency and effectiveness of the program: <ul style="list-style-type: none"> ○ Deposit Timeliness ○ Refund Timeliness- Individual Paper ○ IMF Returns Processed Per Staff Year ○ BMF Returns Processed Per Year Staff ○ Percent of Tax Payments Processed Electronically 	

Departmental Office Program: African Development Fund	FY PARTed: FY 2003
Rating: Results not Demonstrated	
OMB Recommended/Found that DO: <ul style="list-style-type: none"> • request \$118 million in 2005 for the third of three annual installments under the AfDF-IX replenishment agreement. By signing onto the agreement, the U.S. committed to provide \$118 million annually for three years (2003-2005). • closely monitor the Bank's progress in implementing the results measurement and result-based management systems, particularly the development of short-term performance measures, targets, and baselines' and long-term targets and timeframes – by September 2004. • continue to press AfDF and other donors to increase the amount of grants that the AfDF provides. 	
In Response, DO: <ul style="list-style-type: none"> • requested \$135.7 million in the FY 2006 budget for the first of three scheduled contributions to the AfDF-10 and the full amount has been approved. • made available through the AfDF-10 replenishment approximately \$1 billion per year for grant and lending operations. • Major policy objectives agreed to in AfDF-10 include: <ul style="list-style-type: none"> ○ Grants are expected to total approximately 45% of AfDF total assistance, because debt sustainability will now be determinant of a country's financing terms; ○ Enhanced AfDF development effectiveness with measurable results on the ground; ○ Improved focus on support for private sector development; ○ Capacity to assist post-conflict countries in clearing arrears to the AfDB group; and ○ Expanded information disclosure of the Bank's activities and policies. 	

Internal Revenue Service Program: Taxpayer Service	FY PARTed: FY 2004
Rating: Adequate	
<p>OMB Recommended/Found that the IRS:</p> <ul style="list-style-type: none"> • set long term goals during 2005. • convert its efficiency measures to cost based rather than staff year based metrics as accounting systems improve and use them in the 2007 performance budget (e.g., cost per call answered). The IRS will also add efficiency measures for each taxpayer service process for internal management purposes. • use customer satisfaction measures in its published performance budget. • explore the mix of service options (phones, walk-in, Internet, volunteer services) to ensure that the most efficient and effective means is used to deliver service. • improve the accuracy of information provided to taxpayers. • research the impact of taxpayer service programs on voluntary compliance. • improve financial information as part of the IRS-wide financial management improvements. • streamline taxpayer service programs by reducing dependence on less efficient walk-in service centers and increasing reliance on telephone and Internet service. 	
<p>In Response, the IRS:</p> <ul style="list-style-type: none"> • developed long term goals for the IRS budget programs and included the measures in the FY 2007 President's budget submission. The long term programmatic goals track the level of service provided to taxpayers, accuracy of tax law and account responses and the Taxpayer Self Assistance Rate. • completed implementation of the Integrated Financial System (IFS) in FY 2005 including deployment of the cost module to direct expense data (labor, supplies, travel, etc), Full time equivalent (FTEs) and on-rolls data captured at the lowest cost center (group or work unit) level; in addition which as allowed the IRS to distribute support costs to the to operational business units. This data allows the IRS to track and control resources to the organizational unit and level of responsibility providing both direct and indirect cost data and facilitates the eventual transition to a performance-based, distributed-cost budget from the bottom up. As an interim solution, the IRS will continue to use staff year information in reporting on its efficiency measure including the new Customer Contacts per Staff Year measure (includes data for Assistor Calls, Web Services, Electronic Services, and Paper Responses). <ul style="list-style-type: none"> ○ Completed development of solutions to convert efficiency measures to cost based measures for its operational units. • continued to monitor customer satisfaction information as part of the balanced measures suite used to manage its programs. The IRS is also developing a proposal to post key customer satisfaction results on its public website (IRS.gov). • made program changes to provide the most efficient and effective means necessary to deliver service, e.g., enhancements to the Internet Fact-of-Filing (IRFOF) application and e-services including: <ul style="list-style-type: none"> ○ Refund trace initiation on-line - The IRS' "Where's my Refund?" on-line application allowed more than 22 million taxpayers to check on the status of their refunds this past filing season, a 49% increase over last year. ○ Self-help kiosks (38 in 20 states) and increases in the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. ○ Increased service options during the filing season in alternate locations such as shopping malls, libraries, and other government offices. ○ "Hits" on IRS.gov totaled more than 4.8 billion, up 20% over the same time last year. ○ In 2005, more than half of all taxpayers filed electronically and more than five million of these filed through the Free File Alliance. Surveys show that e-file taxpayers are significantly more satisfied with their interaction than paper filers mainly due to refunds issued quicker and reduction of common filing errors made by taxpayers. • helped taxpayers determine whether they qualify for the Earned Income Tax Credit (EITC), the IRS launched a new online query, "EITC Assistant." It provides taxpayers with the status of EITC Certifications and instant results regarding eligibility for the tax credit to prevent erroneous refunds up-front. Taxpayers can now apply for and receive an Employer Identification Number (EIN) via the Internet. This application captures all of the required information provided by the taxpayer and issues an EIN in under five seconds. • improved the interactive Probe and Response Guide which became effective for use in December 2004 placing emphasis on prioritizing staffing of tax law applications while successfully preparing for the filing period. The IRS also initiated six Sigma teams to review and develop improvement actions related to the work processes and procedures used to address taxpayer issues. In addition, the IRS has implemented Embedded Quality (EQ), a review system that standardizes criteria for evaluating employee performance, pinpoints training opportunities, and links to business measures, to improve the accuracy of responses to customers. • explored efforts to study customer service impacts as part of its FY 2006 Research Plan. 	

