

Part IV –  
*Appendices*





# Full Report Of Treasury’s FY 2004 Performance Measures By Focus And Strategic Goal

## FY 2004 PERFORMANCE SUMMARY

This part reports on all Treasury’s performance measures by focus and strategic goal (and further by bureau/organization) for which targets were set in the FY 2004 Performance Plan (as presented in the FY 2005 Justification for Appropriations and Performance Plans). For each performance measure, there is a definition for the measure, performance levels 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 various goals, objectives and activities that will improve *results* delivered to the American public. In its final performance plan for FY 2004 that the Department transmitted to Congress, as part of the FY 2005 budget, Treasury detailed its performance targets.

Overall, the Department established 299 performance targets in FY 2004. Of these, 24 are baseline and 2 have no data available and will not be reported until the President's budget. Of the remaining 272 measures, Treasury met or exceeded 214 targets and did not meet 59 of its targets.

<i>FY 2004 Treasury-wide Performance Summary</i>			
<b>Total Measures</b>	<b>Targets Met</b>	<b>Targets Not Met</b>	<b>Other (Baseline &amp; Not Available)</b>
<b>299</b>	<b>214 (71%)</b>	<b>59 (20%)</b>	<b>26 (9%)</b>

### Definitions and Other Important Information:

**Determination Used in Target-Setting.** Bureaus determined the performance measures and targets for their FY 2004 performance plan due to the refocusing of the mission of Treasury and/or to establish outcome-oriented performance measures that will better assess progress against Treasury’s new strategic goals and objectives.

**Actuals.** Final actual data presented is in **bold**. Some of the actual numbers for FY 2004 are estimates at the time of publication, which are indicated in *italics*. Actual data for these estimated measures will be presented in the FY 2006 President's Justification for Appropriations and the FY 2005 Performance and Accountability Report. The data reflected in the charts are the most current and may not reflect previous editions of the Performance and Accountability Report and the Congressional Justification.

**FY 2005 Targets.** Proposed targets for FY 2005 will be presented from the FY 2006 President’s Justification for Appropriations. These are shown in italics.

**Unmet Targets.** Targets which were not met are explained and include action for improvement.

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**Not Available Targets.** Actual data will be reported in the FY 2005 Performance and Accountability Report. Some measures indicated as “Not Available” do not have actual data and will be discontinued in the FY 2006 President’s Justification for Appropriations

**Baselined Measures.** 24 new FY 2004 measures were baselined (actuals determined) this year. Baselines facilitate target-setting in the future.

**Discontinued Measures.** Unless otherwise noted, measures which are being discontinued after FY 2004 have been replaced with more outcome-oriented measures to better gauge program success.

**Additional Information.** Additional Information relating to each measure can be found in the Department of the Treasury’s FY 2005 Justification for Appropriations and Performance Plans and the Treasury Performance Budgeting Internet site at <http://www.treas.gov/offices/management/budget/planningdocs/index.html>.

## List of Performance Measures by Strategic Goal, Objective and Bureau/Major Program

This section lists performance measures by Strategic Goal, Strategic Objective and Treasury bureau or major program. The list also references Full Report pages which provide the full performance report information for the measure.

### E1: Promote Prosperous U.S. and World Economies

#### E1A: Stimulate Economic Growth and Job Creation

##### Community Development Financial Institutions Fund – CDFI Program

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Number of full-time equivalent jobs created or maintained in underserved communities	263
Number of businesses financed that are located in, or provide services or employment to, underserved communities	263
Square footage of commercial real estate property developed in underserved communities [BASELINE FY 2004]	264
Number of clients served by community facilities located in or providing services to underserved communities	264
Number of housing units (including rental units) developed or rehabilitated in underserved communities	264
Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing	265
Number of accounts opened at insured depository institutions that are located in underserved communities	265
Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services	266
Percentage of CDFI Program awardees with acceptable portfolio quality [BASELINE FY 2004]	266
Percentage of CDFI Program awardees that increased the number of products and services offered, or increased the volume of financing activities [BASELINE FY 2004]	267
Percentage of the Hot Zones served by CDFIs [BASELINE FY 2004]	267
Percentage of awardees that have increased their level of self-sufficiency [BASELINE FY 2004]	268
Dollars of private and non-CDFI Fund investments that CDFIs were able to leverage because of their CDFI Fund financial assistance	268

**Community Development Financial Institutions – Bank Enterprise Award (BEA) Program**

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Dollar value of BEA applicant qualified investments that can be attributed to the prospect of receiving a BEA Award [BASELINE FY 2003]	268
Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services	269
Number of clients served by community facilities located in or providing services to underserved communities [BASELINE FY 2004]	269
Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing	270
Number of accounts opened at insured depository institutions that are located in underserved communities	270
Number of full-time equivalent jobs created or maintained in underserved communities [BASELINE FY 2003]	270
Square footage of commercial real estate property developed in underserved communities [BASELINE FY 2004]	271
Number of businesses financed that are located in, or provide services or employment to, underserved communities [BASELINE FY 2003]	271
Number of housing units (including rental units) developed or rehabilitated in underserved communities [BASELINE FY 2003]	271

**Community Development Financial Institutions – New Markets Tax Credit (NMTC) Program**

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Number of businesses and entrepreneurs provided financial counseling or other services by NMTC Program allocatees [BASELINE FY 2004]	272
Number of clients served by community facilities located in or providing services to underserved communities [BASELINE FY 2004]	272
Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing [BASELINE FY 2004]	273
Number of housing units (including rental units) developed or rehabilitated in underserved communities	273
Square footage of commercial real estate property developed in underserved communities [BASELINE FY 2004]	274
Number of businesses financed that are located in, or provide services or employment to, underserved communities	274
Number of full-time equivalent jobs created or maintained in underserved communities [BASELINE FY 2004]	275
Amount of private equity raised by CDEs through NMTC allocations [BASELINE FY 2004]	275
Number of accounts opened at insured depository institutions that are located in underserved communities [BASELINE FY 2004]	276
Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services	276

**Departmental Offices (DO)**

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U.S. unemployment rate	276
Sovereign bond issuers that continued to use CACs in their New York Issuance (non first time)	277
Level of MDB grant financing and satisfactory results measurements (World Bank/IDA Grants) [in millions]	277
Level of MDB grant financing and satisfactory results measurements (African Development Bank/AFDF Grants) [in millions]	277
Sovereign bond issuers that used CACs for the first time in their New York Issuance (75% majority clauses and 85% majority clauses)	278

**Departmental Offices (DO) (Continued)**

	<b>Page</b>
Negotiate rules to discipline the use of untied aid, while preserving the tied aid rules within the OECD's Export Credit Arrangement	278
US Real GDP growth rate	278
Open foreign markets to U.S. financial services firms to increase efficiency in those markets, enhancing international growth	279
Level of MDB grant financing and satisfactory results measurements (Grants as a % of AFDF FY Commitment)	279
Level of MDB grant financing and satisfactory results measurements (Grants as a % of IDA FY Commitment)	279
Sovereign bond issuers that did not use CACs in their New York Issuance	280
Reform Paris Club debt substantially to reduce serial rescheduling	280
Value of U.S. exports of cross border financial services, excluding insurance (\$ in billions based on calendar year)	280
Number of crisis in emerging markets - Defaults	281
Number of crisis in emerging markets - Currency depreciations	281
Number of crisis in emerging markets - Banking system failures	281

**E1B: Provide a Flexible Legal and Regulatory Framework**

**Office of the Comptroller of the Currency (OCC)**

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Percentage of licensing applications and notices filed electronically [BASELINE FY 2003]	282
Number of licensing applications and notices filed electronically during the fiscal year [BASELINE FY 2003]	282
Percentage of licensing applications and notices completed within established timeframes	282
Number of licensing applications and notices completed during the fiscal year	283
Average survey rating of OCC's timeliness on licensing applications	283
Average survey rating of the knowledge of OCC's licensing staff	283
Average survey rating of the professionalism of OCC's licensing staff	284
Average survey rating of the overall licensing services provided by OCC	284
Percentage of external legal opinions issued within established timeframes	284
Number of external legal opinions issued during the fiscal year [BASELINE 2003]	285

**Office of Thrift Supervision (OTS)**

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Difference between the inflation rate and the OTS assessment rate increase	285
Percent of applications processed within timeframes	285

**E1C: Improve and Simplify the Tax Code**

**Departmental Offices (DO)**

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Value of U.S. exports of cross border financial services, excluding insurance (\$ in billions based on calendar year)	<b>286</b>
Average tax compliance cost for individuals and small businesses [BASELINE FY 2004]	<b>286</b>



**E2: Promote Stable U.S. and World Economies**

**E2A: Increase Citizens Economic Security**

**Departmental Offices (DO)**

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On-time payment of federal loan guarantee fees and repayment of underlying loans by borrowers	<b>287</b>
U.S. household net worth as percentage of disposable personal income	<b>287</b>

**Alcohol and Tobacco Tax and Trade Bureau (TTB)**

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Percentage of electronically filed COLA applications	<b>287</b>
Percentage of non-beverage formula submissions processed within 10 working days of receipt	<b>288</b>
Response to unsafe products and product deficiencies discovered (alcohol)	<b>288</b>
Percentage of COLA approval applications processed within 9 working days of receipt	<b>288</b>
Percentage of Specially Denatured Alcohol formula submissions completed within 10 days of receipt	<b>289</b>

**E2B: Improve the Stability of the International Financial System**

**Departmental Offices (DO)**

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Number of crisis in emerging markets – Defaults	<b>290</b>
Number of crisis in emerging markets - Currency depreciations	<b>290</b>
Number of crisis in emerging markets - Banking system failures	<b>290</b>

### F3: Preserve the Integrity of Financial Systems

#### F3A: Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers, and Other Criminals and Isolate Their Support Networks

##### Departmental Offices (DO)

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Increase number of terrorist finance designations for which other countries join the U.S.	291
Increase in number of drug trafficking/terrorist related financial sanctions targets identified and made public	291
Increase in sanctions targets frozen under drug and terrorist related sanctions programs	292

##### Financial Crimes Enforcement Network (FinCEN)

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Average time to process a civil penalty case measured	292
Number of vulnerable industries covered by anti-money laundering regulations	293
Share of Bank Secrecy Act filings submitted electronically	293
Number of subjects in completed investigative analytical reports	294
Percentage of FinCEN's customers rating its strategic analytical products as valuable	294
Number of users directly accessing BSA data through FinCEN's Gateway process	295
Number of strategic analytic products	295

##### Treasury Forfeiture Fund (TFF)

	Page
Percent of forfeited cash proceeds resulting from high-impact cases	295

### F3B: Execute the Nation's Financial Sanctions Policies

##### Departmental Offices (DO)

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Estimated number of sanctioned entities no longer receiving flow of funds from the U.S.	296

### F3C: Increase the Reliability of the U.S. Financial System

##### Bureau of Engraving and Printing (BEP)

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Manufacturing costs for currency (\$ per 1000 notes)	297
Currency shipment discrepancies per million notes	297
Postage Stamp Deliveries (in billions)	297
Maintain/Upgrade ISO Certification	298
Federal Reserve Note Deliveries (in billions)	298
General and administrative costs as a percent of total costs [BASELINE FY 2003]	298
Employee turnover rate [BASELINE FY 2003]	298

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**Bureau of Engraving and Printing (BEP) (Continued)**

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Annual Financial Statement Audit Opinion	299
Security costs per 1000 notes delivered [Baseline FY 2004] (in dollars)	299
Percent of contracts awarded competitively [BASELINE FY 2003]	299

**Departmental Offices (DO)**

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Increase percentage of participation rate of U.S. financial institutions in the FS-ISAC (by segment)	300
Implement all regulations necessary to pay claims under the act and create the physical plant necessary to process and manage the claims administration function	300
Promulgate all regulations by first anniversary of statute	300

**U.S. Mint**

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Conversion cost per 1000 coin equivalents (units in dollars)	301
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Workforce climate [BASELINE FY 2003]	301
Total losses [BASELINE FY 2004]	302
SG&A Costs as a Percent of Revenue (excludes bullion)	302
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Lost Time Accident Rate (per 100 employees)	303
Machine Availability (in %)	303
Cycle Time (in days)	304
Customer Service Index [BASELINE FY 2003] (in %)	304

**Office of the Comptroller of the Currency (OCC)**

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Percentage of national banks that are well-capitalized	305
Percentage of national banks with composite CAMELS rating 1 or 2	305
Percentage of critically undercapitalized banks on which responsible action is taken within 90 calendar days after they become critically undercapitalized	305
Percentage of national banks with consumer compliance rating of 1 or 2	306
Percentage of community banks that are within one year of its first large bank Community Reinvestment Act (CRA) examination where the OCC offers to provide consultation on community development opportunities	306
Percentage of consumer complaints closed within 60 calendar days of receipt	307
Number of consumer complaints opened during the fiscal year	307
Number of consumer complaints closed during the fiscal year	308
Average survey response that the examiner-in-charge and the examination team were knowledgeable	308
Average survey response that the examiner's requests for information were reasonable and justified by the examination scope	309
Average survey response that the examination team conducted the examination in a professional manner	309

**Office of the Comptroller of the Currency (OCC) (Continued)**

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Average survey response that the examiner-in-charge and examination team clearly and effectively communicated their findings and concerns	<b>310</b>
Average survey response that the report of examination clearly communicated examination findings, significant issues and the corrective actions management needed to take	<b>310</b>
Average survey response that ongoing communication by the examiner-in-charge with senior management and the board was appropriate	<b>311</b>
Rehabilitated problem national banks as a percentage of the prior fiscal year-end's problem national banks (CAMELS 3, 4 or 5)	<b>311</b>

**Office of Thrift Supervision (OTS)**

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Percent of thrifts with composite CAMELS ratings of 1 or 2	<b>312</b>
Percent of safety and soundness exams started as scheduled	<b>312</b>
Percent of thrift institutions issued formal or informal enforcement actions within 60 days after receiving an unsatisfactory safety and soundness or compliance rating, unless a waiver is appropriate	<b>312</b>
Percent of thrifts that are well capitalized	<b>313</b>
Percent of thrifts adequately capitalized or operating under an approved Capital Plan or Prompt Corrective Action (PCA) Directive, if capital-deficient, unless the thrift has been undercapitalized for less than 150 days, or has received prior approval by the Deputy Director for exceeding this timeframe	<b>313</b>
Percent of safety and soundness reports of exam mailed to thrift institutions within targeted timeframes after completion of fieldwork	<b>313</b>
Percent of thrifts with compliance examination ratings of 1 or 2	<b>314</b>
Frequency of technical assistance or training events provided to industry executives annually regarding community reinvestment responsibilities and opportunities	<b>314</b>

**F4: Manage the Government’s Finances Effectively**

**F4A: Collect Federal Tax Revenue When Due Through a Fair and Uniform Application of the Law**

**Financial Management Service (FMS)**

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Percentage of delinquent debt referred to FMS for collection compared to amount eligible for referral	<b>315</b>
Amount of delinquent debt collected through all available tools	<b>315</b>
Percentage increase in amount of debt collected for every dollar of debt collection program cost, compared to FY 2002 baseline of \$52.53	<b>316</b>

**Internal Revenue Service (IRS)**

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ACS closures - Taxpayer Delinquent Accounts Closures	<b>316</b>
ACS Accuracy	<b>316</b>
Individual Returns Examined - Field (SBSE & LMSB) > \$100,000	<b>317</b>
Individual Returns Examined - Field (SBSE & LMSB) < \$100,000	<b>317</b>
Examination Quality (SBSE) Office	<b>318</b>
Examination Customer Satisfaction (SBSE)	<b>318</b>
Correspondence Exam Accuracy	<b>319</b>
Compliance Services Collection Operation Accuracy	<b>319</b>
Criminal Investigations Completed	<b>320</b>
Taxpayer Advocate Closure to Receipt Ratio	<b>320</b>
Appeals Closure to Receipt Ratio	<b>320</b>
EP/EO Customer Satisfaction	<b>321</b>
EP/EO Examination Case Quality Score	<b>321</b>
Examination Customer Satisfaction (LMSB)	<b>321</b>
Number of Business Returns Examined (SBSE/LMSB)	<b>322</b>
Correspondence Exam Total Number of EITC Returns Examined	<b>322</b>
Automated Underreporter Case Accuracy	<b>322</b>
Field Tax Delinquent Investigations closures	<b>322</b>
Examination Quality (LMSB) Coordinated Industry	<b>323</b>
Examination Quality (LMSB) Industry	<b>324</b>
Field Collection quality of cases handled in person	<b>325</b>
Number of TEGE Compliance Contacts	<b>325</b>
Correspondence Exam Total Number of Non-EITC Returns Examined	<b>326</b>
ACS Customer Satisfaction	<b>326</b>
ACS closures – Taxpayer Delinquent Investigations (TDI)	<b>326</b>
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**Internal Revenue Service (IRS) (Continued)**

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Field collection Customer Satisfaction	327
Percentage of individual returns filed electronically	328
Automated Underreporter Customer Satisfaction	328
Correspondence Exam Customer Satisfaction	328
Examination Quality (SBSE) Field	329
Customer service representative (CSR) level of service	329
Total published guidance items	330
Customer Accuracy - Toll Free Accounts	330
Percent Resolved on Time	331
Percent Dollar Value of EITC Claims Paid in Error	331
Percent of Eligible Taxpayers who File for EITC	331
Customer Accuracy - Toll Free Tax Law	332
Customer Accuracy - Customer Accounts Resolved (Adjustments)	333
Field Assistance Accuracy of Tax Law Contacts	334
Percent Resolution at First Contact	334
Timeliness of Tax Products to the Public	335
Field assistance customer satisfaction	335
Toll-free customer satisfaction	335

**Alcohol and Tobacco Tax and Trade Bureau (TTB)**

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Taxes collected from the alcohol and tobacco industries and FAET taxpayers (in billions)	336
Percentage of tax-related transactions (applications, reports, returns) received electronically	336
Percentage of Voluntary Compliance in filing tax payments timely and accurately	336
Percentage of total tax receipts collected electronically	337
Annual compliance rate	337
Ratio of taxes collected vs. resources expended	337

**F4B: Manage Federal Debt Effectively and Efficiently**

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

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Percent of auction results released in two minutes + or - 30 seconds	338
Percentage of Commercial Book Entry interest and redemption payments made timely and accurately	338
Percentage of Federal Investment Program transactions completed timely and accurately	338
Percentage of customers rating their overall satisfaction as good or excellent	339
Percentage of TreasuryDirect interest and redemption payments made timely and accurately	339

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

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

	Page
Percentage of employees rating their job satisfaction level as "satisfied" or better	339
Percentage of retail customer service transactions completed within thirteen business days	340
Percentage of over-the-counter savings bonds issued within three weeks	340

**F4C: Make Collections and Payments on Time and Accurately, Optimizing Use of Electronic Mechanisms**

**Financial Management Service (FMS)**

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Percentage of paper check and Electronic Funds Transfer (EFT) payments made on time	341
Percentage collected electronically of total dollar amount of Federal government receipts	341
The dollar amount of collections handled through Pay.gov, a government-wide transaction portal	342
Percentage increase in dollar value loaded onto stored value cards	342
Percentage of check forgery and non-receipt claims adjudicated within 14 days	342
Percentage of payments customers indicating an overall rating of satisfied or better	343
Number of electronic payments (thousands)	343
Number of check payments (thousands)	343
Number of check claims submitted (thousands)	344
Unit Cost for Federal Government payments	344
Percentage reduction in rate of increase in transaction costs to collect Federal government receipts through the Electronic Federal Tax Payment System	344
Percentage of paper check and Electronic Funds Transfer (EFT) payments made accurately	345
Percentage of Treasury payments and associated information made electronically	345

**F4D: Optimize Cash Management and Effectively Administer the Government's Financial Systems**

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

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Receive unqualified audit opinions on the Schedule of Federal Debt and Loans Receivable	346

**Departmental Offices (DO)**

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Cost per dollar of debt issued (Net interest cost) [in millions]	346
Audit opinion received on government-wide financial statements	346
Operational cost of debt issued [in millions]	347
Variance between estimated and actual receipts (annual forecast)	347
Release Federal Government-wide financial statements on time	347

**Departmental Offices (DO) (Continued)**

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Marketable debt issuance [in millions]	<b>348</b>

**Financial Management Service (FMS)**

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Percentage of Government-wide accounting reports issued accurately	<b>348</b>
Percentage of Government-wide accounting reports issued timely	<b>348</b>
Percentage of reporting locations with reconciliation differences, for deposits and payments, less than three months old	<b>349</b>
Receipt of unqualified audit opinion on FMS' Schedule of Non-entity Assets, Non-entity Costs, and Non-entity Custodial Revenues, and Schedule of Non-entity Government-wide Cash	<b>349</b>



**M5: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury**

**M5A: Protect the Integrity of the Department of the Treasury**

**Office of the Inspector General (OIG)**

	<b>Page</b>
Percent of audits and evaluations sampled that meet applicable standards	<b>350</b>
Completed audits and evaluations	<b>350</b>
Percent of audits required by statute completed by the required date	<b>350</b>
Percent of investigations sampled that meet PCIE standards	<b>351</b>
Investigations referred for prosecution within one year of initiation	<b>351</b>
Routine misconduct investigations referred to management for administrative adjudication within 4 months of initiation	<b>351</b>

**Treasury Inspector General for Tax Administration (TIGTA)**

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Increase in potential financial accomplishments that result from audit activities	<b>352</b>
Increase in the total taxpayer accounts potentially impacted as a result of audit activities (in millions)	<b>352</b>
Number of final audit reports issued	<b>352</b>
Average staff days to issue final audit report	<b>353</b>
Average calendar days to issue final report	<b>353</b>
Increase in financial accomplishments that result from investigative activities	<b>354</b>
Percentage increase in positive results from investigative activities	<b>355</b>
Percentage of IRS employees working during the fiscal year who attended a TIGTA integrity briefing	<b>355</b>

**M5B: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service**

**Treasury Franchise Fund (Franchise Fund) – All Lines of Business**

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Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year	<b>356</b>
Percentage change in total number of customers serviced from prior year	<b>356</b>
Current ratio	<b>356</b>
Customer satisfaction approval rating	<b>357</b>
100% Voluntary Program Participation	<b>357</b>
Cost of goods sold as a percentage of revenue	<b>357</b>
Operating expenses as a percentage of revenue	<b>358</b>
No management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein	<b>358</b>
Unqualified Annual Financial Statement audit opinion from independent external auditors	<b>358</b>

**Treasury Franchise Fund (Franchise Fund) – All Lines of Business (Continued)**

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Percent change in total sales from prior year	<b>359</b>

**Treasury Franchise Fund (Financial Systems, Consulting, and Training)**

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Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year	<b>359</b>
Cost of goods sold as percentage of revenue	<b>359</b>
Current ratio	<b>360</b>
Unqualified Annual Financial Statement Audit Opinion from independent external auditors	<b>360</b>
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Customer Satisfaction approval rating	<b>361</b>
Percent change in customers serviced from prior year	<b>361</b>
Operating expenses as a percentage of revenue	<b>361</b>
100% voluntary program participation	<b>362</b>
No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein	<b>362</b>

**Treasury Franchise Fund (Financial Management Administrative Support)**

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Current ratio	<b>363</b>
Customer Satisfaction Approval Rating	<b>363</b>
Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year	<b>363</b>
Unqualified Annual Financial Statement Audit Opinion from independent external auditors	<b>364</b>
Percent change in total sales from prior year	<b>364</b>
100% Voluntary Program Participation	<b>364</b>
Percent change in customers serviced from prior year	<b>365</b>
Operating expenses as a percentage of revenue	<b>365</b>
No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein	<b>366</b>

**Treasury Franchise Fund (Consolidated/Integrated Administrative Management)**

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Cost of goods sold as percentage of revenue	<b>366</b>
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Customer Satisfaction Approval Rating	<b>367</b>
Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year	<b>367</b>
Unqualified Annual Financial Statement Audit Opinion from independent external auditors	<b>368</b>
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100% Voluntary Program Participation	<b>368</b>

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Percent change in customers serviced from prior year	<b>369</b>
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No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein	<b>370</b>

**Departmental Offices (DO)**

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Percentage of Treasury budget/program activities that have efficiency measures in the Annual Performance Budget [BASELINE FY 2003]	<b>370</b>
Percent of monthly financial submissions by bureaus/reporting entities that are timely and contain quality data (Management Challenge, President's Management Agenda)	<b>371</b>
Percent of all IT systems that are currently certified and accredited to operate	<b>371</b>
Efficiency (time) rate for evacuating buildings (in minutes)	<b>371</b>
Delivery date of Treasury-wide financial statement and audit opinion (Target: November 15 <sup>th</sup> /UnQualified)	<b>372</b>
Percentage of Treasury budget/program activities that have outcome-oriented measures in the Annual Performance Budget	<b>372</b>
Complete investigations of EEO complaints with 180 days	<b>372</b>
Number of open material weaknesses	<b>373</b>
Percent of bureaus in compliance with FFMIA financial systems requirements	<b>373</b>
Percent of new IT capital investments that are within costs, on schedule, and meeting performance targets	<b>373</b>
Increase the percentage of allegations of discrimination for which Alternative Dispute Resolution processes are used	<b>374</b>
Bureau performance plans for supervisors, managers, and SES members contain elements that link to the bureau mission	<b>374</b>
Percent of total eligible FTE competitively-sourced	<b>374</b>
Percent reduction in the injury and illness rate over FY 2003 baseline – Treasury-wide	<b>375</b>
Percent reduction in the injury and illness rate over FY 2003 baseline - Departmental Offices	<b>375</b>
Injury and illness rate – Treasury-wide (incidents per 100 employees)	<b>376</b>
Injury and illness rate - Departmental Offices (incidents per 100 employees)	<b>376</b>
Percent of non-IT capital investments meeting costs, on schedule, and performance targets	<b>377</b>
Lost time due to injury and illness rate over FY 2003 baseline - Departmental Offices(lost time per 100 employees)	<b>377</b>
Lost time due to injury and illness rate over FY 2003 baseline – Treasury-wide (lost time per 100 employees)	<b>377</b>
Percent reduction in lost time due to injury and illness rate over FY 2003 baseline - Departmental Offices	<b>378</b>
Percent reduction in lost time due to injury and illness rate over FY 2003 baseline – Treasury-wide	<b>378</b>

**Office of Thrift Supervision (OTS)**

	<b>Page</b>
Percent of complaints involving OTS-regulated thrift institutions answered within 60 days	<b>378</b>
Percent of Congressional inquiries forwarding complaints involving OTS-regulated institutions answered within 30 business days	<b>379</b>

**Office of Thrift Supervision (OTS)**

	<b>Page</b>
Percent of written External Interpretive Opinions processed within 60 or 90 days as specified in the External Interpretive Opinions Customer Service Plan	<b>379</b>
Percent of OTS-regulated thrifts provided a customer service feedback form	<b>379</b>
Percent of months during the fiscal year that OTS achieved an overall green rating on Treasury's Financial 3-Day Close Data Quality Scorecard	<b>380</b>
Percent of regulatory staff receiving at least 30 hours of training designed to keep them current in regulatory issues and industry developments	<b>380</b>
Percent of survey respondents that indicated satisfaction with the accuracy, timeliness, and manner in which OTS offices interact with them	<b>380</b>
Percent of survey respondents that indicated the tone and content of the Report of Examination was consistent with the board or management exit meeting	<b>381</b>
Percent of survey respondents that indicated examiners maintained adequate communications with management during the examination	<b>381</b>
Percent of survey respondents that indicated the examiners took time at the start of the examination to gain an understanding of the thrift's business strategy and operating philosophy	<b>381</b>
Percent of survey respondents that indicated the examination was of value to their organization	<b>382</b>

**ECONOMIC FOCUS**

**E1: Promote Prosperous U.S. and World Economies**

**E1A: Stimulate Economic Growth and Job Creation**

*Community Development Financial Institutions Fund – CDFI Program<sup>20</sup>*

**Performance Measure:** *Number of full-time equivalent jobs created or maintained in underserved communities*

**Definition:** A full-time equivalent job is defined as a minimum of 35 hours per week. Jobs created and maintained serve as an important indicator of the economic vitality of underserved areas.

**Source:** CDFI Institution Level Report and Transaction Level Reports

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
26,934	36,275	7,602	5,852	<b>7,179</b>	5,417

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Number of businesses financed that are located in, or provide services or employment to, underserved communities*

**Definition:** Businesses include for-profit and non-profit businesses. The number of businesses financed is the number of unique businesses receiving a loan or investment from an awardee during the reporting period. Businesses financed are an important indicator of the economic health of a community because businesses generate employment and taxes, and may provide community services.

**Source:** CDFI Transaction Level Report and Transaction Level Reports

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	4,030	<b>7,325</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

<sup>20</sup> CDFI has a few measures that are repeated throughout Part IV. These repeat measures are applied to different programs and the targets are adjusted accordingly.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Square footage of commercial real estate property developed in underserved communities [BASELINE FY 2004]*

**Definition:** The number of square feet of commercial real estate developed, rehabilitated or acquired in projects financed by CDFI commercial real estate loans.

**Source:** CDFI Transaction Level Report and Transaction Level Reports

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Baseline	<b>3,678,177</b>	<i>Discontinued</i>

**FY 2004 Performance:** Baseline established

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2004 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of clients served by community facilities located in or providing services to underserved communities*

**Definition:** This measures the number of people benefiting from needed community services such as health care and childcare.

**Source:** CDFI Institution Level Report and Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	392,395	<b>407,875</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2004 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of housing units (including rental units) developed or rehabilitated in underserved communities*

**Definition:** Housing unit is defined as a single-family rental or for-purchase housing unit. It includes single-family homes, condominiums and apartments.

**Source:** CDFI Institution Level Report and Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	61,242	34,009	35,194	<b>45,865</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing*

**Definition:** Non-conforming purchase money mortgage is defined as a loan that is made for the purpose of purchasing a home and that does not meet the standards required for sale on the secondary market (to such government-sponsored entities as Fannie Mae and Freddie Mac).

**Source:** CDFI Institution Level Report and Transaction Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
3,157	6,069	4,554	5,310	<b>4,222</b>	4,916

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Challenge may be due to unavailability of data; twenty-one CDFIs that do primarily housing financing had not submitted Institution Level Report and Transaction Report as of September 2004.

**Performance Measure:** *Number of accounts opened at insured depository institutions that are located in underserved communities*

**Definition:** Accounts consist of Electronic Transfer Accounts (for federal benefits recipients who do not have accounts with financial institutions), First Accounts (for low and moderate-income individuals who are currently “unbanked”), Individual Development Accounts (for low-income individuals), and other checking and savings accounts.

**Source:** CDFI Institution Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
205,977	261,789	37,997	36,694	<b>27,460</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Challenge may be due to unavailability of data: thirty-two depository institution CDFIs had not yet submitted Institution Level Reports as of September 2004.

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services*

**Definition:** Training is defined as classroom or group-based training. Technical assistance is defined as one-on-one counseling. Financial literacy training is defined as credit counseling and basic money management. Home ownership training covers home maintenance, finance, and protecting the value of the home. Business training teaches entrepreneurs how to manage a business.

**Source:** CDFI Institution Level Report and Transaction Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
49,982	61,571	139,491	81,249	<b>89,159</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Percentage of CDFI Program awardees with acceptable portfolio quality [BASELINE FY 2004]*

**Definition:** Portfolio quality is an important indicator of capacity because poor quality means that a CDFI's primary asset (its loan capital) is at risk of being depleted. A CDFI with poor portfolio quality is not a sustainable institution.

**Source:** CDFI Institution Level Report and Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Baseline	<b>60</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percentage of CDFI Program awardees that increased the number of products and services offered, or increased the volume of financing activities [BASELINE FY 2004]*

**Definition:** CDFIs provide a range of financial products and services to the target markets. Products include mortgage loans and small business loans, while services include checking accounts and savings accounts. The more products and services, or volume, a CDFI offers to its target market, the more responsive it is to its market’s needs.

**Source:** CDFI Institution Level Report and Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Baseline	<b>67</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Explanation of Challenge:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Percentage of the Hot Zones served by CDFIs [BASELINE FY 2004]*

**Definition:** Hot Zones are geographic units with high levels of economic distress. Additionally, all American Indian areas and similar entities that are eligible Investment Areas but do not meet the Hot Zone definitions are considered to be Hot Zones. “Served by CDFIs” is defined as financing.

**Source:** CDFI Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Baseline	<b>Not Available</b>	<i>Discontinued</i>

**FY 2004 Performance:** Not Available

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2004 to create a more equal balance between community development impacts and institutional capacity building.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percentage of awardees that have increased their level of self-sufficiency [BASELINE FY 2004]*

**Definition:** “Self-sufficiency” is defined as the percentage of operating costs that are covered by earned income. Earned income does not include grants. Level of self-sufficiency is an indicator of a CDFI’s capacity because it measures the degree to which a CDFI is dependent on contributions to cover operating expenses versus generating income to cover operating expenses.

**Source:** CDFI Institution Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Baseline	48	Discontinued

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Dollars of private and non-CDFI Fund investments that CDFIs were able to leverage because of their CDFI Fund financial assistance*

**Definition:** 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.

**Source:** Disbursements of financial assistance are tracked by the Financial Manager and are used as the proxy for matching funds raised.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
503,060,784	659,728,560	1,623,000,000	669,291,656	2,616,074,962	504,422,697

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Community Development Financial Institutions – Bank Enterprise Award (BEA) Program**

**Performance Measure:** *Dollar value of BEA applicant qualified investments that can be attributed to the prospect of receiving a BEA Award [BASELINE FY 2003]*

**Definition:** Leverage is defined as the portion of total eligible activity that can reasonably be attributed to the prospect of receiving a BEA Program award.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	\$83,000,000	\$167,000,000	\$307,000,000	\$43,000,000

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services***

**Definition:** Training is defined as classroom or group-based training. Technical assistance is defined as one-on-one counseling. Financial literacy training is defined as credit counseling and basic money management. Home ownership training covers home maintenance, finance, and protecting the value of the home. Business training teaches entrepreneurs how to manage a business.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	3,234	1,286	<b>1,300</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure: *Number of clients served by community facilities located in or providing services to underserved communities [BASELINE FY 2004]***

**Definition:** This measures the number of people benefiting from needed community services such as health care and childcare.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	<i>Discontinued</i>

**FY 2004 Performance:** Not Available

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2004 to create a more equal balance between community development impacts and institutional capacity building. This is one of the community development impact measures that is being dropped so that a capacity building measure can be added.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing*

**Definition:** Non-conforming purchase money mortgage is defined as a loan that is made for the purpose of purchasing a home and that does not meet the standards required for sale on the secondary market (to such government-sponsored entities as Fannie Mae and Freddie Mac).

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	127	1,177	<b>2,823</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of accounts opened at insured depository institutions that are located in underserved communities*

**Definition:** Accounts consist of Electronic Transfer Accounts (for federal benefits recipients who do not have accounts with financial institutions), First Accounts (for low and moderate-income individuals who are currently "unbanked"), Individual Development Accounts (for low-income individuals), and other checking and savings accounts.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1,200	2,572	<b>3,085</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2004 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of full-time equivalent jobs created or maintained in underserved communities [BASELINE FY 2003]*

**Definition:** A full-time equivalent job is defined as a minimum of 35 hours per week. Jobs created and maintained serve as an important indicator of the economic vitality of underserved areas.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	---	1,539	965	<b>1,128</b>	250

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Square footage of commercial real estate property developed in underserved communities [BASELINE FY 2004]*

**Definition:** The number of square feet of commercial real estate developed, rehabilitated or acquired in projects financed by CDFI commercial real estate loans.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	<i>Discontinued</i>

**FY 2004 Performance:** Not Available

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of businesses financed that are located in, or provide services or employment to, underserved communities [BASELINE FY 2003]*

**Definition:** Businesses include for-profit and non-profit businesses. The number of businesses financed is the number of unique businesses receiving a loan or investment from an awardee during the reporting period.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	755	468	<b>679</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure is being discontinued because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of housing units (including rental units) developed or rehabilitated in underserved communities [BASELINE FY 2003]*

**Definition:** Housing unit is defined as a single-family rental or for-purchase housing unit. It includes single-family homes, condominiums and apartments. Affordable housing unit is defined as a rental unit whose monthly rent does not exceed 30% of the monthly income of a low-income family.

**Source:** BEA Report of Transactions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1,337	1,609	<b>2,064</b>	417

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

***Community Development Financial Institutions – New Markets Tax Credit (NMTC) Program***

**Performance Measure:** *Number of businesses and entrepreneurs provided financial counseling or other services by NMTC Program allocatees [BASELINE FY 2004]*

**Definition:** Financial or other counseling is advice provided by CDEs relating to the organization or operation of a trade or business.

**Source:** CDE Institution Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Explanation of Challenge:** Data was collected from 16 of the 66 first allocation round allocatees. These 16 institutions were the only ones that were legally bound by their allocation agreements to submit an Institution Level Report to the Fund in FY 2004. The Fund does not consider 16 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees had not yet conducted eligible New Markets Tax Credit activities that would require them to report.

**Future Plans:** The measure will be discontinued in FY 2005 because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of clients served by community facilities located in or providing services to underserved communities [BASELINE FY 2004]*

**Definition:** “Community facility” is defined as a facility in which health care, childcare, educational, cultural or social services are provided. “Number of clients” is defined as the maximum annual capacity of the facility. For example, maximum number of students at a school, beds at a hospital, estimated maximum patients that can be served annually at a health clinic, child slots at a childcare center, slots at an eldercare center, etc. This measures the number of people benefiting from needed community services such as health care and childcare.

**Source:** CDE Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>0</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Explanation of Challenge:** Data was collected from 16 of the 66 first allocation round allocatees. These 16 institutions were the only ones that were legally bound by their allocation agreements to submit an Institution Level Report to the Fund in FY 2004. The Fund does not consider 16 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees had not yet conducted eligible New Markets Tax Credit activities that would require them to report.

**Future Plans:** The measure will be discontinued in FY 2005 because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing [BASELINE FY 2004]*

**Definition:** Non-conforming purchase money mortgage is defined as a loan that is made for the purpose of purchasing a home and that does not meet the standards required for sale on the secondary market (to such government-sponsored entities as Fannie Mae and Freddie Mac).

**Source:** Not Applicable

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	<i>Discontinued</i>

**FY 2004 Performance:** Not available because measure is not applicable to CDFI

**Future Plans:** This measure is not applicable to the NMTC Program. This measure was inadvertently included in the Fund's FY 2004 budget request.

**Performance Measure:** *Number of housing units (including rental units) developed or rehabilitated in underserved communities*

**Definition:** Housing unit is defined as a single-family rental or for-purchase housing unit. It includes single-family homes, condominiums and apartments. Affordable housing unit is defined as a rental unit whose monthly rent does not exceed 30% of the monthly income of a low-income family.

**Source:** CDE Transaction Level Reports

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>4</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Explanation of Challenge:** Data was collected from 6 of the 66 first allocation round allocatees. These 6 institutions were the only ones that were legally bound by their allocation agreements to submit a Transaction Level Report to the Fund in FY 2004. The Fund does not consider 6 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees had not yet conducted eligible New Markets Tax Credit activities that would require them to report.

**Future Plans:** The measure will be discontinued in FY 2005 because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Square footage of commercial real estate property developed in underserved communities [BASELINE FY 2004]*

**Definition:** The number of square feet of commercial real estate developed, rehabilitated or acquired in projects financed by CDFI commercial real estate loans.

**Source:** CDE Transaction Level Reports

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>540,347</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Explanation of Challenge:** Data was collected from 6 of the 66 first allocation round allocatees. These 6 institutions were the only ones that were legally bound by their allocation agreements to submit a Transaction Level Report to the Fund in FY 2004. The Fund does not consider 6 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees had not yet conducted eligible New Markets Tax Credit activities that would require them to report.

**Future Plans:** The measure will be discontinued in FY 2005 because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.

**Performance Measure:** *Number of businesses financed that are located in, or provide services or employment to, underserved communities*

**Definition:** Businesses include for-profit and non-profit businesses. They include microenterprises, defined as a business with five or fewer employees and receiving a loan or investment of up to \$35,000, as well as larger businesses. The number of businesses financed is the number of unique businesses receiving a loan or investment from an awardee during the reporting period.

**Source:** CDE Transaction Level Reports

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>8</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target will not be established from baseline data because measure will be discontinued in FY 2005

**Explanation of Challenge:** Data was collected from 6 of the 66 first allocation round allocatees. These 6 institutions were the only ones that were legally bound by their allocation agreements to submit a Transaction Level Report to the Fund in FY 2004. The Fund does not consider 6 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees had not yet conducted eligible New Markets Tax Credit activities that would require them to report.

**Future Plans:** The measure will be discontinued in FY 2005 because the Fund modified its performance measures in FY 2005 to create a more equal balance between community development impacts and institutional capacity building.



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Number of full-time equivalent jobs created or maintained in underserved communities [BASELINE FY 2004]*

**Definition:** A full-time equivalent job is defined as a minimum of 35 hours per week. 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.

**Source:** CDE Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>905</b>	<i>Baseline</i>

**FY 2004 Performance:** Not Available

**Future Plans:** Data was collected from 6 of the 66 first allocation round allocatees. These 6 institutions were the only ones that were legally bound by their allocation agreements to submit an Institution Level Report to the Fund in FY 2004. The Fund does not consider 6 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees had not yet conducted eligible New Markets Tax Credit activities that would require them to report. In FY 2005, a larger sample of institutions will be required to report and the Fund will be able to use their data to establish a reasonable baseline.

**Performance Measure:** *Amount of private equity raised by CDEs through NMTC allocations [BASELINE FY 2004]*

**Definition:** The total amount of Qualified Equity Investments (QEIs) that CDEs finalized and reported in the Fund’s Allocation Tracking System.

**Source:** Allocation Tracking System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>133,080,343</b>	<i>Baseline</i>

**FY 2004 Performance:** Not Available

**Future Plans:** Data was collected from 16 of the 66 first allocation round allocatees. These 16 institutions were the only ones that had issued QEIs by the reporting period end date. The Fund does not consider 16 institutions to be a sufficient sample upon which to create a baseline for this measure. The reason that so few institutions were required to report in FY 2004 is that the program is new and the rest of the 66 allocatees did not have adequate time to issue QEIs between the date they closed their allocation agreements with the Fund and the reporting period end date. In FY 2005, a larger sample of institutions will have issued QEIs and the Fund will be able to use their data to establish a reasonable baseline.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Number of accounts opened at insured depository institutions that are located in underserved communities [BASELINE FY 2004]*

**Definition:** Accounts consist of Electronic Transfer Accounts (for federal benefits recipients who do not have accounts with financial institutions), First Accounts (for low and moderate-income individuals who are currently "unbanked"), Individual Development Accounts (for low-income individuals), and other checking and savings accounts.

**Source:** CDE Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	<i>Baseline</i>

**FY 2004 Performance:** Not Available

**Performance Measure:** *Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services*

**Definition:** Training is defined as classroom or group-based training. Technical assistance is defined as one-on-one counseling. Financial literacy training is defined as credit counseling and basic money management. Home ownership training covers home maintenance, finance, and protecting the value of the home. Business training teaches entrepreneurs how to manage a business.

**Source:** CDE Transaction Level Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	<i>Baseline</i>

**FY 2004 Performance:** Not Available

**Departmental Offices (DO)<sup>21</sup>**

**Performance Measure:** *U.S. unemployment rate*

**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

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	6.1	5.6	<b>5.4</b>	5.3

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

<sup>21</sup> DO has a few measures that are repeated throughout Part IV. These repeat measures are applied to different programs and objectives.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Sovereign bond issuers that continued to use Collection Action Clauses (CACs) in their New York Issuance (non first time)*

**Definition:** Value of sovereign bonds issued in other sovereigns' jurisdictions that include CACs, as percentage of total value of sovereign bonds issued in other jurisdictions during the year. Met equates to maintaining or improving upon the status quo.

**Source:** Treasury will request that the IMF compile the data on total issuances and issuances with CACs. The IMF uses commercial data services (such as Bondware) and collects other information on new issues.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure:** *Level of MDB grant financing and satisfactory results measurements (World Bank/IDA Grants) [in millions]*

**Definition:** Captures the portion of resources provided to borrowers from each MDB in the form of grants and whether such grant financing contains a satisfactory results measurement framework.

**Source:** MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1,233	1,602	<b>1,681</b>	1,728

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Level of MDB grant financing and satisfactory results measurements (African Development Bank/AFDF Grants) [in millions]*

**Definition:** Captures the portion of resources provided to borrowers from each MDB in the form of grants and whether such grant financing contains a satisfactory results measurement framework.

**Source:** MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	240	294	<b>65</b>	216

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge and Future Plans:** The U.S. is currently engaged in replenishment negotiations for IDA and the AFDF. In both negotiations, the U.S. is pursuing an increase in grant financing, as well as continued improvements in results measurement, transparency, and private sector development.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Sovereign bond issuers that used CACs for the first time in their New York Issuance (75% majority clauses and 85% majority clauses)*

**Definition:** Value of sovereign bonds issued in other sovereigns' jurisdictions that include CACs, as percentage of total value of sovereign bonds issued in other jurisdictions during the year.

**Source:** Treasury will request that the IMF compile the data on total issuances and issuances with CACs. The IMF uses commercial data services (such as Bondware) and collects other information on new issues.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	75	75	Met

**FY 2004 Performance:** Target Met

**Performance Measure:** *Negotiate rules to discipline the use of untied aid, while preserving the tied aid rules within the OECD's Export Credit Arrangement*

**Definition:** International rules to govern untied aid programs are necessary for policy consistency with agreed rules for tied aid, and to avoid donors circumventing the highly successful tied aid rules by nominally untying their aid programs.

**Source:** Untied aid programs that are development focused rather than trade promotion focused can be implemented and monitored by rules-based transparency, both ex ante and ex post, for individual untied aid offers. OECD consultations (as exist for tied aid) on prospective untied aid offers is central to monitoring implementation of rules in real time. Ex post data on untied aid financed-projects verifies compliance with untied aid rules in the aggregate.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met

**Performance Measure:** *U.S. Real GDP growth rate*

**Definition:** Real GDP is the most comprehensive measure of economic activity and is compiled throughout the year to reflect developments in each calendar quarter.

**Source:** Data are provided by the Department of Commerce, Bureau of Economic Analysis (BEA)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.3	1.3	2.5	3.5	4.5	3.6

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Open foreign markets to U.S. financial services firms to increase efficiency in those markets, enhancing international growth and stability*

**Definition:** The number of international trade or investment agreements negotiated during the period that includes new commitments by a foreign government to open its financial services markets to U.S. providers.

**Source:** Count by International Affairs staff responsible for negotiations

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
3	2	6	5	6	3

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Level of MDB grant financing and satisfactory results measurements (Grants as a % of AFDF FY Commitment)*

**Definition:** Captures the portion of resources provided to borrowers from each MDB in the form of grants and whether such grant financing contains a satisfactory results measurement framework.

**Source:** MDB monthly operational report, special requests to MDBs for loan and grant approvals, MDB annual reports and U.S. voting positions.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	17.0	21.0	39.2	19.5

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Level of MDB grant financing and satisfactory results measurements (Grants as a % of IDA FY Commitment)*

**Definition:** Captures the portion of resources provided to borrowers from each MDB in the form of grants and whether such grant financing contains a satisfactory results measurement framework.

**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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	17.0	22.0	18.8	19.6

**FY 2004 Performance:** Target Not Met; Performance Exceeds Prior Year

**Explanation of Challenge and Future Plans:** The U.S. is currently engaged in replenishment negotiations for IDA and the AFDF. In both negotiations, the U.S. is pursuing an increase in grant financing, as well as continued improvements in results measurement, transparency, and private sector development.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Sovereign bond issuers that did not use CACs in their New York Issuance***

**Definition:** Value of sovereign bonds issued in other sovereigns' jurisdictions that include CACs, as percentage of total value of sovereign bonds issued in other jurisdictions during the year.