Community Development Financial Institutions (CDFI) Program: Financial and Technical Assistance	FY PARTed: FY 2004
Rating: Adequate	
<p>OMB Recommended that CDFI:</p> <ul style="list-style-type: none"> • is not unique because several states administer similar programs and CDFIs can use private sector equity investments to accomplish activities they otherwise would accomplish with CDFI Fund awards. • set a target and timeframe for the long-term measure for the program. • establish a baseline for the efficiency measure, set a target, and measure progress in achieving this target. • make disaggregated program performance data available to the public. • conduct an independent evaluation of the program. 	
<p>In Response, CDFI:</p> <ul style="list-style-type: none"> • is not taking any action related to the duplication / redundancy finding because: (a.) Fewer than 10 states administer CDFI programs and none of these state programs fully meet the capital needs of the CDFIs in its state. Furthermore, CDFIs in 40 states do not have access to any state CDFI program. (b.) There are too few private sector equity investments available to meet CDFIs' need for capital. • is building the IT system needed to set a target for the second long-term measure. The system will be completed in FY 2006; data will be entered, and the target will be set in FY 2006. • conducted the analysis needed to set the efficiency measure baseline and target by the end of FY 2005 and measure progress starting in FY 2006. • made disaggregated data available to the public in January 2005 and will continue to do so annually. • is conducting an independent program evaluation. 	

Internal Revenue Service	FY PARTed: FY 2004
Program: Taxpayer Advocate Service	
Rating: Adequate	
<p>OMB Recommended that the IRS:</p> <ul style="list-style-type: none"> • develop a unit cost measure for its casework by 2006. • explore other means to measure its effectiveness in solving systemic problems leading to taxpayer hardship. • improve financial information as part of the IRS-wide financial management improvements. • further improve case quality. 	
<p>In Response, the IRS:</p> <ul style="list-style-type: none"> • implemented quality standards for all project work. • implemented provisions of its Annual Report to Congress to improve taxpayer service and IRS responsiveness. • continued to utilize its research staff to develop other ways to measure its effectiveness in solving systemic problems leading to taxpayer hardships. Taxpayer Advocate Service (TAS) utilized a number of sources to determine which problems might rise to the level of a “most serious problem,” including solicitation from all local taxpayer advocates, research of the Taxpayer Advocate Management Information System (TAMIS) database, research from the Systemic Advocacy Management System (SAMS) database, and research of concerns expressed by taxpayers and practitioners. • completed implementation of the Integrated Financial System (IFS) in FY 2005 including deployment of the cost module to direct expense data (labor, supplies, travel, etc), FTEs and on-rolls data captured at the lowest cost center (group or work unit) level; in addition this allowed the IRS to distribute support costs to the to operational business units. This data allows the IRS to track and control resources to the organizational unit and level of responsibility providing both direct and indirect cost data and facilitates the eventual transition to a performance-based, distributed-cost budget from the bottom up. As an interim solution, IRS will continue to use staff year information in reporting on its efficiency measures. • met the FY 2005 goal of 91% and expects to meet the FY 2006 goal of 92% by focusing on exceptional quality and customer service. A joint improvement team addressed timely actions and provided suggestions on more effective communications and inventory management. • trained and empowered analysts to assess their quality results and evaluate national trends for improvement. Process changes such as the systemic tracking of customer follow-up dates, use of a buddy system or similar approach to make critical contacts, use of TAMIS enhancements to properly reflect the audit trail utilizing radio buttons, etc. have been adopted by many offices. An annual report on quality captures area/local office enhancements. • provided targeted training and skills transfer to local and area analysts to equip them with consistent skills to evaluate and report data promoting quality improvement at all levels of the organization. • presented at a Taxpayer Advocate Leadership conference to celebrate current accomplishments and outline requirements to excel, focusing on critical leadership competencies in customer service, quality and, leadership. 	