**Source:** Treasury will request that the IMF compile the data on total issuances and issuances with CACs. The IMF uses commercial data services (such as Bondware) and collects other information on new issues.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Reform Paris Club debt substantially to reduce serial rescheduling***

**Definition:** Paris Club creditors tailor their debt treatment to the financial condition of the debtor so that the debtor will not need to return to the Paris Club for a further treatment; i.e., the Paris Club provides an "exit" treatment.

**Source:** Paris Club creditors and debtors negotiate and sign agreements that provide for exit treatments. These events would be communicated by the Treasury Office of International Debt Policy.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	1	<b>1</b>	2

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Value of U.S. exports of cross border financial services, excluding insurance (\$ in billions based on calendar year)***

**Definition:** In billions of dollars, the value of U.S. exports of cross border financial services (excluding insurance to other countries, such as a U.S. based firm providing services to another country and not a sale through an affiliate or other commercial presence) the U.S. exports to other countries.

**Source:** Treasury staff works with survey data compiled by the U.S. Commerce Department

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
15.5	15.9	Not Available	15.5	<b>21.3</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Number of crisis in emerging markets - Defaults***

**Definition:** Crises in emerging markets can be defined as, "a sudden, usually unexpected collapse of confidence in a significant portion of the banking or financial system - or in currency markets - with potentially large real economic effects" per Morris Goldstein's Presumptive Indicators paper.

**Source:** Defaults are monitored by Moody's and Standard and Poor's (S&P), Treasury subscribes to both services. These events would be communicated by Treasury/Banking Office.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	4	3	3	0	3

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Number of crisis in emerging markets - Currency depreciations***

**Definition:** Crises in emerging markets can be defined as, "a sudden, usually unexpected collapse of confidence in a significant portion of the banking or financial system - or in currency markets - with potentially large real economic effects" per Morris Goldstein's Presumptive Indicators paper.

**Source:** Data will track currency devaluations. Currency dislocations would incorporate a 20% nominal exchange rate depreciation over a 6-month period, per CIA/Blue Chip Early Warnings System. Treasury/QPA can provide a report on a regularly scheduled basis.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	11	7	6	4	5

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Number of crisis in emerging markets - Banking system failures***

**Definition:** Crises in emerging markets can be defined as, "a sudden, usually unexpected collapse of confidence in a significant portion of the banking or financial system - or in currency markets - with potentially large real economic effects" per Morris Goldstein's Presumptive Indicators paper.

**Source:** Data will track banking system failures. A banking system failure can be characterized by either (1) a bank run leading to closure, merging or public intervention or (2) if no run and either a closure, merger or public intervention. These events would be communicated to us by Treasury/Banking Office.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	2	1	1	0	1

**FY 2004 Performance:** Target Met

**E1B: Provide a Flexible Legal and Regulatory Framework**

***Office of the Comptroller of the Currency (OCC)***

**Performance Measure:** *Percentage of licensing applications and notices filed electronically [BASELINE FY 2003]*

**Definition:** This measure reflects the extent to which institutions are using the Internet to file licensing applications and after-the-fact notices with the OCC. The e-Corp component of OCC’s National BankNet allows banks to file corporate applications and notices electronically.

**Source:** The Chief Counsel's office will use an e-Corp database to identify all licensing applications received electronically and will use the Corporate Activity Information System (CAIS) to identify the total volume of applications received during the fiscal year.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	8	15	<b>34</b>	35

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Number of licensing applications and notices filed electronically during the fiscal year [BASELINE FY 2003]*

**Definition:** This measure is a workload indicator which reflects the total volume of electronic filings during the fiscal year. The e-Corp component of OCC’s National BankNet allows banks to file corporate applications and notices electronically.

**Source:** The Chief Counsel's office will use an e-Corp database to identify all licensing applications received electronically.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	182	285	<b>893</b>	875

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Percentage of licensing applications and notices completed within established timeframes*

**Definition:** This measure reflects the extent to which OCC meets its established timeframes for reaching decisions on licensing applications.

**Source:** The Chief Counsel's office uses the Corporate Activity Information System (CAIS) to identify applications completed during the fiscal year.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
96	96	97	95	<b>96</b>	95

**FY 2004 Performance:** Target Met/Exceeded



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Number of licensing applications and notices completed during the fiscal year***

**Definition:** This workload indicator reflects the total volume of licensing applications and notices completed during the fiscal year.

**Source:** The Chief Counsel's office uses the CAIS to identify applications completed during the fiscal year.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1,918	1,900	<b>2,477</b>	2,400

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Average survey rating of OCC's timeliness on licensing applications***

**Definition:** This measure reflects the average responses to a survey of all applicants that receive a decision on a licensing application or notice during the fiscal year. A lower score is better.

**Source:** Survey results are input into an Excel spreadsheet by a licensing technician upon receipt of the completed survey. The surveys are used to obtain feedback on the timeliness and quality of licensing services provided by the OCC. The surveys are administered by the Licensing function in the Office of the Chief Counsel.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.15	1.19	1.16	1.50	<b>1.20</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report satisfaction with licensing services under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of licensing operations through the licensing survey.

**Performance Measure: *Average survey rating of the knowledge of OCC's licensing staff***

**Definition:** This measure reflects the average responses to a survey of all applicants that receive a decision on a licensing application or notice during the fiscal year.

**Source:** Survey results are input into an Excel spreadsheet by a licensing technician upon receipt of the completed survey. The surveys are used to obtain feedback on the timeliness and quality of licensing services provided by the OCC. The surveys are administered by the Licensing function in the Office of the Chief Counsel.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.17	1.19	1.14	1.5	<b>1.2</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report satisfaction with licensing services under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of licensing operations through the licensing survey.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Average survey rating of the professionalism of OCC's licensing staff***

**Definition:** This measure reflects the average responses to a survey of all applicants that receive a decision on a licensing application or notice during the fiscal year.

**Source:** Survey results are input into an Excel spreadsheet by a licensing technician upon receipt of the completed survey. The surveys are administered by the Licensing function in the Office of the Chief Counsel.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.10	1.12	1.09	1.50	<b>1.10</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report satisfaction with licensing services under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of licensing operations through the licensing survey.

**Performance Measure: *Average survey rating of the overall licensing services provided by OCC***

**Definition:** This measure reflects the average responses to a survey of all applicants that receive a decision on a licensing application or notice during the fiscal year.

**Source:** Survey results are input into an Excel spreadsheet by a licensing technician upon receipt of the completed survey. The surveys are administered by the Licensing function in the Office of the Chief Counsel.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.16	1.17	1.14	1.50	<b>1.20</b>	$\leq 1.5$

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percentage of external legal opinions issued within established timeframes***

**Definition:** This measure reflects the extent to which OCC meets its established timeframes for issuing legal opinions on external requests.

**Source:** The Chief Counsel's office will use the Lotus Notes Project Tracking System (PTS) to identify the legal opinions issued during the fiscal year (exclusive of approved exceptions).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	87	85	<b>87</b>	86

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Number of external legal opinions issued during the fiscal year [BASELINE 2003]***

**Definition:** This workload indicator reflects the total volume of external legal opinions issued during the fiscal year.

**Source:** The Chief Counsel's office will use the Lotus Notes Project Tracking System (PTS) to identify the legal opinions issued during the fiscal year (exclusive of approved exceptions).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	92	110	<b>119</b>	125

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

***Office of Thrift Supervision (OTS)***

**Performance Measure: *Difference between the inflation rate and the OTS assessment rate increase***

**Definition:** OTS strives to increase assessment rates by no more than the rate of inflation. (The inflation index is defined as the increase in the Gross Domestic Product Implicit Price Deflator). This measure was reworded to more precisely define the calculation of the inflation rate.

**Source:** OTS's current assessment rates are specified in OTS's Thrift Bulletins (the TB 48 series). OTS calculates this measure whenever a new assessment bulletin is issued.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	0	0	<b>0</b>	0

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percent of applications processed within timeframes***

**Definition:** OTS regulations require thrift institutions to file an application before engaging in certain activities.

**Source:** The National Applications Tracking System (NATS) tracks the number of days required to process each application to completion.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	98	95	<b>97</b>	95

**FY 2004 Performance:** Target Met/Exceeded

**E1C: Improve and Simplify the Tax Code**

***Departmental Offices (DO)***

**Performance Measure:** *Value of U.S. exports of cross border financial services, excluding insurance (\$ in billions based on calendar year)*

**Definition:** In billions of dollars, the value of U.S. exports of cross border financial services (excluding insurance to other countries, such as a U.S. based firm providing services to another country and not a sale through an affiliate or other commercial presence) the U.S. exports to other countries.

**Source:** Treasury staff works with survey data compiled by the U.S. Commerce Department

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
15.5	15.9	Not Available	15.5	<b>21.3</b>	15.5

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Average tax compliance cost for individuals and small businesses [BASELINE FY 2004]*

**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.

**Source:** IRS tax data

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not Available</b>	0

**FY 2004 Performance:** Not Available

## E2: Promote Stable U.S. and World Economies

### E2A: Increase Citizens Economic Security

#### *Departmental Offices (DO)*

**Performance Measure:** *On-time payment of federal loan guarantee fees and repayment of underlying loans by borrowers*

**Definition:** Percent of fees and loan repayments made on time

**Source:** Transaction data regarding guarantee fee payments come from the Financial Reporting Branch of DO

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure:** *U.S. household net worth as percentage of disposable personal income*

**Definition:** The ratio of household net worth to disposable person income in percentage terms in the last quarter of the referenced fiscal year.

**Source:** Economic data collected from the Federal Reserve Board of Governors, flow of funds data, and balance sheet of the household sector (B.100)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	512	<b>537</b>	514

**FY 2004 Performance:** Target Met/Exceeded

#### *Alcohol and Tobacco Trade and Tax Bureau (TTB)*

**Performance Measure:** *Percentage of electronically filed COLA applications*

**Definition:** Measure calculated by dividing the number of e-filed applications by the total COLA submissions (paper and electronic).

**Source:** Data is captured thru the COLAs Online data base system. There are periodic statistical reports, searches, and queries that are generated.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	7	<b>15</b>	20

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percentage of non-beverage formula submissions processed within 10 working days of receipt*

**Definition:** It tracks the ability of the laboratory to examine samples and report findings within 10 days of receipt.

**Source:** When the RLIS database was being developed, we tested its monthly reporting capability to make certain that the database was dependably calculating the turnaround time.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	90	<b>95.3</b>	90

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Response to unsafe products and product deficiencies discovered (alcohol)*

**Definition:** Tracks the number of corrections made to unsafe products and product deficiencies reported to TTB and discovered from inspector activities

**Source:** All entries are made by the project manager and reviewed by Field Operations

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	191	190	<b>154</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The 154 corrections include multiple corrections of samples in some instances. These corrections are taken from several thousand samples. Most of the corrections are not considered an imminent health hazard. Based on test results, the significance of the testing is that the products tested are considered predominantly safe for public consumption.

**Future Plans:** While significant testing will continue, this measure will be discontinued in FY 2005 and replaced by “Percentage of unsafe products responded to with appropriate action within 48 hours.”

**Performance Measure:** *Percentage of COLA approval applications processed within 9 working days of receipt*

**Definition:** The percentage of COLA applications processed electronically and by paper.

**Source:** Data is captured thru the COLAs Online data base system. There are periodic statistical reports, searches, and queries that are generated.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	60	<b>27</b>	65

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The target was not met this year due to the increasing number of COLA application submissions, the customer and TTB employee learning curve when working with our new COLAs Online label application database, and because we are still in the process of acquiring and training new staff for this activity.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percentage of Specially Denatured Alcohol formula submissions completed within 10 days of receipt*

**Definition:** It tracks the ability of the laboratory to examine samples and report findings within 10 days of receipt.

**Source:** When the RLIS database was being developed; we tested its monthly reporting capability to make certain that the database was dependably calculating the turnaround time.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
---	--	--	90	<b>88.9</b>	90

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The performance measure was set at an approximate target level, and the deviation from the level is slight. There was not effect on overall program or activity performance.

**E2B: Improve the Stability of the International Financial System**

**Departmental Offices (DO)**

**Performance Measure: *Number of crisis in emerging markets - Defaults***

**Definition:** Crises in emerging markets can be defined as, "a sudden, usually unexpected collapse of confidence in a significant portion of the banking or financial system - or in currency markets - with potentially large real economic effects" per Morris Goldstein's Presumptive Indicators paper. Data will track defaults.

**Source:** Defaults are monitored by Moody's and Standard and Poor's (S&P) - Treasury subscribes to both services. These events would be communicated to us by Treasury/Banking Office.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	4	3	3	0	3

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Number of crisis in emerging markets - Currency depreciations***

**Definition:** Data will track currency devaluations. Currency dislocations would incorporate a 20% nominal exchange rate depreciation over a 6-month period.

**Source:** CIA/Blue Chip Early Warnings System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	11	7	6	4	5

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Number of crisis in emerging markets - Banking system failures***

**Definition:** Data will track banking system failures. A banking system failure can be characterized by either (1) a bank run leading to closure, merging or public intervention or (2) if no run and either a closure, merger or public intervention.

**Source:** These events communicated by Treasury/Banking Office.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	2	1	1	0	1

**FY 2004 Performance:** Target Met/Exceeded



## FINANCIAL FOCUS

### F3: Preserve the Integrity of Financial Systems

#### F3A: Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers, and Other Criminals and Isolate Their Support Networks

*Departmental Offices (DO)*

**Performance Measure:** *Increase the number of terrorist finance designations for which other countries join the U.S.*

**Definition:** Captures the number of countries around the world who simultaneously or post-event designate with the U.S. when new names are added to the list.

**Source:** International Affairs Task Force on Terrorist Finance maintains a database which includes this statistic.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	161	162	<b>195</b>	<i>Increase</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Increase the number of drug trafficking/terrorist related financial sanctions targets identified and made public*

**Definition:** This represents the number of targets which are either (1) identified by OFAC through its own independent research or (2) which are referred to OFAC by other U.S. government agencies or (3) referred to the U.S. government through either the UN or through bilateral discussions with the United State’s international partners, for which there is a reasonable cause to believe that the target in question can be designated pursuant to U.S. and/or international legal authorities.

**Source:** OFAC independently researches each and every potential target and prepares an administrative record in order to establish that there is legal sufficiency to designate pursuant to U.S. authorities. This record serves as the basis for a case summary which is presented to the interagency for its consideration on whether to pursue a designation or alternative USG actions.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	335	335	<b>466</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

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**Performance Measure: *Increase targets frozen under drug and terrorist related sanctions programs***

**Definition:** This represents the number of targets which are either (1) identified by OFAC through its own independent research or (2) which are referred to OFAC by other U.S. government agencies or (3) referred to the U.S. government through either the UN or through bilateral discussions with the United State’s international partners, for which there is a reasonable cause to believe that the target in question can be designated pursuant to U.S. and/or international legal authorities.

**Source:** OFAC independently researches each and every potential target and prepares an administrative record in order to establish that there is legal sufficiency to designate pursuant to U.S. authorities. This record serves as the basis for a case summary which is presented to the interagency for its consideration on whether to pursue a designation or alternative USG actions.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	335	335	<b>466</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

***Financial Crimes Enforcement Network (FinCEN)***

**Performance Measure: *Average time to process a civil penalty case (in years)***

**Definition:** This measure tracks processing time for civil penalty matters received after January 1, 1998. (Previous cases were considered as a backlog and were processed as soon as possible.)

**Source:** The data for this measure is captured through an internal database that tracks civil penalty cases. The database records the date cases are received, the analyst assigned, the statute of limitations date, and the date each case was closed.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.8	1.5	1.3	1.2	<b>1.0</b>	<i>1.1</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

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**Performance Measure: *Number of vulnerable industries covered by anti-money laundering regulations***

**Definition:** The number of financial industries covered by the Bank Secrecy Act anti-money laundering reporting and recordkeeping requirements.

**Source:** A list of industries is provided by FinCEN's Office of General Counsel

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	10	15	<b>10</b>	15

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The anti-money laundering rules for insurance companies and dealers in precious metals, stones, and jewels have been slightly delayed to ensure that an examination/compliance program will be in place. Finalizing the anti-money laundering rules for Commodity Trading Advisors, Investment Advisors, and Unregistered Investment companies is taking additional time because it requires the resolution of some difficult issues raised by public comments, as well as coordination with two different functional regulators to ensure that cross cutting issues are resolved consistently throughout them.

**Performance Measure: *Share of Bank Secrecy Act filings submitted electronically***

**Definition:** The percentage of electronic Bank Secrecy Act filings submitted via the web-based Patriot Act Communication System based on two months of the fiscal year. Using two most recent months of fiscal year data to calculate the performance is a better indicator of the level of e-filing ultimately achieved.

**Source:** Reports are generated weekly by the PACS contractor based on automated tracking

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	6	20	<b>20</b>	35

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

**Note:** FY 2003 results were changed from 4% to 6%. The targets in the FY 2005 Budget were based on the e-filing results anticipated at the end of September. However, the actual reported last year was based on an average of the calendar year's results. In addition, this methodology will allow management to take immediate action through out the year by monitoring the last two month's performance making it much easier to track progress on a quarterly basis.

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**Performance Measure: *Number of subjects in completed investigative analytical reports***

**Definition:** The number of subjects researched and/or identified is an indicator of the complexity and volume of case research over time. It also indicates the level of manpower and computer support required to conduct the analyses.

**Source:** Automated systems are used to track and monitor this information. The results are reported to the Assistant Director on a quarterly basis.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
32,278	30,840	30,420	30,000	<b>19,158</b>	31,000

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** During FY 2004, the total number of cases and corresponding entities through FinCEN's networks actually increased. FinCEN began to see a significant reduction in the number of basic data query type research cases submitted correlating directly to an increase in the number of Gateway users accessing our network to perform their own analysis. This change in workload and the reduction in the number of data query analysis cases received contributed to the significant decline in the number of entities in completed investigative analytical reports.

**Future Plans:** The shift in workload allowed FinCEN to begin to implement their strategic direction to redirect resources to more extensive research such as increasing the pro-active analysis of terrorism related suspicious activity reports and other information to identify investigative targets. The performance plans proposed for FY 2005 were adjusted accordingly.

**Performance Measure: *Percentage of FinCEN's customers rating its strategic analytical products as valuable***

**Definition:** This measures the number of financial industry customers who rate FinCEN's specialized analytical products as valuable, as a percent of the total customers surveyed.

**Source:** The survey will be conducted biennially by a contractor using a survey instrument. The contractor's performance work statement will require a margin of error or + or -5 percentage points at a 95% confidence level.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>Not established</b>	Baseline

**FY 2004 Performance:** Baseline not established

**Explanation of Challenge:** A decision was made to defer this survey to FY 2005 to allow an opportunity to change the overall focus and content of the semi-annual SAR Activity Reviews. The decision to defer was partially based on the feedback received after the publication of Issue #6, published November 2003.

**Future Plans:** The feedback form had been expanded to allow us to obtain more specific suggestions to improve these reports. Although not statistically valid, the feedback received indicated that changes were needed in the overall content and format. These changes were incorporated into the issue #7 published August 2004 and provided expanded analysis with highlights on seven issues. FinCEN has received positive feedback on these changes and a survey is planned for FY 2005.

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**Performance Measure: *Number of users directly accessing BSA data through FinCEN's Gateway process***

**Definition:** The number of individuals with current passwords who have accessed the Bank Secrecy Act data through the Secure Outreach network in the past 12 months.

**Source:** The list can be checked through the Profile function at the Detroit Computing Center

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1,105	1,700	<b>2,181</b>	3,000

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Number of strategic analytic products***

**Definition:** The number of strategic analytic products prepared on a wide range of topics, including geographic regions, specific industries, and/or financial service areas.

**Source:** The data is captured by physical count and are maintained by FinCEN's Office of Strategic Analysis.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	80	<b>56</b>	90

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The overall focus of our strategic analysis products changed from short-term products to longer-term statistical and non-statistical analysis. A number of these long-term products were not completed prior to the end of the fiscal year.

**Future Plans:** A new strategic report series concentrating on producing technical reference guides on financial mechanisms (such as wire transfer, money orders, stored value, and internet payment related systems) was a new initiative started in the 4th quarter. These guides will focus on financial mechanisms that are vulnerable to terrorist financing and money laundering system.

**Treasury Forfeiture Fund (TFF)**

**Performance Measure: *Percent of forfeited cash proceeds resulting from high-impact cases***

**Definition:** Measures the percentage of forfeited cash proceeds resulting from high-impact cases (those with asset seizures in excess of \$100,000)

**Source:** This measure is calculated by dividing the total amount of forfeited cash proceeds from cases greater than \$100,000 by the total amount of forfeited cash proceeds for all cases. Focusing on strategic cases and investigations which result in high-impact seizures will affect the greatest damage to criminal organizations while accomplishing the ultimate objective - to punish and deter criminal activity.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
78.54	73.00	80.55	75.00	<b>83.95</b>	75.00

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**F3B: Execute the Nation's Financial Sanctions Policies**

*Departmental Offices (DO)*

**Performance Measure:** *Estimated number of sanctioned entities no longer receiving flow of funds from the U.S.*

**Definition:** OFAC systematically attacks hostile foreign governments, corrupt regimes, foreign drug cartels, and other sanctions targets determined by the President, the Secretary of State, or the Congress. In particular, OFAC attacks their networks of agents, front companies, business investments and money laundering vehicles, 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 & economic system.

**Source:** The identification of these sanctioned parties is accomplished through their identification by either the President or Congress or through the various Specially Designated Nationals & Blocked Persons programs administered by OFAC.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	2,959	526	<b>526</b>	526

**FY 2004 Performance:** Target Met

**F3C: Increase the Reliability of the U.S. Financial System**

**Bureau of Engraving & Printing (BEP)**

**Performance Measure:** *Manufacturing costs for currency (\$ per 1000 notes)*

**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:** BEP's accrual-based cost accounting system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
23.88	30.03	29.14	35.00	<b>28.06</b>	37

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Currency shipment discrepancies per million notes*

**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:** Federal Reserve Banks

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
0.00	0.00	0.00	0.01	<b>0.00</b>	0.01

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Postage Stamp Deliveries (in billions)*

**Definition:** A measure of BEP's ability to meet customer volume demand. This measure allows BEP to most efficiently plan on the use of production equipment, personnel, and inventory resources.

**Source:** BEP's accrual-based cost accounting system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
15.9	12.0	9.9	7.0	<b>7.0</b>	5

**FY 2004 Performance:** Target Met

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**Performance Measure: *Maintain/Upgrade ISO Certification***

**Definition:** ISO Certification signifies that the certified organization follows a rigorous quality control program under stringent international standards. ISO certification provides current and future Bureau customers assurance that our currency-manufacturing program will deliver high quality security products.

**Source:** ISO Registrar – Underwriter’s Laboratories

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *Federal Reserve Note Deliveries (in billions)***

**Definition:** A measure of BEP's ability to meet customer volume demand. This measure allows BEP to most efficiently plan on the use of production equipment, personnel, and inventory resources.

**Source:** BEP's accrual-based cost accounting system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
9.0	7.0	8.2	8.7	<b>8.7</b>	<i>9.1</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *General and administrative costs as a percent of total costs [BASELINE FY 2003]***

**Definition:** This measure is a quantitative indicator of the Bureau's ability to control and minimize its general and administrative support costs.

**Source:** BEP's accrual-based cost accounting system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	9.7	9.5	<b>9.5</b>	<i>9.5</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *Employee turnover rate [BASELINE FY 2003]***

**Definition:** This measure tracks the percentage of Bureau employees that separate from Bureau employment annually (excluding retirements).

**Source:** Treasury HR Connect System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	3.00	2.75	<b>2.72</b>	<i>2.75</i>

**FY 2004 Performance:** Target Met



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**Performance Measure: *Annual Financial Statement Audit Opinion***

**Definition:** This measure represents an assessment by an independent, certified public accounting firm of the integrity of the Bureau's revolving fund and the reliability of financial data used for managerial decision-making.