Financial Management Service	FY PARTed: FY 2004
Program: Collections	
Rating: Effective	
<p>OMB Recommended that FMS:</p> <ul style="list-style-type: none"> • work with program partners to explore opportunities to better reduce paper-based collections. • level fund the Collections program for FY 2005. 	
<p>In Response, FMS:</p> <ul style="list-style-type: none"> • is working with other federal agencies to reduce paper-based collections. • has partnered with Customs and Border Protection (CBP) to convert the financial piece of CBP’s Automated Commercial Environment (ACE) System to Pay.gov. The ACE cash flow totals \$20 billion annually. • will work with federal agencies to pilot and implement TGA.net, an automated system designed to eliminate the paper deposit ticket which accompanies over the counter deposits by federal agencies at financial institutions. • operated within budgetary resources in FY 2005. 	

United States Mint Program: Numismatic	FY PARTed: FY 2004
Rating: Effective	
<p>OMB Found that the Mint:</p> <ul style="list-style-type: none"> established performance measures focused on customer satisfaction and improved cost efficiencies. made enormous strides over the past several years to streamline the production of numismatic products. has an excellent internal management structure that is able to receive and analyze real-time financial, production, and other operating data on a daily basis. scored an 87 on the American Customer Satisfaction Index (CSI). This CSI score was the highest of any government agency, and second highest of all entities (public and private) evaluated. is making significant progress toward meeting its inventory turnover target of 4.2 in 2005, which reflects the number of times per year the Mint works through its inventory. 	
<p>In Response, Mint:</p> <ul style="list-style-type: none"> ensured a smooth transition for the Mint’s call center as it moves to an outside contractor so that customer service is not significantly interrupted. continues substantial progress toward reaching the Mint’s target goal for inventory turnover. 	

Community Development Financial Institutions (CDFI) Program: New Markets Tax Credit (NMTC)	FY PARTed: FY 2004
Rating: Adequate	
<p>OMB Recommended that CDFI:</p> <ul style="list-style-type: none"> program is not unique because other federal, state and local tax credit programs are available, and because numerous programs at HUD (CDBG) and Commerce (EDA) augment the NMTC Program goal of improving low-income communities. set targets for the annual performance measures and measure performance in achieving them. establish a baseline for the efficiency measure, set a target, and measure progress in achieving this target. conduct an independent evaluation of the program. 	
<p>In Response, CDFI:</p> <ul style="list-style-type: none"> is not taking any action on the duplicative/redundancy finding because in the Fund’s opinion the other available program complement rather than duplicate the NMTC Program. program allocates submitted data that the Fund needs to set performance measure targets. The Fund set targets and measure its achievement in FY 2005. base-lined the efficiency measure, set a target and will measure progress in FY 2006. is procuring a contract to evaluate the program. The contract will be awarded in early FY 2006. 	

The following programs were evaluated in 2005 and are awaiting OMB recommendations that will be part of the FY 2007 budget.

Bureau	Program	Rating
Financial Crimes Enforcement Network	FinCEN BSA Collection & Dissemination	TBD
Financial Management Services	FMS Payments	TBD
Internal Revenue Service	Examination	TBD
Internal Revenue Service	IRS Criminal Investigations	TBD
United States Mint	Mint Protection	TBD
Alcohol and Tobacco Tax and Trade Bureau	Collect the Revenue	TBD

Appendix G: Glossary of Acronyms

ACD	Advanced Counterfeit Deterrence
AGI	Adjusted Gross Income
ARC	Administrative Resource Center
ASM/CFO	Assistant Secretary for Management/Chief Financial Officer
ATAT	Abusive Tax Avoidance Transaction
AUR	Automated Under-Reporter
BEP	Bureau of Engraving and Printing
BIT	Bilateral Investment Treaties
BMENA	Broader Middle East and North Africa
BPD	Bureau of Public Debt
BSA	Bank Secrecy Act
BSM	Business System Modernization
C&A	Certified and Accredited
CADE	Customer Account Data Engine
CAFTA	Central American Free Trade Agreement
CDDDB	Custodial Detailed Data Base
CDE	Community Development Entity
CDFI	Community Development Financial Institution
CFO	Chief Financial Officer
CHCO	Office of the Chief Human Capital Officer
COLA	Certificates of Label Approval
CSI	Customer Satisfaction Index
CSRS	Civil Service Retirement System
D.C. Federal Pension Fund	D.C. Teachers, Police Officers and Firefighters Federal Pension Fund
DCP	Office of D.C. Pensions
DO	Departmental Office
EBRD	European Bank for Reconstruction and Development
e-File	Electronic Filing
EFT	Electronic Funds Transfer
EFTPS	Electronic Federal Tax Payment System
EGRPRA	Economic Growth and Regulatory Paperwork Reduction Act
EGTRRA	Economic Growth and Tax Relief Reconciliation Act
EIN	Employer Identification Number
EITC	Earned Income Tax Credit
EP	Economic Policy

EQ	Embedded Quality
ERIS	Enforcement Revenue Information System
ESF	Exchange Stabilization Fund
EU	European Union
F&PC	Filing and Payment Compliance
FACT	Federal Accurate Credit Transaction
FACTS I	Federal Agencies' Centralized Trial Balance System
FAIR	Federal Activities Inventory Reform Act
FARS	Financial Analysis and Reporting System
FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees Group Life Insurance
FEHBP	Federal Employees Health Benefits Program
FERS	Federal Employees' Retirement System
FET	Federal Excise Tax
FFB	Federal Financing Bank
FFMIA	Federal Financial Management Improvement Act
FinCEN	Financial Crimes Enforcement Network
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FMIS	Financial Management Information System
FMS	Financial Management Service
FPA	Federal Program Agencies
FTA	Free Trade Agreement
FTE	Full Time Equivalents
FY	Fiscal Year
GAB	General Arrangements to Borrow
GAIS	Government Agency Investment Services
GAO	Government Accountability Office
GDP	Gross Domestic Product
GEMAP	Governance and Economic Management Assistance
GFRS	Government-wide Financial Report System
GPRA	Government Performance and Results Act
GSA	General Services Administration

GTF	Government Trust Funds
GWA	Government-wide Accounting
HCSIP	Human Capital Strategic Implementation Plan
HIPC	Heavily Indebted Poor Countries
HSPD-12	Homeland Security Presidential Directive-12
IA	International Affairs
IAE	Integrated Acquisition Environment
IAP	International Assistance Programs
IEEPA	International Emergency Economic Powers Act
IFS	Integrated Financial System
IG	Inspector General
IISOWG	Information Security Officers' Working Group
IMF	International Monetary Fund
IPIA	Improper Payments Information Act
IRIS	Integrated Revenue Information System
IRS	Internal Revenue Service
IRS-CI	Internal Revenue Service Criminal Investigation
IT	Information Technology
JAMES	Joint Audit Management Enterprise System
JIATF	Joint Interagency Task Force
Judicial Retirement Fund	District of Columbia Judicial Retirement and Survivors Annuity Fund
LMSB	Large and Mid-Sized Business Division
MDB	Multilateral Development Banks
MeF	Modernized Electronic File
MEO	Most Efficient Organization
MINT	United States Mint
NAB	New Arrangements to Borrow
NMTC	New Markets Tax Credit
NRP	National Research Project
OCC	Office of the Comptroller of the Currency
OCIO	Office of the Chief Information Officer
OECD	Organization for Economic Cooperation and Development
OFAC	Office of Foreign Asset Control
OIA	Office of Intelligence Analysis and Security Programs
OIG	Office of the Inspector General
OMB	Office of Management and Budget

OPEB	Other Post Employment Benefits
OPM	Office of Personnel Management
ORB	Other Retirement Benefits
OTS	Office of Thrift Supervision
PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PCA	Planned Corrective Actions
PCIE	President's Council for Integrity and Efficiency
PIJ	Palestinian Islamic Jihad
PMA	President's Management Agenda
RIS	Requested for Information Services
RTC	Resolution Trust Corporation
SBR	Statement of Budgetary Resources
SDNT	Specially Designated Narcotics Traffickers
SDR	Special Drawing Rights
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SME	Small and Medium Enterprise
Supplemental Fund	Federal Supplemental District of Columbia Pension Fund
TAC	Tax Assistance Center
TBARR	Treasury and Annex Repair and Restoration
TCE	Treasury Communications Enterprise
TEOAF	Treasury Executive Office for Asset Forfeiture
TFFC	Terrorist Financing and Financial Crimes
TFI	Terrorism and Financial Intelligence
TIGTA	Treasury Inspector General for Tax Administration
TIPS	Treasury Inflation-Protected Securities
Trust Fund	District of Columbia Federal Pension Liability Trust Fund
TTB	Alcohol & Tobacco Tax and Trade Bureau
TY	Tax Year
UAE	United Arab Emirates
USPS	United States Postal Service
VITA	Volunteer Income Tax Assistance
VPCR	Voluntary Payment Compliance Rates
WMD	Weapons of Mass Destruction