**Source:** Independent Certified Public Accounting Firm

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *Security costs per 1000 notes delivered [Baseline FY 2004] (in dollars)***

**Definition:** An indicator reflecting the cost of providing effective and efficient product security and accountability.

**Source:** BEP's accrual-based cost accounting system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>5.95</b>	<i>6.10</i>

**FY 2004 Performance:** Baseline established

**Performance Measure: *Percent of contracts awarded competitively [BASELINE FY 2003]***

**Definition:** This measure tracks the Bureau's commitment to promoting fair and open competition in awarding contracts for goods and services. Competition for goods and services will ensure that they provided to the government in the most cost efficient and effective means possible.

**Source:** Treasury Acquisition Data System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	74	76	<b>76</b>	76

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

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**Departmental Offices (DO)**

**Performance Measure:** *Increase percentage of participation rate of U.S. financial institutions in the FS-ISAC (by segment)*

**Definition:** The increase/decrease in usage by the financial services sector of the FS-ISAC by the number of financial sector institutions participating in the FS-ISAC at the end of each calendar year.

**Source:** The FS-ISAC will provide data from their subscription lists showing the number of financial sector institutions participating in the FS-ISAC.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	67	26%	<b>309%</b>	20

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Implement all regulations necessary to pay claims under the act and create the physical plant necessary to process and manage the claims administration function*

**Definition:** Regulations are those necessary to manage the claims processing function including potential litigation under the program.

**Source:** TRIP program Executive Director responsible for managing and completing objective.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	9/30/2004	<b>9/30/2004</b>	9/30/2005

**FY 2004 Performance:** Target Met

**Performance Measure:** *Promulgate all regulations by first anniversary of statute*

**Definition:** Physical plant for claims processing established and operational consistent with the regulations.

**Source:** TRIP Executive Director responsible for successful procurement of services and testing of facility

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	11/26/2003	<b>11/26/2003</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met

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*U.S. Mint*

**Performance Measure: *Conversion cost per 1000 coin equivalents (units in dollars)***

**Definition:** The cost of production (conversion cost) divided by the number of products made.

**Source:** Financial and production data from the United States Mint Enterprise Resource Planning system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
8.33	--	9.96	9.78	<b>7.93</b>	7.03

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Inventory Turnover***

**Definition:** Number of times per year the average inventory is sold

**Source:** Financial and production data from the United States Mint Enterprise Resource Planning system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	1.60	1.96	3.30	<b>2.48</b>	4.20

**FY 2004 Performance:** Target Not Met; Performance Exceeds Prior Year

**Explanation of Challenge:** The result is an improvement of 27% from 1.96 in FY 2003, achieved mainly through increased sales. Costs of goods sold increased 23%, however average inventory levels decreased only slightly from FY 2003 (-3%). These improvements were not enough to achieve the FY 2004 target of selling the average inventory 3.3 times during the year. Initiatives for FY 2005 are focusing on reducing the time from product concept to production and on improving production planning. Greater flexibility to respond to market demands leads to improved inventory turnover and the United States Mint expects continued improvement in this measure.

**Performance Measure: *Workforce climate [BASELINE FY 2003]***

**Definition:** A survey designed to assess the attitudes of Mint employees concerning their work environment. It is administered each quarter to 25% of the Mint's permanent workforce.

**Source:** Survey administered each quarter to 25% of the United States Mint permanent workforce

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	60	65	<b>65</b>	66

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

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**Performance Measure: *Total Losses [BASELINE FY 2004]***

**Definition:** Measures the dollar amount of losses incurred due to the realization of threats against the Mint.

**Source:** The United States Mint Police maintain monthly reports. Any theft or fraud amount determined as unrecoverable is assessed on a case-by-case basis.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	3,109	TBD

**FY 2004 Performance:** Baseline established

**Performance Measure: *SG&A Costs as a Percent of Revenue (excludes bullion)***

**Definition:** Selling General & Administrative expenses divided by the Mint-wide revenue (excluding the bullion revenue).

**Source:** Financial data from the United States Mint Enterprise Resource Planning system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	12.7	15.3	16.0	<b>12.2</b>	10.0

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Future Plans:** The YTD performance is within the current year target of 16%, as efforts have been made to reduce budgeted spending throughout the year. A target of about 12% would have been more appropriate for United States Mint operations in FY 2004. Continued reductions in costs remain a priority in order to approach the benchmark of 7.7%.

**Performance Measure: *Yield***

**Definition:** Assesses the amount of metal or other material that results in a finished good, not including web scrap.

**Source:** The coin production and material consumption data are from the Enterprise Resource Planning System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	86.0	85.9	97.0	<b>86.1</b>	97.0

**FY 2004 Performance:** Target Not Met; Performance Exceeds Prior Year

**Explanation of Challenge:** A slight increase in performance from 85.9% in FY 2003. Performance is short of the target of 97%, a stretch goal designed to encourage broad thinking and suggestions for improvement from all personnel. The main impediment to reaching the target is the fact that the target does not include an allowance for the webbing that results from stamping round blanks from rectangular sheets of metal.

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**Performance Measure: *Lost Time Accident Rate (per 100 employees)***

**Definition:** The rate of Lost Time Accidents (LTAs) per 100 employees working a full year. LTAs are unsafe acts that lead an employee to miss at least one full day of work.

**Source:** Compensation records from the Office of Worker's Compensation Program at the Department of Labor

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
3.93	2.24	1.48	1.24	<b>1.36</b>	1.03

**FY 2004 Performance:** Target Not Met; Performance Exceeds Prior Year

**Explanation of Challenge:** Improved to 1.36 in FY 2004 from 1.48 in FY 2003, an improvement of 8%. This result does not reach the target rate of 1.24. The FY 2004 final result may be adjusted at a later date pending a review or dispute of each incident's present classification. The addition of trained, experienced safety personnel has enhanced the United States Mint-wide safety process, focused our resources on achievable goals, and improved communication with management and labor.

**Future Plans:** In FY 2005, the United States Mint plans to reinvigorate the focus on safe work habits and safety awareness. Employee driven work teams have already identified and eliminated several unsafe work practices. We plan to build on this success in FY 2005 by demonstrating that employees are empowered to make meaningful changes to their work environment. The United States Mint will establish knowledge sharing networks to distribute proven solutions and develop new approaches to improve safety at its facilities.

**Performance Measure: *Machine Availability (in %)***

**Definition:** The amount of time the production equipment is available to produce finished goods

**Source:** Supervisory Control and Data Acquisition systems at the facilities monitor the status of each machine including time run and down time.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	52	56	64	<b>64</b>	66

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

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**Performance Measure: *Cycle Time (in days)***

**Definition:** Cycle time is the length of time from when material enters a production facility until it is delivered to the customer.

**Source:** Financial and production data from the United States Mint Enterprise Resource Planning system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	112	73	53	<b>85</b>	53

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** Cycle-time for September was 85 days, which did not meet the target of 53 days. The cycle-time spiked 12 days from 73 in August due to renovations at Philadelphia that caused a lower average production level for the month. The underlying reason that performance is not meeting the target is a large amount of dollar coins in inventory. The demand for new dollar coins after its introduction in FY 2000 was highly volatile, thereby affecting the confidence levels of the production planning. The need for the dollar coin in commerce decreased in the years following introduction, leaving inventory on hand. Dollar coins demanded for commerce are currently fulfilled solely from this inventory. Excluding the dollar coin, the cycle-time is 55 days.

**Performance Measure: *Customer Service Index [BASELINE FY 2003] (in %)***

**Definition:** This measure is an indicator of the quality of our product and service to the customer. Production of quality products and excellent customer service is paramount.

**Source:** Orders data is pulled via a query from the United States Mint’s order management system. Call data is pulled from telephone reports.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	87	87	<b>78</b>	87

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Customer Service Index was 78% through FY 2004, lower than the target and baseline of 87% set in FY 2003. The Order Fulfillment and Quality elements remained level from FY 2003. The Call Answer element was affected by back-order situations for selected products, causing call volume to increase by 26% from FY 2003. This took place concurrently with call center staff reductions in anticipation of fully outsourcing this function in FY 2005. This function is still expected to be fully outsourced in early FY 2005 through a performance-based contract that requires the contractor to meet specified performance metrics. The United States Mint is also improving customer service by focusing on production planning and leveraging technology to improve order fulfillment and reduce back-order situations.

**Office of the Comptroller of the Currency (OCC)**

**Performance Measure: *Percentage of national banks that are well-capitalized***

**Definition:** This measure reflects whether the national banking system is well-capitalized at fiscal year-end.

**Source:** National banks file quarterly Reports of Condition and Income with the Federal Financial Institutions Examination Council (FFIEC) through the Federal Deposit Insurance Corporation's data processing center.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
98	99	99	95	<b>99</b>	95

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percentage of national banks with composite CAMELS rating 1 or 2***

**Definition:** This measure reflects the overall condition of the national banking system at fiscal year-end. The target is established at 90%, which is indicative of a strong national banking system that effectively supports the U.S. economy. This is considered the threshold for an overall safe and sound national banking system. Historical performance, including periods of greater volatility, has been considered in establishing the target. The factors that comprise the composite CAMELS rating are vulnerable to changes in economic conditions and this target has been established to account for these fluctuations. The target level recognizes that deficiencies are identified during bank examinations and that the OCC will make recommendations for improving operations, and where warranted, will take appropriate enforcement actions.

**Source:** Bank regulatory agencies use the Uniform Financial Institutions Rating System, to provide a general framework for assimilating and evaluating all significant financial, operational and compliance factors inherent in a bank. 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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
94	95	94	90	<b>94</b>	90

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percentage of critically undercapitalized banks on which responsible action is taken within 90 calendar days after they become critically undercapitalized***

**Definition:** This measure reflects timely resolution of significant problem bank situations that can contribute to the effective maintenance of the Bank Insurance Fund.

**Source:** The date a bank becomes critically undercapitalized and the resolution date are recorded in EV. This information flows into the monthly Problem Bank Report, which is monitored to ensure responsible action is taken in a timely manner.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

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**Performance Measure: *Percentage of national banks with consumer compliance rating of 1 or 2***

**Definition:** This measure reflects the national banking system's compliance with consumer laws and regulations. The target is established at 94%, which is indicative of a national banking system that effectively complies with consumer laws and regulations. This target is considered the threshold for ensuring the overall national banking system is supportive of fair access to banking services and fair treatment of bank customers. Historical performance has been considered in establishing the target. The target level recognizes that deficiencies are identified during bank examinations and that the OCC will make recommendations for improving banking operations, and where warranted, will take appropriate enforcement actions.

**Source:** 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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	96	94	<b>96</b>	94

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percentage of community banks that are within one year of its first large bank Community Reinvestment Act (CRA) examination where the OCC offers to provide consultation on community development opportunities***

**Definition:** This measure reflects the level of OCC's proactive outreach to community banks before they become subject to an assessment of their CRA investments under large bank requirements.

**Source:** Annually, the OCC's Community Affairs office in headquarters develops a list of national banks that on January 1, are within one year of its first large bank CRA examination, i.e., have exceeded \$250 million in assets and is collecting large bank data. The district community affairs officer, in conjunction with the EIC, records in EV the offers of consultations made to the targeted banks.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percentage of consumer complaints closed within 60 calendar days of receipt***

**Definition:** The measure reflects the timeliness of OCC in facilitating the resolution of consumer complaints within an established standard. To promote fair access to financial services and fair treatment of bank customers, the OCC facilitates the resolution of consumer complaints involving national banks.

**Source:** The OCC's Ombudsman office identifies the number of closed consumer complaints recorded in the Remedy Action Response System (RARS) for the fiscal year. Processing of customer complaints is tracked in the RARS. Both the receipt and closure dates are recorded in RARS.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	87	80	<b>74</b>	80

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** Of the cases closed, 74% were completed within 60 calendar days of receipt. This was a decline from 87% in FY 2003. Although the number of consumer complaint cases received declined by 9% from FY 2003, the increase in complexity of written cases and a decline in the number of cases that could be closed over the phone contributed to not meeting the performance goal this year. Management expects to meet this goal in FY 2005 by adding staff and increasing the efficient and effective use of technology.

**Performance Measure: *Number of consumer complaints opened during the fiscal year***

**Definition:** This workload measure reflects the total number of consumer complaints opened during the fiscal year.

**Source:** The OCC's Ombudsman office identifies the number of opened consumer complaints recorded in the Remedy Action Response System (RARS) for the fiscal year. To promote fair access to financial services and fair treatment of bank customers, the OCC facilitates the resolution of consumer complaints involving national banks.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	75,114	75,000	<b>68,026</b>	80,000

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** This is a workload measure/indicator. The FY 2004 target was based on the volume (75,114) of consumer complaints opened in FY 2003. When the target was established, the OCC did not have any indicators that the volume of complaints was likely to decline in FY 2004. The OCC believes that the decrease in FY 2004's complaint volume can be directly attributed to a potential industry shift to provide improved customer service. In addition, during FY 2004 there were no major bank mergers completed or significant product changes that can also increase complaint volumes. The OCC expects the volume to increase in FY 2005 due to expanded telephone hours and new banks entering the national banking system.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Number of consumer complaints closed during the fiscal year***

**Definition:** This measure reflects the total number of consumer complaints closed during the fiscal year.

**Source:** The OCC's Ombudsman office identifies the number of closed consumer complaints recorded in the Remedy Action Response System (RARS) for the fiscal year. To promote fair access to financial services and fair treatment of bank customers, the OCC facilitates the resolution of consumer complaints involving national banks.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	69,044	70,000	<b>68,104</b>	75,000

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** This is a workload measure/indicator. The FY 2004 target was based on the volume (69,044) of consumer complaints closed in FY 2003. The actual number of complaints closed was a factor of the number of complaints received and subsequently opened during the year, which was almost 7,000 cases less than planned. The OCC's difficulty in closing consumer complaints within the processing standard discussed under the previous performance measure also contributed to the decline in cases closed during FY 2004.

**Performance Measure: *Average survey response that the examiner-in-charge and the examination team were knowledgeable***

**Definition:** Reflects the average of the responses to the selected question from the examination survey issued to financial institutions at the conclusion of their supervisory cycle.

**Source:** The results are compiled semi-annually, surveys received between January through June and between July and December each year. Survey results are input into an excel spreadsheet, by an Ombudsman analyst upon receipt of the completed survey.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1.26	1.50	<b>1.34</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report the banks' assessment of the examination process under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of the examination process through its survey.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Average survey response that the examiner's requests for information were reasonable and justified by the examination scope*

**Definition:** Reflects the average of the responses to the selected question from the examination survey issued to financial institutions at the conclusion of their supervisory cycle.

**Source:** The results are compiled semi-annually, surveys received between January through June and between July and December each year. Survey results are input into an excel spreadsheet, by an Ombudsman analyst upon receipt of the completed survey. The averages are computed using the functions in the spreadsheet application.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.36	1.36	1.31	1.75	<b>1.36</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report the banks' assessment of the examination process under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of the examination process through its survey.

**Performance Measure:** *Average survey response that the examination team conducted the examination in a professional manner*

**Definition:** This measure reflects the average of the responses to the selected question from the examination survey issued to financial institutions at the conclusion of their supervisory cycle.

**Source:** The results are compiled semi-annually, surveys received between January through June and between July and December each year. Survey results are input into an excel spreadsheet, by an Ombudsman analyst upon receipt of the completed survey.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.21	1.21	1.20	1.75	<b>1.25</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report the banks' assessment of the examination process under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of the examination process through its survey.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Average survey response that the examiner-in-charge and examination team clearly and effectively communicated their findings and concerns*

**Definition:** This measure reflects the average of the responses to the selected question from the examination survey issued to financial institutions at the conclusion of their supervisory cycle.

**Source:** The results are compiled semi-annually, surveys received between January through June and between July and December each year. Survey results are input into an excel spreadsheet, by an Ombudsman analyst upon receipt of the completed survey. The averages are computed using the functions in the spreadsheet application.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.33	1.32	1.27	1.75	<b>1.37</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report the banks' assessment of the examination process under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of the examination process through its survey.

**Performance Measure:** *Average survey response that the report of examination clearly communicated examination findings, significant issues and the corrective actions management needed to take*

**Definition:** This measure reflects the average of the responses to the selected question from the examination survey issued to financial institutions at the conclusion of their supervisory cycle.

**Source:** The results are compiled semi-annually, surveys received between January through June and between July and December each year. Survey results are input into an excel spreadsheet, by an Ombudsman analyst upon receipt of the completed survey. The averages are computed using the functions in the spreadsheet application.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.31	1.30	1.26	1.75	<b>1.30</b>	$\leq 1.75$

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Average survey response that ongoing communication by the examiner-in-charge with senior management and the board was appropriate*

**Definition:** This measure reflects the average of the responses to the selected question from the examination survey issued to financial institutions at the conclusion of their supervisory cycle.

**Source:** The results are compiled semi-annually, surveys received between January through June and between July and December each year. Survey results are input into an excel spreadsheet, by an Ombudsman analyst upon receipt of the completed survey.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.29	1.29	1.25	1.75	<b>1.30</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** This measure will be discontinued in FY 2005. To streamline performance measures and at the suggestion of a consultant, the OCC will report the banks' assessment of the examination process under one comprehensive performance measure. The OCC will continue to obtain feedback on this element of the examination process through its survey.

**Performance Measure:** *Rehabilitated problem national banks as a percentage of the prior fiscal year-end's problem national banks (CAMELS 3, 4 or 5)*

**Definition:** This measure reflects the successful rehabilitation of problem national banks during the fiscal year. Problem banks can ultimately reach a point where rehabilitation is no longer feasible.

**Source:** The Supervisory Information office in OCC's headquarters office uses EV and SIS to identify and compare the current and prior fiscal year composite CAMELS ratings for problem banks.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
44	47	32	40	<b>41</b>	40

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Office of Thrift Supervision (OTS)**

**Performance Measure:** *Percent of thrifts with composite CAMELS ratings of 1 or 2*

**Definition:** OTS assigns a composite CAMELS rating to thrift institutions at each examination and may adjust the composite rating between examinations if the institution's overall condition has changed from the prior examination. New institutions are typically not assigned a composite CAMELS rating until the first examination.

**Source:** Composite CAMELS ratings are stored in and retrieved from the online Examination Data System (EDS) system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	93	90	<b>93</b>	90

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percent of safety and soundness exams started as scheduled*

**Definition:** OTS performs safety and soundness examinations of its regulated institutions 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. (This measure was reworded to delete the calculation of compliance exams started as scheduled; OTS is melding the safety and soundness and compliance examinations.)

**Source:** When an institution is examined, OTS staff enters into the Examination Data System (EDS) the examination type, examination beginning and completion dates, report of examination mail date, and CAMELS or equivalent ratings. Performance Tracking Reports are generated monthly and reviewed by OTS's Deputy Director and all four Regional Directors.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	92	90	<b>94</b>	90

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Percent of thrift institutions issued formal or informal enforcement actions within 60 days after receiving an unsatisfactory safety and soundness or compliance rating, unless a waiver is appropriate*

**Definition:** OTS employs its enforcement powers to advance the agency's supervisory mission of maintaining a safe and sound thrift industry that complies with applicable laws and regulations. Most new enforcement cases focus on correcting unsafe and unsound practices or significant compliance issues in thrifts before they result in the institution becoming undercapitalized or the severity of the institution's noncompliance creates significant legal or financial exposure.

**Source:** OTS uses a management report prepared monthly with information taken from the Regulatory Action Data (RAD) system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percent of thrifts that are well capitalized***

**Definition:** Capital absorbs losses, promotes public confidence, and provides protection to depositors and the FDIC insurance funds.

**Source:** Prompt Corrective Action (PCA) ratings are stored in the Examination Data System (EDS) and can also be found in the Thrift Overview Report.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	99.5	95.0	99.8	95.0

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Percent of thrifts adequately capitalized or operating under an approved Capital Plan or Prompt Corrective Action (PCA) Directive, if capital-deficient, unless the thrift has been undercapitalized for less than 150 days, or has received prior approval by the Deputy Director for exceeding this timeframe***

**Definition:** OTS has adopted a measure that addresses both objectives of Prompt Corrective Action (PCA): 1) to recapitalize undercapitalized thrifts at the least cost to the deposit insurance fund; and 2) to do it promptly.

**Source:** PCA ratings are stored in the Examination Data System (EDS) and can also be found in the Thrift Overview Report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percent of safety and soundness reports of exam mailed to thrift institutions within targeted timeframes after completion of fieldwork***

**Definition:** During the post examination process, OTS finalizes and mails the report of examination (ROE) to the thrift.

**Source:** Data is captured using the Examination Data System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	91	80	<b>84</b>	80

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percent of thrifts with compliance examination ratings of 1 or 2***

**Definition:** A uniform, interagency compliance rating system was first approved by the Federal Financial Institutions Examination Council (FFIEC) in 1980.

**Source:** Compliance examination ratings are stored in the EDS system. The FFIEC rating system was designed to reflect, in a comprehensive and uniform fashion, the nature and extent of an association's compliance with civil rights and consumer protection statutes and regulations. 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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	95	90	<b>94</b>	90

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Frequency of technical assistance or training events provided to industry executives annually regarding community reinvestment responsibilities and opportunities***

**Definition:** Part of OTS' long term strategic goal is to support the industry's efforts to meet its CRA obligations and expand the full range of housing, other credit and financial services to all segments of their communities.

**Source:** OTS staff tracks the number of technical assistance occurrences or training events that OTS provides to industry executives annually regarding community reinvestment responsibilities and opportunities

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	70	36	<b>76</b>	36

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year



## F4: Manage the Government's Finances Effectively

### F4A: Collect Federal Tax Revenue When Due Through a Fair and Uniform Application of the Law

#### *Financial Management Service (FMS)*

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

**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 FPAs.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
89	93	92	90	<b>99</b>	92

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Amount of delinquent debt collected through all available tools (in billions of dollars)*

**Definition:** The measure provides information on the total amounts collected 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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
3.200	2.840	3.100	2.900	<b>3.000</b>	3.000

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percentage increase in amount of debt collected for every dollar of debt collection program cost, compared to FY 2002 baseline of \$52.53*

**Definition:** This measure shows the efficiency of having a centralized debt collection program.

**Source:** FMS' Debt Management Accounting System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	7	-4	10

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** In an effort to more fully fund this program through fee revenue, the Debt Collection Program absorbed additional indirect program costs in FY 2004. If these costs were not incurred, FMS would have met and/or exceeded the target performance measure. FMS plans to revise this baseline to \$46 in FY 2005.

**Internal Revenue Service (IRS)**

**Performance Measure:** *ACS closures - Taxpayer Delinquent Accounts Closures*

**Definition:** Number of entity closures produced in the Automated Collection System (minus systemic reductions).

**Source:** Automated Collection System (minus systemic reductions) reported as entities

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1,006,000	950,696	1,155,697	1,139,016	<b>1,337,904</b>	1,296,214

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *ACS Accuracy*

**Definition:** Capture the percent of taxpayers who receive the correct answer to their ACS question

**Source:** The CQRS monitor codes Field 715 on the Data Collection Instrument (DCI) as calls are reviewed. Data is input to the QRDbv2 for product review and service reporting.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	88	<b>89</b>	88.5

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: Individual Returns Examined - Field (SBSE & LMSB) > \$100,000**

**Definition:** Number of Individual (Form 1040) returns closed through a time period from the beginning of the fiscal year with a total positive income or total gross receipts greater than \$100,000.

**Source:** Audit Information Management System (AIMS) Closed Case Database There are various management reviews before an entry is input to AIMS.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
55,761	64,911	67,459	68,611	<b>70,497</b>	69,992

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: Individual Returns Examined - Field (SBSE & LMSB) < \$100,000**

**Definition:** Number of Individual (Form 1040) returns closed through a time period from the beginning of the fiscal year with a total positive income or total gross receipts less than \$100,000.

**Source:** Audit Information Management System (AIMS) closed case database. There are various management reviews before an entry is input to AIMS. If the input does not pass validity and consistency checks as it is entered into AIMS, it is rejected. It must be corrected before the data is accepted, posted on AIMS, and sent to the Master File. If the data fails any Master File systemic checks, it is rejected and sent back to the originator for necessary action.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
149,790	140,350	138,933	139,033	<b>127,058</b>	170,217

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** The increased emphasis on strategic priorities, e.g., returns with a higher compliance risk and higher income, shifted emphasis to individual returns with greater than \$100K of income.

**Future Plans:** During FY 2005, IRS will continue its focus upon returns with a higher compliance risk and income, reducing the number of closures in the less than \$100K category. To minimize program impact, several efforts are ongoing to address program efficiencies. The focus will be on better preparing both the examiners and the taxpayers for an examination and is expected to lead to improved efficiencies. In addition, improvements in inventory management, as a result of the “Art and Science of Inventory Management” training given to territory and group managers during FY 2004, are expected to continue. Further, the Small Business Compliance organization realignments within functional lines will aid in maximizing program effectiveness and efficiencies.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: Examination Quality (SBSE) Office**

**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 Factors that influence the reliability of the data include the accuracy of individual case reviews, sample size, age of sample being reviewed, and accuracy of case selection. EQMS sites have established a 3-tier validity process to ensure consistency of case reviews. Each site conducts regularly scheduled meetings, where all reviewers evaluate the same case.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
70	74	76	75	<b>76</b>	77

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: Examination Customer Satisfaction (SBSE)**

**Definitions:** Customers' overall satisfaction with their Campus Examination experience stated as % satisfied (= "4" + "5"). Survey recipients are asked to rate IRS performance on a five-point scale, where 1 indicates "Very Dissatisfied" and 5 indicates Very Satisfied. Customers' overall dissatisfaction with their Campus Examination experience stated as % dissatisfied (= "1" + "2"). Survey recipients are asked to rate IRS performance on a five-point scale, where 1 indicates Very Dissatisfied and 5 indicates Very Satisfied.

**Source:** Customer surveys conducted six months preceding report date. Quarterly national reports from Pacific Consulting Group (PCG) and annual sub-national (Area). Contractor database received and archived by SESSR: E:PAI. Contractor provides measurement data file directly to BSP for Data Mart.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
47	47	63	60	<b>57</b>	61

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** Satisfaction results in Examination correlate directly with the mix of work. There was an increase in the volume of customers with unagreed tax deficiencies and they tend to be less satisfied. Improvement actions underway to enhance satisfaction for all customers include: reducing the life cycle of the examination process from selection to conclusion, consultation between the agent and manager after initial taxpayer meeting and improved communication between the taxpayer and agent to specify examination issues.

**Future Plans:** The Examination Reengineering initiative implemented in FY 2004 will aid in addressing many of the key customer issues (the time customers spend on their audits, the length of the examination process, and issues surrounding the request for customer records) associated with customer satisfaction. SB/SE will continue to monitor the impact of Examination Reengineering on customer satisfaction results. A new SB/SE Customer Satisfaction Survey will focus on data received from a sample of the entire SB/SE customer base with emphasis on customers' pre-filing/filing experiences, including those customers who have not had specific interactions (examinations) with the Service. This survey data will be used to identify additional improvement opportunities with all SB/SE taxpayers.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Correspondence Exam Accuracy***

**Definition:** Accuracy is one component of case quality under the embedded system, which measures the accuracy of the resolution of an exam case

**Source:** PAS/Quality Review Staff codes Field 715 on the DCI as cases are reviewed. Data is input to the QRDbv2. The QRDbv2 contains several levels of validation that occur as part of the review process.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	94	<b>89</b>	93.9

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** Several challenges associated with penalty computations and sampling methodology affected performance. Baseline measures were identified in FY2003. In FY2004, sampling methodology changed to produce an improved statistically sound predictor of an accurate error rate and managers and reviewers were trained on the attributes to ensure consistency of reviews and coding. Several problems early in the fiscal year impacted performance: 1) Automation problems in one campus resulted in certain penalties being computed manually, which had a negative impact on quality results; this issue was corrected. 2) An error in the sampling methodology negatively impacted quality; this problem was also corrected

**Future Plans:** Actions IRS will take to improve FY 2005 performance: (1) Just-in-time training will be delivered on new casework initiatives; (2) As the Campus locations move into more of the SB/SE inventory, training will be coordinated with inventory delivery; and (3) Operational reviews will continue to stress the importance of emphasizing quality in team, department and operations meetings throughout the year.

**Performance Measure: *Compliance Services Collection Operation Accuracy***

**Definition:** The quality of the information given and actions taken by CSCO employees on incoming correspondence

**Source:** PAS analysts code Field 715 on the DCI as cases are reviewed. Data is input to the QRDbv2 for product review and service reporting.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	95	<b>94</b>	95

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** Significant cross-training of new hires in FY 2004 to prepare for FY 2005 non-filer initiatives, such as the Automated Substitute for Return and High-Income Non-Filer Strategy, caused the IRS to miss the goal by one percent.

**Future Plans:** Continued work on consistency between the CSCO sites is expected to improve quality overall among the sites. With the conclusion of the FY 2004 training program, the senior personnel who conducted the training will return to the front-line work and the new hires will have completed their training, therefore FY 2005 accuracy will improve against FY 2004 performance.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Criminal Investigations Completed***

**Definition:** Cumulative count of the number of all subject criminal investigations completed by Criminal Investigation during the fiscal year. This 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:** CI Management Information System (CIMIS)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
3,340	3,201	3,766	3,400	<b>4,387</b>	3,963

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Taxpayer Advocate Closure to Receipt Ratio***

**Definition:** This is the ratio of the number of regular TAS criteria closures to the number of regular TAS criteria receipts for the same period (i.e., month, FY cum, etc.). To ensure that TAS inventory does not increase, the ratio should be at least 100%.

**Source:** TAMIS database/VQ report

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
97.6	108	108	100	<b>101</b>	100

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Appeals Closure to Receipt Ratio***

**Definition:** Ratio of Total Disposals to total cases Received in Appeals will measure total Appeals outcome

**Source:** Appeals Centralized Database System (ACDS)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
80	89	86	81	<b>105</b>	86

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *EP/EO Customer Satisfaction***

**Definition:** Customers' overall level of satisfaction with the way their cases were handled by the IRS Employee Plans and Exempt Organizations Determination programs. Stated as % Satisfied.

**Source:** Customer Satisfaction Surveys conducted by an independent research company managed by the Organizational Performance Division.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
68	70	72	73	<b>74</b>	73

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *EP/EO Examination Case Quality Score***

**Definition:** The level of quality in the EP or EO examination program, as measures by the Tax Exempt Quality Measurement System (TEQMS).

**Source:** TEQMS. Quality Measurement staff rate case quality by completing electronic input forms on sampled cases. Data is up-loaded into the TEQMS database and numeric scores are calculated automatically from rating information.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
73	75	82	82	<b>85</b>	83

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Examination Customer Satisfaction (LMSB)***

**Definition:** Percentage of taxpayers who respond to our post-examination survey with a "5-Totally Satisfied" or a "4-Mostly Satisfied" to the question concerning overall satisfaction with their examination experience. Separately tracking the Customer Dissatisfaction percentage - the percent of taxpayers who respond with a "1 or 2" to the survey.

**Source:** The survey results and the analysis of the results that is performed by the outside contractor.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	86.0	80.0	83.5	<b>78.0</b>	85.5

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** While LMSB did not meet its customer satisfaction goals, Coordinated Industry taxpayers who have been through an audit are generally satisfied with the process. Lower scores were attributed to the Length of the Process and the Time Spent on the Audit, critical factors to the Industry taxpayer.

**Future Plans:** LMSB has several initiatives underway that will make examinations more efficient and enable LMSB to expand compliance coverage. Initiatives include: increased participation in case planning through a joint planning of the audit process; lead specialist responsibilities that include more interaction with taxpayers; increased managerial interaction with specialists and taxpayers and implementation of the Individual Document Request Management Process, which gives the Examination Team a structured process to use when gathering information during an examination.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Number of Business Returns Examined (SBSE/LMSB)***

**Definition:** Number of Corporation (Form 1120) returns with assets less than \$10 million closed through a time period from the beginning of the fiscal year.

**Source:** Audit Information Management System (AIMS) closed case database, accessed via A-CIS (an MS Access application).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
23,163	21,159	18,957	15,283	<b>16,563</b>	20,198

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Correspondence Exam Total Number of EITC Returns Examined***

**Definition:** The number of EITC audit closures produced in service center examination

**Source:** Audit Information Management System (AIMS) closed case database

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
479,983	367,799	418,237	422,431	<b>446,152</b>	393,674

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Automated Underreporter Case Accuracy***

**Definition:** Accuracy is one component of case quality under the embedded system, which measures the accuracy of the resolution of an AUR case

**Source:** PAS analysts code Field 715 on the DCI as cases are reviewed. Data is input to the QRDbv2 database.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	94	<b>95</b>	95

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Field Tax Delinquent Investigations closures***

**Definition:** A count of the number of actual TDI dispositions completed by field Revenue Officers on a monthly basis.

**Source:** This measure reflects actual Taxpayer Delinquent Investigation Dispositions and is reported as entities. NO-5000-3 Taxpayer Delinquency Investigation Monthly Report or NO-5000-4 Taxpayer Delinquency Investigation Cumulative Report.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
119,451	140,737	150,190	152,153	<b>197,499</b>	162,278

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Examination Quality (LMSB) Coordinated Industry***

**Definition:** Average of the percentage of Critical Elements that were passed on Coordinated Industry cases reviewed.

**Source:** The LMSB Quality Measurement System (LQMS) database is used. This is a Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
80	78	89	90	<b>87</b>	90

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** The Rating of the Administrative Procedures Document, which accounts for 20% of the overall quality score, negatively impacted the Quality scores in FY 2004. In a number of instances, Revenue Agents and Managers failed to include the document in the case file or properly sign it as required. Actions are being taken to re-emphasize the importance of this form. In addition, the growing complexity of returns examined by LMSB, including returns such as Tax Equity and Fiscal Responsibility Act, and Tax Shelters, affect quality scores. These are more complex returns and often include requirements and procedures with which agents are less familiar. As a result, incidences of errors, mistakes or oversights increased.

**Future Plans:** Communications highlighting the importance of including the Administrative Procedures Document in the case file for quality review will continue to be included in the IRS Quality Newsletter and other publications sent to the Field. The “LQMS Administrative Procedures Document, Form 13327” will also be a topic for the FY2005 Continuing Professional Education. The Quality Review staff will continue to do presentations on the Quality Measurement System at Group and/or Territory meetings. A “pilot test” will be conducted in which Team Managers will visit the review site and observe cases being reviewed to gain a clearer understanding of what is specifically required to be in a case file in order to receive a pass rating. Also, a Team Manager Check sheet recently developed and distributed by the Case Quality Improvement Council (CQIC) will aid managers in how to effectively evaluate the quality of cases prior to closing from the group.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: Examination Quality (LMSB) Industry**

**Definition:** Average of the percentage of Critical Elements that were passed on Industry cases reviewed.

**Source:** The LMSB Quality Measurement System (LQMS) database is used. This is a Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago. The Examination Records Control System (ERCS) database is used to identify the universe of taxpayers that will be reviewed. ERCS is a reasonably accurate source of data on closed cases

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
70	69	74	80	<b>74</b>	85

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** The Rating of the Administrative Procedures Document, which accounts for 20% of the overall quality score, negatively impacted the Quality scores in FY 2004. In a number of instances, Revenue Agents and Managers failed to include the document in the case file or properly sign it as required. Actions are being taken to re-emphasize the importance of this form. In addition, the growing complexity of returns examined by LMSB, including returns such as Tax Equity and Fiscal Responsibility Act, and Tax Shelters, affect quality scores. These are more complex returns and often include requirements and procedures with which agents are less familiar. As a result, incidences of errors, mistakes or oversights increased.

**Future Plans:** Communications highlighting the importance of including the Administrative Procedures Document in the case file for quality review will continue to be included in the IRS Quality Newsletter and other publications sent to the Field. The “LQMS Administrative Procedures Document, Form 13327” will also be a topic for the FY2005 Continuing Professional Education. The Quality Review staff will continue to do presentations on the Quality Measurement System at Group and/or Territory meetings. A “pilot test” will be conducted in which Team Managers will visit the review site and observe cases being reviewed to gain a clearer understanding of what is specifically required to be in a case file in order to receive a pass rating. Also, a Team Manager Check sheet recently developed and distributed by the Case Quality Improvement Council (CQIC) will aid managers in how to effectively evaluate the quality of cases prior to closing from the group.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Field Collection quality of cases handled in person (in %)***

**Definition:** The score awarded to a reviewed Collection case by a third-party reviewer using 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 standards results in the deduction of 24 points from the overall composite score.

**Source:** CQMS database

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
84	84	84	86	<b>82</b>	87

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** Case Quality performance is on a slight negative trend, falling two points from historic results rather than the targeted two-point improvement. Analysis of performance on the various CQMS standards indicates that the greatest potential for improvement is in: setting clear action dates, documentation, no activity lapses greater than 75 days, and full compliance check.

**Future Plans:** In FY 2005, IRS will test a new Embedded Quality (EQ) system to replace CQMS. By aligning quality measures and individual performance, 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. EQ standards are linked directly to employee Critical Job Elements (CJEs) enabling employees to see how individual performance impacts SB/SE objectives.

**Performance Measure: *Number of TEGE Compliance Contacts***

**Definition:** The number of Employee Plan, Exempt Organization and Government Entity return examinations closed in all categories.

**Source:** TE/GE Audit Information Management System (AIMS) AIMS is programmed to generate regular error registers that identify possible data discrepancies. The Director, EO Examinations and EP Examinations are responsible for correcting errors and the Director, Business Systems Planning monitors the error registers to ensure correction accuracy. Periodically, AIMS is SAT (systems acceptability testing) tested to ensure it is programmed to work in accordance with system requirements. In addition, the data collection system is checked periodically to ensure that the reports produced are correct.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
15,988	13,549	13,029	19,100	<b>16,518</b>	22,800

**FY 2004 Performance:** Target Not Met

**Explanation of Shortfall:** Although closures are up 27% from last year, TE/GE did not meet its goal for compliance contacts closed because examination agents in EP required more time than expected to close out their residual determination inventories from FY 2003.

**Future Plans:** TE/GE expects to increase dramatically its compliance contacts next year due to (1) the elimination of mixed determination and examination inventories in Employee Plans, which will increase the resources available for examinations, and (2) the first full year of operation for Exempt Organizations Compliance Unit, which initiates compliance checks to resolve issues with returns filed by tax-exempt organizations.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Correspondence Exam Total Number of Non-EITC Returns Examined***

**Definition:** The number of non-EITC (discretionary) audit closures produced in service center examination.

**Source:** Audit Information Management System (AIMS) closed case database.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
146,621	177,447	262,431	288,636	<b>356,099</b>	329,976

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *ACS Customer Satisfaction***

**Definition:** Derived from the Customer Satisfaction Survey that is voluntarily taken by customers who have contacted the Compliance organization. Satisfaction reflects the percentage of respondents who were completely satisfied (or checked the top box score).

**Source:** Customer satisfaction survey developed by an outside vendor, PCG.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
56	53	91	91	<b>91</b>	91

**FY 2004 Performance:** Target Met

**Performance Measure: *ACS closures – Taxpayer Delinquent Investigations (TDI)***

**Definition:** Number of Closures (entities) produced in the Automated Collection System (minus systemic inventory reductions)

**Source:** Automated Collection System (minus systemic inventory reductions)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
297,791	190,411	197,517	198,155	<b>295,010</b>	246,723

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Field Tax Delinquent Accounts closures***

**Definition:** A count of the number of actual TDA dispositions completed by field Revenue Officers on a monthly basis.

**Source:** A TDA disposition arises on IDRS when the status of an account changes from an open status to a closed status (any) as defined in Section 8 of Document 6209 (ADP/IDRS Information.) The measure is reported as modules.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
757,392	724,430	880,939	892,460	<b>949,521</b>	977,197

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Automated Underreporter (AUR) Cases closed***

**Definition:** Total number of closures of Automated Underreporter Cases

**Source:** Data is acquired through the Automated Underreporter Control System -controls and captures information on AUR cases. Information is loaded onto the WP & C (Work Planning and Control) system and have identified OFP (Organization Function Program) codes.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
2,511,424	2,922,182	2,905,478	3,081,830	<b>3,482,661</b>	3,792,713

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Field collection Customer Satisfaction***

**Definition:** Percentage of satisfaction/ dissatisfaction of customers with the way their cases were handled by the IRS Field Collection program.

**Source:** Customer Satisfaction Transactional Surveys. Survey recipients are asked to rate IRS performance on a seven-point scale, where 1 indicates Very Dissatisfied and 7 indicates Very Satisfied.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
53.0	51.0	60.0	59.2	<b>61.0</b>	60.1

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percentage of individual returns filed electronically***

**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:** Returns filed through the e-file system are assigned unique Document Locator Number (DLNs) to identify them as electronically filed returns. The summary data, including the number of individual returns filed electronically, is contained in Report 1541.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
31	36	40	45	<b>47</b>	49

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Automated Underreporter Customer Satisfaction***

**Definition:** A summary measure of overall customer satisfaction with the taxpayers' Automated Underreporter experience.

**Source:** Data is collected via a paper survey and aggregated by Gallup Organization.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	43	49	<b>55</b>	50

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Correspondence Exam Customer Satisfaction***

**Definition:** Satisfaction reflects the percentage of respondents who were completely satisfied (or checked the top box score). Dissatisfaction reflects the percentage of respondents who were completely dissatisfied (or checked the bottom box score).

**Source:** Derived from the Customer Satisfaction Survey that is voluntarily taken by customers who have contacted the Compliance organization. Customer satisfaction survey developed by an outside vendor, PCG

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
34	33	36	38	<b>40</b>	40

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Examination Quality (SBSE) Field***

**Definition:** The score awarded to reviewed Field Examination cases by a Quality Reviewer using the Examination Quality Measurement System (EQMS) quality standards

**Source:** Examination Quality Measurement System Factors that influence the reliability of the data include the accuracy of individual case reviews, sample size, age of sample being reviewed, and accuracy of case selection. EQMS sites have established a 3-tier validity process to ensure consistency of case reviews.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
70	71	75	78	<b>78</b>	80

**FY 2004 Performance:** Target Met

**Performance Measure: *Customer service representative (CSR) level of service***

**Definition:** The measure is reported as the percentage of taxpayers that are calling our toll-free services and speak to an assistor.

**Source:** Daily site data is transmitted overnight to a database located in New Carrollton, MD. Each site is responsible to monitor data input and make corrections as necessary.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
56.4	68.0	80.0	83.0	<b>87.0</b>	83.0

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Total published guidance items***

**Definition:** Published Guidance consists of the regulations and other guidance issued by IRS and Treasury to interpret and explain the Internal Revenue Code.

**Source:** These items include Actions on Decisions; Notices/Announcements; Published Guidance Proposals and Studies; Technical Advice Memoranda; Regulations; Revenue Procedures; and Revenue Rulings published.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
225	242	332	350	<b>320</b>	360

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** In FY 2004, 320 Published Guidance items were published, as compared to 350 projected or approximately 14% fewer items. Reduced staffing combined with **increased demand in the Audit Advice and Assistance and Advanced Case Resolution programs contributed** to the decrease in this program. In addition, significant program time was consumed by extensive, complex regulation projects of great importance to the Operating Divisions, LMSB in particular. These projects will be published in FY 2005.

**Future Plans:** Counsel will continue to emphasize increased Published Guidance in FY 2005. As in FY 2004, Counsel will continue to work with IRS Operating Divisions and Treasury to identify and address emerging issues through Published Guidance and integrate efforts directed to the Published Guidance program with the IRS Operating Divisions. In July 2004, the Department of Treasury 2004-2005 Priority Guidance Plan was issued, which listed 276 projects. This plan represents a joint agreement among Treasury, IRS and Chief Counsel. The plan will be updated and republished on a quarterly basis. Counsel will continue to assess it to ensure efficiency, productivity and responsiveness to both its clients and taxpayers.

**Performance Measure: *Customer Accuracy - Toll Free Accounts***

**Definition:** Customer Accuracy is defined as a live assistor giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions. This measure applies to all Tax Law and Account transactions.

**Source:** The CQRS monitor codes Field 715 on the Data Collection Instrument (DCI) as calls are reviewed. Data is input to the QRDbv2 for product review and service reporting. The CQRS monitor codes Field 715 on the DCI as calls are reviewed. Data is input to the QRDbv2.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	88	89	<b>89</b>	91

**FY 2004 Performance:** Target Met



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percent Resolved on Time***

**Definition:** Percent of tickets closed within the time targets set forth in the Corporate Problem Management Guidelines and the Master Service Level Agreement

**Source:** INOMS/ITAMS Problem Management Database, Master Service Level Agreement

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	71	65	90	<b>90</b>	90

**FY 2004 Performance:** Target Met

**Performance Measure: *Percent Dollar Value of EITC Claims Paid in Error***

**Definition:** EITC claims paid that are later determined to have been made in error via amended return filing, claim filing or other.

**Source:** Department of the Treasury Report, February 28, 2002 - Compliance Estimates for Earned Income Tax Credit Claimed on 1999 Returns.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	TBD	<b>Not Available</b>	<i>Discontinued</i>

**FY 2004 Performance:** IRS based the current targets on the estimates of the 1999 compliance study with adjustments for changes in the overall population and statutory changes related to EITC. An individual reporting compliance study for Tax Year 2001 is currently underway as part of the National Research Program (NRP). IRS will use the results to refine the estimates for future years. This information should be available by mid-FY 2005. A new performance measure is being developed to replace this measure.

**Performance Measure: *Percent of Eligible Taxpayers who File for EITC***

**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.

**Source:** IRTF - Data captured from IRS processing; TY1 CPS “Census Bureau Survey; 1999 EITC Compliance Study” EITC Audits.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	80	<b>Not Available</b>	80

**FY 2004 Performance:** Data to calculate the actual results is expected to be available after the close of Calendar Year 2004. Will report in the FY 2006 Congressional Justification and the FY 2005 Performance and Accountability Report.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Customer Accuracy - Toll Free Tax Law***

**Definition:** Customer Accuracy is defined as a live assistor giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions. This measure applies to all Tax Law and Account transactions.

**Source:** The CQRS monitor codes Field 715 on the Data Collection Instrument (DCI) as calls are reviewed. Data is input to the QRDbv2 for product review and service reporting. The CQRS monitor codes Field 715 on the DCI as calls are reviewed. Data is input to the QRDbv2.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	82.0	85.0	<b>80.0</b>	87.5

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** Customer Service Representatives (CSRs) were slow to adapt to the 2003 redesign of the response guide and the most common customer accuracy errors relate to use of the guide. By enabling CSRs to respond to a wider range of topics within a category, taxpayers with more than a single question received responses without being transferred to another CSR for assistance. As toll-free telephone site specialization efforts continued, the tax law designated sites were increasingly required to train and certify more of their CSRs to respond to tax law issues.

**Future Plans:** IRS will focus efforts to improve in the following areas: (1) Reformat Probe & Response Guide to enhance usability for assistors; (2) Deliver application-specific training and conduct proficiency certification; (3) Expand the completion of employee performance reviews to the second line managers as a part of the operational review process; (4) Conduct operational performance reviews at each campus and remote site; (5) Continue with front-line and department level ownership of various application topics; (6) Conduct ongoing research and analysis of quality data to identify improvement opportunities and initiatives; and (7) Utilize Contact Recording to enhance the ability of management to gauge and improve individual performance.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Customer Accuracy - Customer Accounts Resolved (Adjustments)***

**Definition:** Customer Accuracy is defined as giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions.

**Source:** PAS analysts code Field 715 on the DCI as cases are reviewed. Data is input to the QRDbv2 for product review and service reporting PAS analysts code Field 715 on the DCI as cases are reviewed. Data is input to the QRDbv2.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	87	89.0	<b>87.0</b>	90.0

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The workload mix in FY 2004 changed to a higher average complexity than in FY 2003 because the Rate Reduction Credit (RRC) cases, which are of lower complexity, were completed in FY 2003 and thus not present. The IRS was not able to overcome a slow start at the beginning of FY 2004 because of the increased complexity of the cases received, resulting in performance slightly below the target.

**Future Plans:** IRS has engaged the sites in an ongoing dialog regarding accuracy trends and improvement actions. The following are initiatives to improve quality and timeliness in the Customer Account Correspondence product line: (1) Standardize managerial employee performance review requirements; (2) Provide uniform and consistent program guidance in the form of a Program Letter; (3) Conduct operational performance reviews at each campus and remote site; (4) Establish best practices and standardize the Service-wide Electronic Research Program; and (5) Conduct ongoing research and analysis of Embedded Quality data to identify improvement opportunities and initiatives.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Field Assistance Accuracy of Tax Law Contacts***

**Definition:** Tax Law Accuracy is the quality of service provided to Taxpayer Assistance Center (TAC) customers. This is a measure of the accuracy of responses concerning issues involving tax law.

**Source:** TIGTA Auditors will make unannounced visits to selected TACs. The Auditors will anonymously review TAC sites and use tax law scenarios to evaluate answers for accuracy. TIGTA will provide IRS a briefing paper summarizing results. This paper will be the source of accuracy score.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	79	75	80	<b>75</b>	80

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** During Fiscal Year 2004, TIGTA made anonymous visits to several TACs asking tax law questions to determine the accuracy of responses. Topics emphasized were retirement, filing status, child support, dependents and Social Security. The goal was not achieved because employees reviewed did not routinely ask all the necessary probes when responding to a tax law inquiry. As a result, incorrect responses were given to a number of questions. Using TIGTA's findings, employees in areas visited by reviewers concentrated their efforts on directed learning of specified topics and the importance of asking all probes. These corrective actions resulted in improved performance throughout the year. In April 2004, subsequent to the filing season, IRS implemented Embedded Quality (EQ) to measure Tax Law Accuracy.

**Future Plans:** In FY 2005, Field Assistance will change the method used to report the Accuracy of Tax Law Contacts. Group managers will use a uniform data collection instrument to conduct objective, consistent reviews of their employees' performance to assess quality and accuracy of customer contacts. Data analysis will also be used to identify training needs and areas for improvement, which will lead to increased efficiency and quality. Although the review process will change, initiatives to improve responses to tax law questions, such as mandatory use of the Publication Method Guide, will continue as planned.

**Performance Measure: *Percent Resolution at First Contact***

**Definition:** The percentage of tickets that can be resolved by the technician making first contact that are in fact resolved by the first contact technician.

**Source:** INOMS/ITAMS Program Management Database

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	47	70	70	<b>72</b>	70

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Timeliness of Tax Products to the Public***

**Definition:** Measures the percentage of tax products (forms, schedules, instructions and publications) that meet the scheduled start to ship date in order to be available to the public timely.

**Source:** Publishing Services Data (PSD) System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	75	<b>76</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Field assistance customer satisfaction***

**Definition:** Taxpayer's overall satisfaction with the services provided by Field Assistance personnel as determined by the customer satisfaction survey.

**Source:** PCG collects and consolidates the responses and provides a monthly report to each Taxpayer Assistance Center.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
90	86	87	89	<b>89</b>	90

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

**Performance Measure: *Toll-free customer satisfaction***

**Definition:** The percentage of customers who were satisfied with the way their cases were handled by the Toll Free Telephone Program.

**Source:** A representative sample of customers calling the IRS Toll-Free telephone numbers are surveyed by an independent contractor.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
59	56	95	93	<b>94</b>	94

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Alcohol and Tobacco Tax and Trade Bureau (TTB)**

**Performance Measure:** *Taxes collected from the alcohol and tobacco industries and FAET taxpayers (in billions)*

**Definition:** Includes revenue collected through alcohol, tobacco, firearms and ammunition excise taxes, and special occupational taxes.

**Source:** The Revenue Accounting Unit performs daily reconciliations by comparing subsidiary ledgers from FET and SOT to the revenue accounting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	14.7	14.6	<b>14.7</b>	14.6

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percentage of tax-related transactions (applications, reports, returns) received electronically (in %)*

**Definition:** Represents the percent of tax-related documents received electronically from alcohol and tobacco customers, as well as the firearms excise taxpayers, who use electronic filing instead of paper filing.

**Source:** Burden will be lower because the cost of processing electronically is vastly lower than paper filing.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	0.1	0.2	<b>0.7</b>	10.0

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Percentage of Voluntary Compliance in filing tax payments timely and accurately*

**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).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	82.0	<b>81.2</b>	92.0

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The performance measure was set at an approximate target level, and the deviation from the level is slight. There was no effect on program performance.

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**Performance Measure: *Percentage of total tax receipts collected electronically***

**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. 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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	98.0	<b>97.3</b>	98.0

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The performance measure was set at an approximate target level, and the deviation from the level is slight. There was not an effect on overall program or activity performance.

**Performance Measure: *Annual compliance rate***

**Definition:** Portion of the taxpayers that have been audited that have no findings indicating adverse financial conditions, significant decline/change in the industry, weak internal controls and/or unfavorable business practices.

**Source:** Based on audit reports/findings issued for large taxpayers audited.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>91%</b>	TBD

**FY 2004 Performance:** Baseline established

**Performance Measure: *Ratio of taxes collected vs. resources expended***

**Definition:** Represents the amount of taxes collected, divided by the amount of resources expended to collect such taxes.

**Source:** Both of these components represent information that is subject to annual audits and routine reconciliation

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	242:1	257:1	<b>368:1</b>	250:1

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**F4B: Manage Federal Debt Effectively and Efficiently**

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

**Performance Measure:** *Percent of auction results released in two minutes + or - 30 seconds*

**Definition:** Treasury securities are broadly distributed to all financial markets throughout the world. To maintain an efficient market for Treasury securities and to minimize uncertainty in these markets, it is crucial that our securities auctions be completed and the results announced as quickly as possible.

**Source:** Both the auction close time and posting times are validated against the US Naval Observatory Master Clock.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	95.00	<b>99.53</b>	95.00

**FY 2004 Performance:** Target Met/Exceeded

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

**Definition:** More than \$3 trillion of the public debt outstanding is maintained in accounts on the Commercial Book-Entry system. The operations and computer systems that comprise the commercial book-entry system annually make interest and redemption payments totaling approximately \$2.3 trillion.

**Source:** Summary public debt accounting system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percentage of Federal Investment Program transactions completed timely and accurately*

**Definition:** Federal program agencies contact us daily to request investments and redemptions for the more than 200 trust and deposit funds that participate in the Federal Investment Program.

**Source:** Production reports are run from our investment accounting system. Receive online transaction requests as well as fax transmissions from agencies.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded



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**Performance Measure: *Percentage of customers rating their overall satisfaction as good or excellent***

**Definition:** Customer satisfaction is determined by customers rating Public Debt's online services. These services include activities such as purchasing marketable and savings securities, reviewing account information, and calculating the value of savings bonds.

**Source:** Customers rate the various services by completing online surveys on our TreasuryDirect website.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	90.00	<b>93.54</b>	90.00

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percentage of TreasuryDirect interest and redemption payments made timely and accurately***

**Definition:** Our customers invest in Treasury securities with the expectation that the U. S. Government will make payments when due. Timely payments bolster investor confidence and ensure that Treasury securities remain an attractive investment option.

**Source:** An internal tracking system. Virtually all of our payments are calculated automatically by our automated systems.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	100	<b>100</b>	

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percentage of employees rating their job satisfaction level as "satisfied" or better***

**Definition:** 30-question survey, using an OPM survey as a model, is administered to Public Debt employees electronically via the Internet.

**Source:** Contractor's commercial off-the-shelf software package administered electronically via the Internet

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	70	<b>74.8</b>	70

**FY 2004 Performance:** Target Met/Exceeded

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**Performance Measure:** *Percentage of retail customer service transactions completed within thirteen business days*

**Definition:** Savings bonds have been sold for more than 60 years. Our customer service goal is to provide timely customer service by completing 90% of customer transactions within 13 business days. These transactions include providing requested forms, information, and assistance; processing account changes; and reissuing savings bonds to reflect new ownership or to replace bonds that have been lost or stolen.

**Source:** For the convenience of our customers, we complete transactions by mail, telephone, fax, and/or email. Each Division in Public Debt's Office of Investor Services has a workload or casefile-tracking system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	90.0	<b>92.5</b>	90.0

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percentage of over-the-counter savings bonds issued within three weeks*

**Definition:** Our customers can purchase savings bonds directly from more than 40,000 financial institution locations throughout the United States. Our goal is to mail 99.95% of these over-the-counter bonds to customers within three weeks of purchase.

**Source:** Five Federal Reserve Banks process purchase orders for savings bonds. They use automated systems to measure the time it takes to complete purchase transactions. These systems count the number of days between the date a customer submits a purchase order and the date the bond is printed and mailed.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
99.97	99.95	99.996	99.95	<b>100</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**F4C: Make Collections and Payments on Time and Accurately,  
Optimizing Use of Electronic Mechanisms**

***Financial Management Service (FMS)***

**Performance Measure:** *Percentage of paper check and Electronic Funds Transfer (EFT) payments made on time*

**Definition:** This measure rates the effectiveness of the payments issuance process. "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 will result in timely receipt by the payees.

**Source:** Data on check and EFT volumes are received monthly from the Production Reporting System (PRS) via a report submitted to FMS Headquarters by FMS' Regional Financial Centers.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	99.9999	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percentage collected electronically of total dollar amount of Federal government receipts*

**Definition:** This measure represents the percentage of total dollar amount of Government receipts collected by the electronic mechanisms compared to total amount of Government collections.

**Source:** The system receives deposit and accounting information from local depositories and provides detailed accounting information to STAR, FMS' central accounting and reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
75.3	79.0	80.0	81.0	<b>81.0</b>	82.0

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

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**Performance Measure:** *The dollar amount of collections handled through Pay.gov, a government-wide transaction portal (in billions of dollars)*

**Definition:** This measure reflects the dollar amount of these ACH debit transactions settled by financial institutions through Pay.gov.

**Source:** Pay.gov is an Internet portal which will offer an electronic alternative to paper check payments to lockboxes by offering Automated Clearing House (ACH) debit authorization over the Internet, thereby increasing Electronic Funds Transfer (EFT) options to remitters.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	2.00	3.77	10.00	<b>4.04</b>	12.00

**FY 2004 Performance:** Target Not Met; Performance Exceeds Prior Year

**Explanation of Challenge:** During FY 2003, FMS switched the primary software developer for Pay.gov because best practices were not exercised, commercially available product features were not utilized and there were scalability and maintenance issues. This switch led to some scheduling impacts and subsequently affected collections. Major portions of the system had to be re-developed by a new contractor. This prevented many revenue collection programs across the government from using the system until the last quarter of the fiscal year.

**Performance Measure:** *Percentage increase in dollar value loaded onto stored value cards*

**Definition:** Amount of funds loaded onto stored value cards in comparison to the funds loaded in FY 2002.

**Source:** The stored value card program is an electronic payment system that offers an alternative to cash, checks, money orders and vouchers by loading funds onto smart cards for the purchase of goods and services at participating merchant locations.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	15	<b>31</b>	34

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percentage of check forgery and non-receipt claims adjudicated within 14 days*

**Definition:** This measure assesses the efficiency of claims processing. Adjudication is a segment of the entire process. The measure records the time it takes a claims analyst to make a determination to settle, deny or to defer a final disposition of the claim pending the receipt of additional information and/or investigative reports.

**Source:** The data projection is based on actual performance in previous years. Actual performance is based on data extracted from the Check Payment & Reconciliation (CP&R) data base file.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
96.5	98.0	98.0	94.0	<b>99.9</b>	<i>Discontinued</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

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**Performance Measure: *Percentage of payments customers indicating an overall rating of satisfied or better***

**Definition:** This measure directly assesses satisfaction of payments customers (i.e., Federal program agencies) with both checks and electronic payments.

**Source:** It is based on a survey sent to FMS' disbursing customers. It includes measures of levels of service for core businesses: electronic payments, check payments, electronic funds transfer non-receipts, electronic certification system, and overall customer service.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	99	99	99	<b>98</b>	99

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** In an effort to obtain more meaningful data and identify areas for improvement, FMS added a question to its customer satisfaction survey regarding payment process improvements. Six out of 102 respondents would like to see a faster roll-out of some improvements, which FMS has and continues to focus on. Had this question not been added, FMS would have met this target.

**Performance Measure: *Number of electronic payments (thousands)***

**Definition:** This is an input measure of the number of electronic payments FMS makes at the request of the program agencies.

**Source:** FMS Production Reporting System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
677,413	665,905	684,832	696,000	<b>705,966</b>	725,040

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Number of check payments (thousands)***

**Definition:** This is an input measure of the number of check payments FMS makes at the request of the program agencies.

**Source:** FMS Production Reporting System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
269,335	252,849	244,568	238,000	<b>234,967</b>	228,960

**FY 2004 Performance:** Target Met/Exceeded

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**Performance Measure: *Number of check claims submitted (thousands)***

**Definition:** This is an input measure of the number of inquiries made against Federal check payments, whether disbursed by FMS or by other agencies. FMS handles all Federal government check claims.

**Source:** N/A

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1,490	1,736	1,494	1,350	<b>1,438</b>	1,300

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Unit Cost for Federal Government payments (in dollars)***

**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

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	0.34	<b>0.34</b>	0.34

**FY 2004 Performance:** Target Met

**Performance Measure: *Percentage reduction in rate of increase in transaction costs to collect Federal government receipts through the Electronic Federal Tax Payment System***

**Definition:** Reflects FMS' progress and results in ensuring the Government's cost in operating its collection systems are minimized.

**Source:** Federal government receipts through the Electronic Federal Tax Payment System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	70	<b>100</b>	65

**FY 2004 Performance:** Target Met/Exceeded

**Future Plans:** FMS far exceeded this metric for the reduction in the rate of increase in transaction costs. By renegotiating all EFTPS prices, transaction costs did not increase but rather decreased, yielding a 100% reduction in the rate of increase of transaction costs (surpassing the 70% target). Since the new EFTPS pricing structure is based largely on fixed and not variable costs, this metric will be replaced in future years with a new measure for the efficiency of Government collections.

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**Performance Measure:** *Percentage of paper check and Electronic Funds Transfer (EFT) payments made accurately*

**Definition:** The measure is the percentage of check and EFT payments that FMS makes which are not duplicate or double payments.

**Source:** The RFCs submit statistics on duplicate payments and will submit the data for the performance measures. The payments issued through FMS' RFCs are balanced with payment certifications that are certified and submitted to FMS by the Federal program agencies (FPAs).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	99.9998	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percentage of Treasury payments and associated information made electronically*

**Definition:** This measure shows the portion of the total volume of payments which are made electronically by FMS. Electronic payments include transfers made through the automated clearinghouse and wire transfer payments made through the FEDWIRE system.

**Source:** The amount and number of payments issued by RFCs are also maintained under accounting control.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
72	73	74	75	<b>75</b>	76

**FY 2004 Performance:** Target Met; Performance Exceeds Prior Year

**F4D: Optimize Cash Management and Effectively Administer the Government's Financial Systems**

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

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

**Definition:** The responsibility to account for and report on Treasury financing through the Schedule of Federal Debt and Loans Receivable financial statements is a fundamental Public Debt mission. The summary level accounting system and various subsidiary securities systems process billions of dollars in transactions daily.

**Source:** Summary level accounting system and various subsidiary securities systems

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Meet	<b>Met</b>	<i>Met</i>

**FY 2004 Performance:** Target Met/Exceeded

**Departmental Offices (DO)**

**Performance Measure:** *Cost per dollar of debt issued (Net interest cost) [in millions]*

**Definition:** The net interest cost issued includes net interest paid on the debt.

**Source:** Data is from the OMB review for marketable debt issuance/net interest cost and Treasury's financial data for operational cost.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
206,000	171,000	153,000	165,000	<b>116,157</b>	<i>185,000</i>

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Audit opinion received on government-wide financial statements*

**Definition:** This is the independent audit opinion rendered on the financial statements by GAO.

**Source:** GAO is the statutorily prescribed auditor.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met



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**Performance Measure: *Operational cost of debt issued (in millions)***

**Definition:** The operational cost are DO operating costs (e.g., salaries, benefits, travel, communications, other services, supplies and equipment).

**Source:** Data is from the OMB review for marketable debt issuance/net interest cost and Treasury's financial data for operational cost

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	1.664	1.742	<b>1.150</b>	1.805

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Variance between estimated and actual receipts (annual forecast)***

**Definition:** Percentage error measures the accuracy of the Mark receipts forecasts produced monthly by the Office of Cash and Debt Management (OCDM). It measures the relative amount of error or bias in OCDM's receipts forecasts.

**Source:** OCDM 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). OCDM 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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	5.0	<b>3.3</b>	4.5

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Release Federal Government-wide financial statements on time***

**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

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	Met	Met	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met

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**Performance Measure: *Marketable debt issuance [in millions]***

**Definition:** Marketable debt issuance is outstanding debt, marketable only.

**Source:** Data is from the OMB review for marketable debt issuance/net interest cost and Treasury's financial data for operational cost

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
2,473,000	3,691,000	4,121,000	4,500,000	<b>3,337,711</b>	4,500,000

**FY 2004 Performance:** Target Not Met

**Financial Management Service (FMS)**

**Performance Measure: *Percentage of Government-wide accounting reports issued accurately***

**Definition:** All Government-wide 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 Statement of Receipts, Outlays, and Balances of the U.S. Government) will be 100% accurate.

**Source:** A monthly tracking system reports on the various published statements and monitors errata as it pertains to this data.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	98	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Percentage of Government-wide accounting reports issued timely***

**Definition:** All Government-wide 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 government-wide statements.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded

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**Performance Measure:** *Percentage of reporting locations with reconciliation differences, for deposits and payments, less than three months old*

**Definition:** Measures the extent to which reports on deposits and payments from reporting sources in Federal agencies (ALCs) differ from FMS' data.

**Source:** The ALC identifies an agency, bureau or other reporting source.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	96.00	95.00	<b>92.00</b>	95.00

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** FMS has consistently tightened this measure to improve the quality of financial information. It was six months in FY 2002, reduced to four months in FY 2003 and again to three months in FY 2004. However, the 95% target remained the same. Had FMS not revised this score for FY 2004, it would have been met. In order to achieve this goal in the future, FMS developed a Quarterly Scorecard showing the results of Federal Program Agency's (FPA) financial reporting performance to measure compliance with FMS reporting requirements in an effort to facilitate meeting the performance goal. The first Quarterly Scorecards were issued to FPA Chief Financial Officers for third quarter activity. Responses to the scorecard thus far indicate significant progress will be achieved in meeting the performance goal. In addition, many deposit differences are caused by bank errors.

**Future Plans:** Since agencies expressed this concern, FMS is working with the Federal Agencies and the banking community to assist them in making improvements and reconciling their accounts in a timely fashion.

**Performance Measure:** *Receipt of unqualified audit opinion on FMS' Schedule of Non-entity Assets, Non-entity Costs, and Non-entity Custodial Revenues, and Schedule of Non-entity Government-wide Cash*

**Definition:** FMS receives an unqualified opinion when the Schedule of Non-entity Assets, Non-entity Costs, and Non-entity Custodial Revenues and the Schedule of Non-entity Cash present fairly, in all material respects, the activity of the Treasury Managed Accounts that make up the schedules.

**Source:** The management of the Treasury accounts that make up the schedule is critical to obtaining a clean/unqualified audit opinion on the Department-wide financial statements as well as the Financial Report of the U.S. Government. For this reason, FMS established a performance measure for the audit opinion on FMS' financial audit.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**MANAGEMENT ENABLING GOAL**

**M5: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury**

**M5A: Protect the Integrity of the Department of the Treasury**

*Office of Inspector General (OIG)*

**Performance Measure:** *Percent of audits and evaluations sampled that meet applicable standards*

**Definition:** The Inspector General Act requires that audits be conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

**Source:** Manual verification of the submitted numbers.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure:** *Completed audits and evaluations*

**Definition:** Audits and evaluations are a key element in fulfilling the Federal government's duty to be accountable to the public.

**Source:** Audits and evaluations completed during the year

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
97	130	116	48	<b>49</b>	53

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percent of audits required by statute completed by the required date*

**Definition:** Legislation mandates certain audit work and generally prescribes, or authorizes OMB to prescribe, the required completion date for recurring audits. For other types of mandated audits, legislation generally prescribes a timeframe for issuing a report following the date of the event that triggered the audit.

**Source:** Official audit files

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	92	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

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**Performance Measure: *Percent of investigations sampled that meet PCIE standards***

**Definition:** The President's Council on Integrity and Efficiency issued qualitative standards regarding the planning, execution, and reporting of investigations, as well as the information management system for investigations.

**Source:** Investigations Data Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure: *Investigations referred for prosecution within one year of initiation***

**Definition:** Criminal and civil investigations referred to the Justice Department for prosecution

**Source:** OIG calculates the figure for a fiscal year by dividing the criminal and civil investigations referred to the Justice Department for prosecution within one year of case initiation by the total number of investigations referred to the Justice Department.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
7	5	9	5	<b>13</b>	7

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Routine misconduct investigations referred to management for administrative adjudication within 4 months of initiation***

**Definition:** In cases where investigations uncover misconduct that does not rise to the level of criminal or civil prosecution, the case should be reported to the bureau or office for administrative action.

**Source:** Investigations Data Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
9	10	15	10	<b>10</b>	15

**FY 2004 Performance:** Target Met

**Treasury Inspector General for Tax Administration (TIGTA)**

**Performance Measure:** *Increase in potential financial accomplishments that result from audit activities*

**Definition:** Total potential government revenue from either increased tax, interest and penalties from taxpayers, or denied refunds, identified in final audit reports issued during a fiscal year. This includes assessment or collection of additional taxes (increased revenue), or prior denial or claims for refund, including recommendations that prevent erroneous refunds or efforts to defraud the tax system (revenue protection). Potential monetary benefits are the total questioned costs and funds that could be put to better use identified in audit reports issued in a fiscal year.

**Source:** Data is input into a centralized database and verified against draft and final report documents. Data on questioned costs and funds put to better use resulting from each audit is tracked manually. This data is input into a centralized database and verified against draft and final report documents.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>32 million</b>	<i>TBD</i>

**FY 2004 Performance:** Baseline established

**Performance Measure:** *Increase in the total taxpayer accounts potentially impacted as a result of audit activities (in millions)*

**Definition:** Total number of taxpaying entities for whom rights and entitlements are protected, taxpayer burden is reduced or privacy and security over sensitive taxpayer data is improved because of audit recommendations made in audit reports issued during a fiscal year.

**Source:** This data is input into a centralized database and verified against draft and final report documents. In addition, IRS management is given the opportunity to review the data and the methodology used to calculate the data at the draft report stage.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
14.5	7.5	47.0	13.4	<b>49.7</b>	<i>13.4</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Number of final audit reports issued*

**Definition:** The total number of audit reports issued in a particular fiscal year. These reports include those resulting from audits conducted by the TIGTA Office of Audit as well as audit reports prepared by the Defense Contract Audit Agency on behalf of TIGTA.

**Source:** Inspector General (for Tax Administration) Automated Management Information System (IGAMIS)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	128	<b>139</b>	<i>128</i>

**FY 2004 Performance:** Target Met/Exceeded

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Average staff days to issue final audit report***

**Definition:** The total number of direct hours divided by eight charged by the assigned team to an individual audit. A direct hour reflects time spent by a member of the assigned audit team toward planning, conducting, and reporting on the results for a specific audit.

**Source:** Inspector General (for Tax Administration) Automated Management Information System (IGAMIS)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	350	<b>319</b>	350

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Average calendar days to issue final report***

**Definition:** The total number of days elapsed from the start of an audit to the final report issuance date.

**Source:** Inspector General (for Tax Administration) Automated Management Information System (IGAMIS)

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	300	<b>338</b>	300

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Office of Audit's (OA) goal for average calendar days per audit is just one process measure used to help ensure OA meets its goal for the number of final audit reports issued, in fitting with GPRA's "basket of measures" concept. While OA exceeded its goal for the number of final audit reports and bettered its other process goal (average staff days per audit), it did not meet its goal for average calendar days. Perhaps the most significant reason for this was the number of highly complex audits OA undertook this year, addressing some areas of IRS that had not been audited in recent years (or perhaps at all) and other areas that were extremely complicated. In both cases, additional time was required to perform the audit work.

**Performance Measure:** *Increase in financial accomplishments that result from audit and investigative activities*

Each of the following (A – C) makes up the total performance measure:

**A. Total potential increased revenue or revenue protected as a result of audit recommendations during the fiscal year.**

**Definition:** Total potential government revenue from either increased tax, interest and penalties from taxpayers, or denied refunds, identified in final audit reports issued during a fiscal year. This includes assessment or collection of additional taxes (increased revenue), or prior denial or claims for refund, including recommendations that prevent erroneous refunds or efforts to defraud the tax system (revenue protection).

**Source:** Data is input into a centralized database and verified against draft and final report documents.

**B. Potential monetary benefits from audit recommendations made during the fiscal year.**

**Definition:** Potential monetary benefits are the total questioned costs and funds that could be put to better use identified in audit reports issued in a fiscal year. The term “questioned cost” means a cost that is questioned because of: (1) an alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation (“unsupported cost”); or (3) a finding that expenditure of funds for the intended purpose is unnecessary or unreasonable. Questioned costs also include “disallowed costs,” which means a cost that management has sustained or agreed should not be charged to the government. The term “funds put to better use” means funds that could be used more efficiently and effectively if management took actions to implement and complete an audit recommendation(s).

**Source:** Data on *questioned costs* and *funds put to better use* resulting from each audit is tracked manually. This data is input into a centralized database and verified against draft and final report documents.

**C. Protection of dollars and financial recoveries.**

**Definition:** Total protection of dollars and financial recoveries associated with closed investigations during a fiscal year includes tax assessments potentially compromised by a bribe, threat or embezzlements, value of government property recovered, resources protected against malicious loss, dollar value of court ordered criminal and civil penalties, restitution and seizures, forfeitures, and recoveries.

**Source:** Data on the protection of dollars and financial recoveries is extracted from the Performance and Results Information System (PARIS).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	\$1.18 billion	<b>\$5.7 billion</b>	<i>\$1.18 billion</i>

**FY 2004 Performance:** Target Met



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percentage increase in positive results from investigative activities***

**Definition:** The percentage increase is computed by dividing the total number of Criminal, Civil and Administrative Actions with a result, by the total investigative cases closed during the fiscal year.

**Source:** The total number of investigative cases closed along with the total number of completed Criminal, Civil and Administrative Actions is extracted from PARIS.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Baseline	<b>64</b>	67

**FY 2004 Performance:** Baseline established

**Performance Measure: *Percentage of IRS employees working during the fiscal year who attended a TIGTA integrity briefing***

**Definition:** The purpose of the integrity briefings is to educate employees on the expected professional conduct as they execute their responsibilities, to include recognizing and reporting bribe overtures. Integrity briefings have a potential deterrent effect and could dissuade employees from taking inappropriate advantage of their positions.

**Source:** Data for this measure is extracted from the Investigations Management Information System (IMIS).

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
43	39	36	33	<b>43</b>	33

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**M5B: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service**

**Treasury Franchise Fund (Franchise Fund) – All Lines of Business**

**Performance Measure:** *Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year*

**Definition:** "Break-Even Analysis" reflects whether revenues exceed or are equal to expenses

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percentage change in total number of customers serviced from prior year*

**Definition:** Each franchise location defines a customer according to its type of business (e.g. One organization may deal with customers at the division level while others may deal with customers at the bureau level).

**Source:** Customers are captured in an Access or Oracle database. Each organization is required to be consistent in its approach to customer count/measurement.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
14	18	12	10	<b>21</b>	<i>10</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Current ratio*

**Definition:** The ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.3	1.4	1.3	1.2	<b>1.4</b>	<i>1.2</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Customer satisfaction approval rating***

**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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
92	93	83	80	<b>85</b>	80

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *100% voluntary program participation***

**Definition:** Indicates whether customers are free to choose services from the Franchise Fund or select another service provider.

**Source:** Each reimbursable agreement has an escape clause included as a required provision.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure: *Cost of goods sold as a percentage of revenue***

**Definition:** Defined as the costs actually incurred in producing the product or service (e.g. vendor costs). It is the direct cost of production or service.

**Source:** The data is captured in Oracle Financials system and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Operating expenses as a percentage of revenue***

**Definition:** Defined as those expenses associated with running the business but are not directly related expenses to the line of goods or services being sold.

**Source:** The data is captured in an Oracle Financials system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein***

**Definition:** Identification of deficiencies are based on evidentiary findings based on sources of information provided in Circular A-123 in part include: Management knowledge gained from the daily operation of agency programs and systems; management reviews; IG and GAO reports, including audits; program evaluations; audits of financial statements conducted pursuant to the Chief Financial Officers Act; annual risk assessments and review of financial systems.

**Source:** The data is captured in an Access database for some operational data and in the Oracle Financial system at BPD (ARC) in Parkersburg, WV, or other auditable system. Management routinely pulls data for review from the Oracle Discover Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Not Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Franchise Fund had a management letter comment concerning the strength of internal controls over the accounts receivable billing and collection processes. Management of the Franchise Fund acknowledges the strength of internal controls over the accounts receivable billing and collection processes should be improved and will be implementing standardized policies and procedures for the Franchise Fund to correct this deficiency.

**Performance Measure: *Unqualified Annual Financial Statement Audit Opinion from independent external auditors***

**Definition:** Indicates an external review/opinion on the reasonable assurance about whether the financial statements are free of material misstatement.

**Source:** The review includes examining on a test basis: (a) evidence supporting the amounts and disclosures in the financial statements; (b) assessment of the accounting principles used and significant estimates made by management; and (c) evaluation of the overall financial statement.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percent change in total sales from prior year*

**Definition:** Indicates percentage growth/decline over prior year

**Source:** This data comes from the Oracle Financial system or other auditable source.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
36	41	34	10	<b>35</b>	10

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The performance target was set at an approximate target level, and the deviation from the target is slight. There was no effect on overall program or activity performance.

**Treasury Franchise Fund – Financial Systems, Consulting, and Training**

**Performance Measure:** *Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year*

**Definition:** The "Break-Even Analysis" - reflects whether revenues exceed or are equal to expenses.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Cost of goods sold as percentage of revenue*

**Definition:** The costs actually incurred in producing the product or service (e.g. vendor costs). It is the direct cost of production or service.

**Source:** The consolidated Franchise Fund will either maintain or decrease the cost of goods sold as a percentage of revenue year to year. The data is captured in Oracle Financials system and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Met	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Current ratio***

**Definition:** The ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle’s Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
2.9	2.0	3.7	1.2	<b>3.9</b>	1.2

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Unqualified Annual Financial Statement Audit Opinion from independent external auditors***

**Definition:** Indicates an external review/opinion on the reasonable assurance about whether the financial statements are free of material misstatement.

**Source:** The review includes examining on a test basis: (a) evidence supporting the amounts and disclosures in the financial statements; (b) assessment of the accounting principles used and significant estimates made by management; and (c) evaluation of the overall financial statement.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *Percent change in total sales from prior year***

**Definition:** Indicates percentage growth/decline over prior year

**Source:** This data comes from the Oracle Financial system or other auditable source.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
60	-15	1	10	<b>7</b>	10

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Customer Satisfaction Approval Rating***

**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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
93	93	87	80	<b>85</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Percent change in customers serviced from prior year***

**Definition:** Each franchise location defines a customer according to its type of business (e.g., One organization may deal with customers at the division level while others may deal with customers at the bureau level).

**Source:** Each organization is required to be consistent in its approach to customer count/measurement. Customers are captured in an Access or Oracle database.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
37	11	2	10	<b>19</b>	10

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Operating expenses as a percentage of revenue***

**Definition:** Defined as those expenses associated with running the business but are not directly related expenses to the line of goods or services being sold.

**Source:** The data is captured in an Oracle Financials system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: 100% Voluntary Program Participation**

**Definition:** Indicates whether customers are free to choose services from the Franchise Fund or select another service provider.

**Source:** Each reimbursable agreement has an escape clause included as a required provision.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure: No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein**

**Definition:** Identification of deficiencies are based on evidentiary findings based on sources of information provided in Circular A-123 in part include: Management knowledge gained from the daily operation of agency programs and systems; management reviews; IG and GAO reports, including audits; program evaluations; audits of financial statements conducted pursuant to the Chief Financial Officers Act; annual risk assessments and review of financial systems.

**Source:** The data is captured in an Access database for some operational data and in the Oracle Financial system at BPD (ARC) in Parkersburg, WV, or other auditable system. Management routinely pulls data for review from the Oracle Discover Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Not Met</b>	Meet

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Franchise Fund had a management letter comment concerning the strength of internal controls over the accounts receivable billing and collection processes. Management of the Franchise Fund acknowledges the strength of internal controls over the accounts receivable billing and collection processes should be improved and will be implementing standardized policies and procedures for the Franchise Fund to correct this deficiency.

**Treasury Franchise Fund – Financial Management Administrative Support**

**Performance Measure: Cost of goods sold as a percentage of revenue**

**Definition:** Defined as the costs actually incurred in producing the product or service (e.g. vendor costs). It is the direct cost of production or service.

**Source:** The data is captured in Oracle Financials system and reported through Oracle’s Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Current ratio***

**Definition:** The ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.2	1.5	1.2	1.2	<b>1.5</b>	1.2

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Customer Satisfaction approval rating***

**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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
90	90	94	80	<b>85</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year***

**Definition:** The "Break-Even Analysis" - reflects whether revenues exceed or are equal to expenses.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Unqualified Annual Financial Statement Audit Opinion from independent external auditors***

**Definition:** Indicates an external review/opinion on the reasonable assurance about whether the financial statements are free of material misstatement.

**Source:** The review includes examining on a test basis: (a) evidence supporting the amounts and disclosures in the financial statements; (b) assessment of the accounting principles used and significant estimates made by management; and (c) evaluation of the overall financial statement.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *Percent change in total sales from prior year***

**Definition:** Indicates percentage growth/decline over prior year.

**Source:** This data comes from the Oracle Financial system or other auditable source.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
22	15	29	10	<b>29</b>	<i>10</i>

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *100% Voluntary Program Participation***

**Definition:** Indicates whether customers are free to choose services from the Franchise Fund or select another service provider.

**Source:** Each reimbursable agreement has an escape clause included as a required provision.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	<i>100</i>

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Percent change in customers serviced from prior year***

**Definition:** Each franchise location defines a customer according to its type of business (e.g., One organization may deal with customers at the division level while others may deal with customers at the bureau level). However, each organization is required to be consistent in its approach to customer count/measurement.

**Source:** Customers are captured in an Access or Oracle database.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
50	21	13	10	7	10

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The combined total sales for these businesses in FY2004 increased by 7%. This challenge is primarily due to TAS discontinuing a business line in FY2004 that existed in FY2003 (Financial Management Consulting).

**Performance Measure: *Operating expenses as a percentage of revenue***

**Definition:** The consolidated Franchise Fund will either maintain or decrease operating expenses as a percentage of revenue year to year. Operating expenses are defined as those expenses associated with running the business but are not directly related expenses to the line of goods or services being sold.

**Source:** The data is captured in an Oracle Financials system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Meet	<b>Met</b>	<i>Met</i>

**FY 2004 Performance:** Target Met

**Performance Measure:** *No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein*

**Definition:** Management controls, per OMB Circular A-123, are the organization, policies, and procedures used by agencies to assure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud and mismanagement; (iv) laws and regulations are followed; (v) reliable and timely information is obtained, maintained, reported and used for decision making. Identification of deficiencies are based on evidentiary findings based on sources of information provided in Circular A-123 in part include: Management knowledge gained from the daily operation of agency programs and systems; management reviews; IG and GAO reports, including audits; program evaluations; audits of financial statements conducted pursuant to the Chief Financial Officers Act; annual risk assessments and review of financial systems.

**Source:** The data is captured in an Access database for some operational data and in the Oracle Financial system at BPD (ARC) in Parkersburg, WV, or other auditable system. Management routinely pulls data for review from the Oracle Discover Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Not Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Franchise Fund had a management letter comment concerning the strength of internal controls over the accounts receivable billing and collection processes. Management of the Franchise Fund acknowledges the strength of internal controls over the accounts receivable billing and collection processes should be improved and will be implementing standardized policies and procedures for the Franchise Fund to correct this deficiency.

**Treasury Franchise Fund – Consolidated/Integrated Administrative Management**

**Performance Measure:** *Cost of goods sold as a percentage of revenue*

**Definition:** The consolidated Franchise Fund will either maintain or decrease the cost of goods sold as a percentage of revenue year to year. Cost of Goods Sold is defined as the costs actually incurred in producing the product or service (e.g., vendor costs). It is the direct cost of production or service.

**Source:** The data is captured in Oracle Financials system and reported through Oracle’s Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Current ratio***

**Definition:** The ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
1.2	1.5	1.2	1.2	<b>1.3</b>	1.2

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Customer Satisfaction approval rating***

**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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
90	90	94	80	<b>87</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure: *Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year***

**Definition:** The "Break-Even Analysis" - reflects whether revenues exceed or are equal to expenses.

**Source:** The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	Meet

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Unqualified Annual Financial Statement Audit Opinion from independent external auditors***

**Definition:** Indicates an external review/opinion on the reasonable assurance about whether the financial statements are free of material misstatement.

**Source:** The review includes examining on a test basis: (a) evidence supporting the amounts and disclosures in the financial statements; (b) assessment of the accounting principles used and significant estimates made by management; and (c) evaluation of the overall financial statement.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure: *Percent change in total sales from prior year***

**Definition:** Indicates percentage growth/decline over prior year.

**Source:** This data comes from the Oracle Financial system or other auditable source.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
22	15	29	10	<b>37</b>	<i>10</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *100% Voluntary Program Participation***

**Definition:** Indicates whether customers are free to choose services from the Franchise Fund or select another service provider.

**Source:** Each reimbursable agreement has an escape clause included as a required provision.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
100	100	100	100	<b>100</b>	<i>100</i>

**FY 2004 Performance:** Target Met

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**Performance Measure: *Percent change in customers serviced from prior year***

**Definition:** Each franchise location defines a customer according to its type of business (e.g., One organization may deal with customers at the division level while others may deal with customers at the bureau level). However, each organization is required to be consistent in its approach to customer count/measurement.

**Source:** Customers are captured in an Access or Oracle database.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
50	21	13	10	<b>21</b>	10

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure: *Operating expenses as a percentage of revenue***

**Definition:** The consolidated Franchise Fund will either maintain or decrease operating expenses as a percentage of revenue year to year. Operating expenses are defined as those expenses associated with running the business but are not directly related expenses to the line of goods or services being sold.

**Source:** The data is captured in an Oracle Financials system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	Not Met	Meet	<b>Met</b>	<i>Met</i>

**FY 2004 Performance:** Target Met

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *No Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein*

**Definition:** Management controls, per OMB Circular A-123, are the organization, policies, and procedures used by agencies to assure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud and mismanagement; (iv) laws and regulations are followed; (v) reliable and timely information is obtained, maintained, reported and used for decision making. Identification of deficiencies are based on evidentiary findings based on sources of information provided in Circular A-123 in part include: Management knowledge gained from the daily operation of agency programs and systems; management reviews; IG and GAO reports, including audits; program evaluations; audits of financial statements conducted pursuant to the Chief Financial Officers Act; annual risk assessments and review of financial systems.

**Source:** The data is captured in an Access database for some operational data and in the Oracle Financial system at BPD (ARC) in Parkersburg, WV, or other auditable system. Management routinely pulls data for review from the Oracle Discover Reporting system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Not Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The Franchise Fund had a management letter comment concerning the strength of internal controls over the accounts receivable billing and collection processes. Management of the Franchise Fund acknowledges the strength of internal controls over the accounts receivable billing and collection processes should be improved and will be implementing standardized policies and procedures for the Franchise Fund to correct this deficiency.

**Departmental Offices (DO)**

**Performance Measure:** *Percentage of Treasury budget/program activities that have efficiency measures in the Annual Performance Budget [BASELINE FY 2003]*

**Definition:** Measures progress in integrating budget and performance by the use of cost accounting information. Efficiency measures include timeliness metrics and unit cost metrics that identify full cost (direct, indirect and overhead) to performance activity/function.

**Source:** Annual Performance Budget

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	19	19	<b>22</b>	20

**FY 2004 Performance:** Target Met/Exceeded; ; Performance Exceeds Prior Year



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**Performance Measure:** *Percent of monthly financial submissions by bureaus/reporting entities that are timely and contain quality data (Management Challenge, President's Management Agenda)*

**Definition:** This measures the percentage of bureaus and reporting entities whose data are entered into Treasury's Financial Analysis and Reporting System (FARS) within the prescribed timeframe each month and meets all data quality metrics.

**Source:** FARS

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
84	100	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percent of all IT systems that are currently certified and accredited to operate*

**Definition:** The Certified and Accredited (C&A) percentage represents the overall Treasury's Major Applications and General Support Systems (e.g., including IRS). The Federal Information Security Management Act (FISMA) is the legal requirement mandating that Federal agencies develop a comprehensive information technology (IT) security program.

**Source:** Data will be collected and maintained by Treasury's Office of the Chief Information Officer. The Office of Inspector General conducts its annual evaluation of the resulting data for its adequacy.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
15.5	32	50	70	<b>86</b>	90

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Efficiency (time) rate for evacuating buildings (in minutes)*

**Definition:** The time it takes to evacuate buildings occupied by DO employees during an emergency.

**Source:** Drills conducted by emergency evacuation representatives

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	12	10	<b>10</b>	10

**FY 2004 Performance:** Target Met

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**Performance Measure:** *Delivery date of Treasury-wide financial statement and audit opinion (Target: November 15th/UnQualified)*

**Definition:** This measures the quality of Treasury's financial statements in terms of the opinion rendered as a result of an independent audit.

**Source:** Treasury's Accountability Report and audit opinions

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Met	Met	Met	Meet	<b>Met</b>	<i>Meet</i>

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percentage of Treasury budget/program activities that have outcome-oriented measures in the Annual Performance Budget*

**Definition:** Percentage of measures that are outcome-oriented.

**Source:** Data will be captured and tabulated by a member of OPB by reviewing the types and number of measures included in each bureau's annual performance plan.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	58	58	<b>76</b>	<i>65</i>

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Complete investigations of EEO complaints within 180 days*

**Definition:** Number of completed investigations of EEO complaints within 180 days.

**Source:** The Annual Federal EEO Statistical Report of Discrimination Complaints and the Department's Complaint Tracking System are the primary sources of data.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	40	<b>34</b>	<i>40</i>

**FY 2004 Performance:** Target Not Met

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**Performance Measure: *Number of open material weaknesses***

**Definition:** 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

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
29	20	9	6	<b>8</b>	6

**FY 2004 Performance:** Target Not Met; Performance Exceeds Prior Year

**Explanation of Challenge:** Treasury had planned to close three of its existing nine material weaknesses in FY 2004. However, delays in addressing systems security weaknesses at Departmental Offices and the IRS precluded Treasury from closing those two weaknesses.

**Performance Measure: *Percent of bureaus in compliance with FFMA financial systems requirements***

**Definition:** This measures the percentage of Treasury bureaus that are in compliant with these requirements.

**Source:** The Federal Financial Management Improvement Act Of 1996 requires agencies to maintain financial management systems that comply substantially with Federal financial management systems requirements.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
67	72	80	90	<b>93</b>	90

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Note:** While Treasury is at 93% compliance in terms of the number of bureaus, the one noncompliant bureau is IRS, which accounts for approximately 72% of Treasury's operating budget and also accounts for the majority of the government's revenues.

**Performance Measure: *Percent of new IT capital investments that are within costs, on schedule, and meeting performance targets***

**Definition:** Under the Federal Acquisition Streamlining Act, Part V (FASA V), and in line with OMB Guidance, Treasury must ensure that information technology investments are within costs, on schedule, and meeting performance targets. By complying with FASA V, Treasury is able to demonstrate appropriate management of its capital investments.

**Source:** Treasury CIO is implementing the Control phase of the Capital Planning and Investment Control processing beginning in FY 2005 using the ProSight tool.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
0	50	76	90	<b>91</b>	100

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

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**Performance Measure:** *Increase the percentage of allegations of discrimination for which Alternative Dispute Resolution processes are used*

**Definition:** In accordance with the Administrative Dispute Resolution Act of 1996, ADR is defined as any method used in lieu of litigation or the formal administrative processes, i.e. the Equal Employment Opportunity complaint process, to adjudicate disputes.

**Source:** This is a revised measure. To increase opportunities for early resolution of discrimination complaints the Department uses Alternate Dispute Resolution (ADR) processes. Complaint Center records are used.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	20	18	4	22

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** This year was a transition for the Complaint Centers – moving from four Centers to one Center, and moving to IRS management. During the transition, Center staff was not able to focus on ADR. However, the Center is developing new ADR tools and concepts for next fiscal year to help it meet its goals.

**Performance Measure:** *Bureau performance plans for supervisors, managers, and SES members contain elements that link to the bureau mission*

**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.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	75	88	100

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percent of total eligible FTE competitively-sourced*

**Definition:** Determine the number of eligible FTE competed or directly converted in accordance with A-76 as compared to the FY 2000 Fair Act Commercial Inventory, DO only.

**Source:** Bureau study plans

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	18	Not Available	10	0	Discontinued

**FY 2004 Performance:** Target Not Met

**Future Plans:** Treasury continues to meet monthly with OMB officials on its competitive sourcing activities as part of the president's Management Agenda. OMB no longer tracks the percentage of the Fair Act Inventory FTE completed.

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**Performance Measure:** *Percent reduction in the injury and illness rate over FY 2003 baseline – Treasury-wide*

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Treasury-wide, including DO

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	3	-6	<b>30</b>	-6

**FY 2004 Performance:** Target Not Met

**Future Plans:** Treasury plans to improve its performance in FY 2005.

**Performance Measure:** *Percent reduction in the injury and illness rate over FY 2003 baseline - Departmental Offices*

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Departmental Offices.

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	-8.85	-6.00	<b>27.00</b>	-6.00

**FY 2004 Performance:** Target Not Met

**Future Plans:** Treasury plans to improve its performance in FY 2005.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure: *Injury and illness rate – Treasury-wide (incidents per 100 employees)***

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses Treasury-wide, including DO

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	4.01	3.90	3.00	<b>4.17</b>	2.94

**FY 2004 Performance:** Target Not Met

**Future Plans:** Treasury plans to improve its performance in FY 2005.

**Performance Measure: *Injury and illness rate - Departmental Offices (incidents per 100 employees)***

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Departmental Offices

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	1.92	2.09	1.46	<b>1.95</b>	1.34

**FY 2004 Performance:** Target Not Met

**Future Plans:** Treasury plans to improve its performance in FY 2005.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percent of non-IT capital investments meeting costs, on schedule, and performance targets*

**Definition:** New non-IT assets must meet cost, schedules, and performance goals for which they were acquired.

**Source:** Investment criteria to be established by the Treasury Capital Investment Review Board. Data will be maintained in the Information Technology Investment Portfolio System, supplemented by the non-IT 300B's.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
Not Met	Not Met	80	85	0	90

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** The FY 2004 measure could not be met due to the lack of project performance data within the new ProSight data base and the completed status of prior year non-IT project initiatives. A new measure has been identified to measure Real Property Asset performance.

**Performance Measure:** *Lost time due to injury and illness rate over FY 2003 baseline - Departmental Offices (lost time per 100 employees)*

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Departmental Offices

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	0.38	0.49	0.28	0	0.26

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Lost time due to injury and illness rate over FY 2003 baseline – Treasury-wide (lost time per 100 employees)*

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Treasury-wide, including DO.

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	0.91	0.74	0.69	0.92	0.61

**FY 2004 Performance:** Target Not Met

**Future Plans:** Treasury plans to improve its performance in FY 2005.

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percent reduction in lost time due to injury and illness rate over FY 2003 baseline - Departmental Offices*

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Departmental Offices

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	-20	-6	<b>-6</b>	-6

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Percent reduction in lost time due to injury and illness rate over FY 2003 baseline – Treasury-wide*

**Definition:** Measures amount of time lost from work as a result of work-related injuries and illnesses for Treasury-wide, including DO.

**Source:** Data are collected from the Safety and Health Information Management System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	20	-6	<b>26</b>	-6

**FY 2004 Performance:** Target Not Met

**Explanation of Challenge:** Treasury plans to improve its performance in FY 2005.

**Office of Thrift Supervision (OTS)**

**Performance Measure:** *Percent of complaints involving OTS-regulated thrift institutions answered within 60 days*

**Definition:** OTS consumer affairs staff in the four regional offices handle most complaints. All complaints are reviewed to ensure compliance with federal consumer protection laws and regulations and to identify any institution conduct that warrants further scrutiny. Complaints alleging discrimination in housing finance that are covered by the Fair Housing Act are also shared with U.S. Department of Housing and Urban Development.

**Source:** The Consumer Complaints System tracks the receipt and processing times for complaints.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	72	80	<b>82</b>	80

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year



Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percent of Congressional inquiries forwarding complaints involving OTS-regulated institutions answered within 30 business days*

**Definition:** Constituent services, Congressional committee and document requests have different customer-imposed deadlines

**Source:** Congressional inquiries are tracked using the Congressional Affairs Tracking System

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	80	80	<b>86</b>	80

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Percent of written External Interpretive Opinions processed within 60 or 90 days as specified in the External Interpretive Opinions Customer Service Plan*

**Definition:** Providing interpretive guidance to thrifts is an important OTS function. OTS receives written requests for interpretation of its regulations and laws.

**Source:** The Office of Chief Counsel opinions are tracked using an Access data base tracking system

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	100	80	<b>100</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percent of OTS-regulated thrifts provided a customer service feedback form*

**Definition:** OTS distributes the Annual Thrift Satisfaction Survey to every OTS-regulated institution. Thrift institutions are OTS' main customer.

**Source:** Annual Thrift Satisfaction Survey

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	100	100	<b>100</b>	100

**FY 2004 Performance:** Target Met/Exceeded

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**Performance Measure:** *Percent of months during the fiscal year that OTS achieved an overall green rating on Treasury's Financial 3-Day Close Data Quality Scorecard*

**Definition:** OTS strives to provide accurate and timely financial data to Treasury within three business days after the end of each month.

**Source:** Treasury's DCFO Website contains the financial indicator scorecard for each Treasury bureau. The data is also disseminated to OTS management and budget staff through an online system.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	--	80	<b>100</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percent of regulatory staff receiving at least 30 hours of training designed to keep them current in regulatory issues and industry developments*

**Definition:** Regional supervisors assess upcoming and emerging issues at institutions in the region, the strength of regional examiners in the skills required to address these needs, and the training which would address areas of need. The Professional Development Program, specialty examiner tracks, accreditation programs, and management development programs, keep employee skills at top levels.

**Source:** A training management data base allows OTS Professional Development staff to track the hours of training received by each OTS staff member.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	65.5	60.0	<b>60.0</b>	60.0

**FY 2004 Performance:** Target Met

**Performance Measure:** *Percent of survey respondents that indicated satisfaction with the accuracy, timeliness, and manner in which OTS offices interact with them*

**Definition:** Providing accurate and timely information to thrifts is one of OTS' important functions.

**Source:** Annual Thrift Satisfaction Survey

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	100	80	<b>96</b>	80

**FY 2004 Performance:** Target Met/Exceeded

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**Performance Measure:** *Percent of survey respondents that indicated the tone and content of the Report of Examination was consistent with the board or management exit meeting*

**Definition:** At the conclusion of an examination, OTS examiners conduct an exit meeting to summarize key findings, make recommendations and receive and consider management's responses. This measure ensures that the information and tone of the exit meeting is consistent with the information and tone of the Report of Examination.

**Source:** Annual Thrift Satisfaction Survey

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	98	80	<b>97</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Performance Measure:** *Percent of survey respondents that indicated examiners maintained adequate communications with management during the examination*

**Definition:** Thrift executives have sometimes conveyed uncertainty with the regulatory process. OTS endeavors to remove all mystery or obstacles surrounding examinations, as examinations are our primary supervisory and communication tool. OTS is committed to maintaining communication channels before, during and after the examination.

**Source:** OTS calculates this measure by dividing the number of survey respondents that indicated examiners maintained adequate communications with management during the examination by the total number of respondents.

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	98	80	<b>99</b>	80

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

**Performance Measure:** *Percent of survey respondents that indicated the examiners took time at the start of the examination to gain an understanding of the thrift's business strategy and operating philosophy*

**Definition:** Examiners understand the importance of taking the necessary time at the beginning of the examination process to gain an understanding of the thrifts' business strategy and operating philosophy.

**Source:** Annual Thrift Satisfaction Survey

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	98	80	<b>99</b>	80

**FY 2004 Performance:** Target Met/Exceeded; Performance Exceeds Prior Year

Department of the Treasury – FY 2004 Performance and Accountability Report

**Performance Measure:** *Percent of survey respondents that indicated the examination was of value to their organization*

**Definition:** Our regulatory responsibility is an ongoing effort to maintain a safe and sound industry. A key aspect of this effort is to provide thrift executives prompt responses to inquiries to any concerns. A priority of our regulatory process is effective communication before, during and after the examination.

**Source:** Annual Thrift Satisfaction Survey

FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004		FY 2005 Proposed
			FY Plan	FY Actual	
--	--	98	80	<b>98</b>	80

**FY 2004 Performance:** Target Met/Exceeded

**Completeness and Reliability of Performance Data**

**Treasury’s Commitment to Quality Performance Measurement**

The availability of quality performance information to assess program performance has long been a priority at the Department. Beginning with the FY 1998 performance plans, Treasury has provided descriptive information on each performance measure to define what was being measured and the significance of the measurement. With the FY 1999 performance plans, a description of the accuracy and means to verify data was included for each measure. In the FY 2000 performance plans, bureaus were required to provide self-assessments of data quality and if there were any material inadequacies, describe any actions done to resolve the inadequacies.

These self-assessments require bureaus to 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**

***FY 2004 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:

Performance Measure
<i>Percent Dollar Value of EITC Claims Paid in Error</i>
<i>Percent of Eligible Taxpayers who File for EITC</i>
<i>Lost time due to injury and illness rate over FY 2003 baseline - Departmental Offices</i>

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***FY 2003 Data***

**Not Available.** The following performance measures did not have data available at the time of publication of the FY 2003 Performance and Accountability Report. They are presented here, with their final FY 2003 data.

Performance Measure	FY 2003 Plan	FY 2003 Actual
<b>Departmental Offices</b>		
Level of U.S. direct investment abroad (\$ in billions)	GDP Growth	Not Available
Dollar value of U.S. exports of goods and services (\$ in billions)	Growth	\$1,020
Percent of total eligible FTE competitively-sourced	1%	Not Available
<b>U.S. Mint</b>		
Total losses	Baseline	Not Established
Per unit cost – Penny	0.0095	0.0098
Per unit cost – Nickel	0.0308	0.0378
Per unit cost – Dime	0.0231	0.0321
Per unit cost – Half-Dollar	0.1196	0.1492
Per unit cost – Quarter	0.0515	0.0771
Reduction in number of new workers compensation claims accepted by the Office of Worker's Compensation Program	Baseline	19%*
* Note: claims decreased from 182 in FY 2002 to 147 in FY 2003 for a reduction of 19%. This information does not include those claims initially denied by OWCP and then accepted on appeal. OWCP is unable to generate a report that would include this information.		
<b>Office of the Comptroller of the Currency</b>		
Percentage of the nine merit system principles that are rated favorably by at least 75% of OCC employees surveyed	55	Deleted

**Estimates.** The following performance measures only had estimated data available at the time of publication of the FY 2003 Performance and Accountability Report. They are presented here, with their final FY 2003 data.

Performance Measure	FY 2003 Report	FY 2003 Actual
<b>Office of the Comptroller of the Currency</b>		
Percentage of national banks that are well-capitalized	99	99
Percentage of national banks with composite CAMELS	94	94
Rehabilitated problem national banks as a percentage of the prior fiscal year-end's problem national banks (CAMELS 3, 4 or 5)	32	32
Percentage of national banks with consumer compliance rating 1 or 2	96	96
<b>Departmental Offices</b>		
Economic conditions in developing countries	5.0	5.0
Economic conditions in the global economy	3.2	3.2
Economic conditions in transitional countries	4.9	4.9
Economic conditions in foreign countries that are major U.S. trading partners – European Union (Euro Area)	0.5	0.5
Economic conditions in foreign countries that are major U.S. trading partners – China	7.5	7.5

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Performance Measure	FY 2003 Report	FY 2003 Actual
<b>Departmental Offices (Continued)</b>		
Economic conditions in foreign countries that are major U.S. trading partners – United Kingdom	1.7	1.7
Economic conditions in foreign countries that are major U.S. trading partners – Mexico	1.5	1.5
Economic conditions in foreign countries that are major U.S. trading partners – Japan	2.0	2.0
Economic conditions in foreign countries that are major U.S. trading partners – Canada	1.9	1.9

**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. Data judged as materially inadequate, along with a brief reason for the inadequacy and planned corrective actions are in the following chart.

Bureau	Data Not Reasonably Accurate/ Materially Inadequate	Reason for Inadequacy and Actions to Correct
<b>CDFI</b>	Number of full-time equivalent jobs created or maintained in underserved communities	Inability to verify jobs data. CDFI will review a sample of jobs data in FY 2005 to determine reliability.
	Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund financial assistance	Inability to verify project level leverage. CDFI will review a sample of jobs data in FY 2005 to determine reliability.

## Improper Payments Information Act Reporting Details

### Background

The requirements of the Improper Payments Information Act of 2002 (IPIA) include an annual review of 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 is developed, and statistically valid sampling is conducted to determine error rates. If those rates, when applied to total program funding, result in a level of improper payments that is greater than or equal to \$10 million, then an action plan is developed for resolving identified problems and reducing errors.

### Results of Treasury’s Approach to IPIA Implementation

#### I. a) Description of Treasury’s risk assessment(s) performed subsequent to compiling its full program inventory.

Treasury bureaus were required to review their programs, identified by Treasury fund symbols (TFS), by conducting a risk assessment (RA) on each payment type, e.g., payroll, contract, vendor, travel, etc. If the results indicated high risk and the dollar amount met the threshold described above, then a statistically valid sample of payments had to be taken to estimate the level of improper payments. Based on the structure of the RA, responses to the questions produced a score that fell into pre-determined categories of risk. The following table describes the actions to be taken at each risk level.

RISK LEVEL	ACTION(S)
High 2.5% error rate and ≥ \$10M	Take statistical sample/ estimate level of improper payments
Medium	Bureau discretion whether to sample and estimate
Low	No action

#### b) Risk-susceptible program(s) identified through risk assessment.

The only high risk program is the Internal Revenue Service’s (IRS) Earned Income Tax Credit (EITC). 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. A Tax Year 1999 compliance study estimated the level of improper over claims between \$8-10 billion –27% and 32% – of approximately \$30 billion in total program payments. It is important to note that since the time of the 1999 compliance study, several statutory and administrative changes have been implemented, and those changes may have affected the estimated levels of improper over claims.

#### II. Description of EITC’s Plan to Estimate Improper Over Claims Error Rates.

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. As a result, data is not available that would update the FY 2002 baseline and compare actual error rate estimates to the reduction targets reported in Treasury’s FY 2003 Performance and Accountability Report (PAR).



The government-wide Chief Financial Officers Council, with assistance from OMB, developed an alternative to producing annual error rates for complex programs such as EITC, and allows error rate estimating for a program component. As a result of IPFA requirements and the complex program guidance, EITC will update its FY 2002 baseline rate in the FY 2005 PAR and report its progress in reducing erroneous over claims as follows.

The results of the National Research Program study of Tax Year 2001 data, expected in FY 2005, will provide an updated baseline error rate estimate and demonstrate whether the error rate estimate is trending up or down. At that time, the reduction targets will also be updated. EITC intends to conduct compliance studies periodically for the entire program. Beginning in 2005, during the intervening years, EITC will provide annual error rate estimates on the Qualifying Child Residency component of the program. If, in any year, the error rate estimate exceeds the reduction target for either the total program or component, corrective actions will be developed and reported in that year's PAR. It should be noted that this methodology is not a full and complete substitute for an estimate developed through a comprehensive evaluation of overall EITC compliance. However, it does reflect a focus on one of the primary sources of error associated with the credit and will enable the IRS to more effectively evaluate the success of its strategy to reduce this type of error.

The methodology for determining the annual estimates, which has been favorably reviewed by the U.S. Government Accountability Office (GAO), the Treasury Inspector General for Tax Administration (TIGTA), and Mathematica Policy Research, Inc., consists of taking a random sample of 25,000 EITC claimants who will be required to complete a certification process and using a control group with similar characteristics to the test group. Through extensive data collection, EITC will determine the impact of certification on taxpayer filing behavior. Results of the study are expected to provide data on the level of erroneous payments in this component.

**III. Explanation of EITC's corrective action plan being implemented to reduce the erroneous over claims. This discussion includes the cause(s) of errors and the changes that are needed to reduce/prevent future over claims.**

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 2004, the IRS began several tests 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 under-reporter 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. If the results are positive, IRS intends to implement these approaches on a broader scale.

**IV. a) Annual Improvement Targets in EITC Error Rate Estimates.**

EITC was required to report under OMB Circular A-11, section 57 in FY 2003. The baseline data in the table for 2002 contains the estimated error rate and dollar amount range for Tax Year 1999. Reduction targets, from the baseline, in years 2003 through 2007 will be updated in FY 2005 when study results from the National Research Program are available. See chart below.

**b) EITC Qualifying Child Residency component baseline error rate estimates and reduction targets from FY 2004 through FY 2007.**

FY 2004 baseline error rate estimates and reduction targets for the program component will be available in FY 2005.

**V. Discussion of Treasury’s recovery auditing efforts, the actions taken to recover EITC over claims, and the**

**changes to business processes and internal controls instituted to prevent further occurrences.**

As with any other improper tax payment, EITC recovers over claims through IRS’ normal tax examination process. By increasing outreach efforts to encourage participation in the program and making the credit requirements easier to understand by both taxpayers and tax preparers, EITC reduces the incidence of paying improper claims. Significant reductions may be realized through pre-qualifying eligible claimants whose returns may contain a high risk for error.

**Note:** Further information on Treasury programs recovery efforts is included in the Recovery Act reporting.

**VI. A description of the steps that Treasury has taken to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.**

The Secretary of the Treasury 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 review process. Through TD 40-04, executives and other managers are required to have management control responsibilities as part of their 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.

	2002 Baseline		2003 Target		2004 Target		2005 <i>Target</i>		2006 Target		2007 Target	
Total Estimated Payments (In Billions)	\$33.3		\$38.1		\$39.4		\$40.5		\$41.5		\$42.5	
Range of Under & Over claims Estimates*	\$ 9.0 - 27%	\$ 10.6 - 32%	\$ 9.5 - 25%	\$ 11.5 - 30%	\$ 8.6 - 22%	\$ 10.7 - 27%	\$ 8.5 - 21%	\$ 10.5 - 26%	\$ 7.9 - 19%	\$ 10.0 - 24%	\$ 7.7 - 18%	\$ 9.8 - 23%

\* EITC payments are not typical improper payments and are subject to both pre- and post-refund (i.e., payment) verification.

Improper payments were recently included as 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 middle-level officials have responsibility for monitoring progress in this area as bureau and program internal control officers.

**VII. A. Information systems and other infrastructure needs required to reduce EITC erroneous over claims to the target levels.**

N/A.

**B. Resources that EITC has requested in its most recent budget submission to Congress to obtain the necessary information systems and infrastructure.**

The IRS' \$22 million FY 2005 budget submission included the following for the proof of concept tests:

- Approximately \$5 million to continue the qualifying child residency eligibility test.
- Approximately \$1.5 million to continue the filing status test.
- Approximately \$5.4 million to continue the misreporting income (Automated Underreporter) test.

In addition, technology-enabled business process improvements are being designed to augment the efficiency and effectiveness of compliance activities.

**VIII. A description of statutory or regulatory barriers that limit EITC's corrective actions in reducing erroneous over claims.**

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

- The complexity of the tax law.
- The structure of the earned income credit.
- Confusion among eligible claimants.
- 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.

**Recovery Auditing Activities for FY 2003 and FY 2004**

**I. Description of Recovery Auditing Program**

Treasury considers post-payment reviews to identify errors a good management practice that should be included among minimal 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 payment controls exist throughout Treasury, and recovery activity among the bureaus is minimal. In fact, the only program that has an unacceptable level of improper payments is the Earned Income Tax Credit (EITC) administered by the Internal Revenue Service. As with any other improper tax payment, EITC recovers over claims through IRS’ normal tax examination process. See PART IV for details of EITC’s plan for reducing its improper over claims. The results of the recovery auditing activities for fiscal years 2003 and 2004 follow.

**II. Recovery Audit Program Costs**

Agency S&E (In-house staff): \$250,000, est.

Recovery Contractor(s):  
Amount Paid: \$ N/A  
Amount Owed:

Total Costs: \$250,000, est.

**III. Total Amount of Payment Errors**

Recovery By	Total Payment Errors Identified		Total Recovered		% of Total Payment Errors		Total Outstanding*		% of Total Payment Errors		
	FY	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Treasury		\$1,956,541	\$854,638	\$1,895,404	\$668,715	97%	78%	\$61,137	\$185,923	3%	22%
Recovery Auditor		-0-	-0-	-0-	-0-	N/A	N/A	N/A	N/A	N/A	N/A
<b>Totals</b>		<b>\$1,956,541</b>	<b>\$854,638</b>	<b>\$1,895,404</b>	<b>\$668,715</b>	<b>97%</b>	<b>78%</b>	<b>\$61,137</b>	<b>\$185,923</b>	<b>3%</b>	<b>22%</b>

\* Pending final resolution or collection, with no amounts deemed unrecoverable.

**IV. Description and Evaluation of Management Improvement Program.**

The low level of improper payments in FYs 2003 and 2004 did not require any Treasury bureau to develop a management improvement program under Recovery Act guidance. EITC has a number of initiatives designed to reduce erroneous EITC

payments while increasing participation by eligible taxpayers.

**V. Description of Excluded Contract Classes.**

No contract classes were excluded in Treasury’s review of improper payments.

## Systems, Controls, and Audit Follow-up

This section provides additional details on the topics under this heading addressed in Part I.

Summary of Open Federal Managers' Financial Integrity Act Material Weaknesses and Federal Financial Management Improvement Act Compliance As of September 30, 2004								
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	5	0	5	1	0	1	6	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
<b>Total</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>14</b> <b>1</b>

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Recapitulation of Material Weaknesses (MWs):	Section 2	Section 4	Total
Balance at the Beginning of FY 2004:	7	2	9
Closures/downgrades during FY 2004:	0	-1	-1
New MW declared during FY 2004:	0	0	0
Balance at the End of FY 2004:	7	1	8

SECTION 2 SUMMARY OF PENDING MATERIAL INTERNAL CONTROL WEAKNESSES AS OF SEPTEMBER 30, 2004		
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, complete the establishment of bureau connectivity to the backup site and conduct testing, and improve the entity-wide security program for headquarters operations.  Target Date: December 2004
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, accelerate the central reporting cycle, and implement the new financial reports compilation process.  Target Date: December 2006
IRS-88-01 (Internal Revenue Service)	IRS needs to resolve IRS' workload of Tax Assessments and prioritizing Collectible Assessments	IRS plans to improve systems support and explore the use of private collection agencies.  Target Date: April 2007
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

SECTION 2 SUMMARY OF PENDING MATERIAL INTERNAL CONTROL WEAKNESSES AS OF SEPTEMBER 30, 2004		
BUREAU	DESCRIPTION OF MATERIAL WEAKNESS	REMEDIAL ACTIONS AND KEY TARGET DATES FOR CORRECTION
IRS-01-01	Various systems security controls need improvement.	The IRS needs to ensure that access to key computer applications and systems was limited to authorized persons, and to effectively monitor key networks and systems to identify unauthorized activities and inappropriate system configurations.  Target Date: May 2005
IRS-01-02	Measuring Taxpayer Compliance	IRS needs to continue to improve its ability to measure taxpayer compliance.  Target Date: March 2005

SECTION 4 SUMMARY OF PENDING MATERIAL INSTANCES OF NON-CONFORMANCE AS OF SEPTEMBER 30, 2004		
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.	1. Implement Custodial Accounting Project (CAP) - A single, integrated data repository of taxpayer account information, integrated with the general ledger and accessible for management analysts and reporting. 2. Provide completed analysis and recommendations concerning feasibility of converting legacy accounts to the Automated Trust Fund Recovery (ATFR) system. Determine programming resources needed to implement recommendations and any impact on Phase III schedule completion date and ATFR rewrite completion date. 3. Implement the Integrated Financial System (IFS) to replace IRS' legacy administrative financial system. Phase I scheduled for implementation in Winter of 2004.  Target Date: May 2007

**Audit Follow-up Activities – Potential Monetary Benefits**

The statistical data in the following summary table and preceding charts represents audit report activity for the period from October 1, 2003 through September 30, 2004. 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).

<b>Audit Report Activity With Potential Monetary Benefits                      For Which Management Has Identified Corrective Actions                      (OIG and TIGTA)</b> October 1, 2003 through September 30, 2004 (Dollars in Millions)								
	Disallowed Costs		Better Used Funds		Revenue Enhancements		Total	
	Reports	Dollars	Reports	Dollars	Reports	Dollars	Reports	Dollars
Beginning Balance*	10	\$8.0	18	\$5,565.9	17	\$7,305.7	45	\$12,879.6
New Reports	8	3.1	9	897.5	9	1,176.2	26	2,076.8
Total	18	11.1	27	6,463.4	26	8,481.9	71	14,956.4
Reports Closed	10	7.5	11	6,286.8	10	591.1	31	6,885.4
<i>a. Realized or Actual</i>	6	1.8	6	3,638.7	5	.3	17	3,640.8
<i>b. Unrealized - Written off</i>	4	5.7	5**	2,648.1**	5***	590.8***	14	3,244.6
<b>Ending Balance</b>	<b>8</b>	<b>\$3.6</b>	<b>16</b>	<b>176.6</b>	<b>16</b>	<b>\$7,890.8</b>	<b>40</b>	<b>\$8,071.0</b>

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

\*\* This category includes two reports written off in the amount of \$92.8 million for which IRS did not agree with TIGTA’s recommended corrective action, and also includes two reports in the amount of \$2,550.4 million for which the IRS did not concur with TIGTA’s projected benefit.

\*\*\* This category includes two reports written off in the amount of \$464.2 million, for which IRS did not agree with TIGTA’s recommended corrective actions, one report in the amount of \$9.8 million for which the IRS did not concur with TIGTA’s projected benefit, and two reports written off in the amount of \$116.6 million, for which TIGTA does not agree with the IRS that the benefits will not be realized.



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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, 2003 and September 30, 2004, respectively. There were no “Undecided Audit Recommendations” during the same periods.

<b>Significant Unimplemented Recommendations</b>				
	9/30/2003		9/30/2004	
	OIG	TIGTA	OIG	TIGTA
	No. of Reports	No. of Reports	No. of Reports	No. of Reports
Unimplemented	11	37	9	38

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.

<b>Number of Reports Open for More than One Year</b>				
	PAR Report Year	FY 2002	FY 2003	FY 2004
TIGTA	No. of Reports	14	15	14
	\$ Projected Benefits	\$358.3 million	\$355.7 million	\$7,045.1 million
OIG	No. of Reports	6	5	2
	\$ Projected Benefits	\$84.6 million	\$6.3 million	\$.5 million

**FY 2004 Results – Alcohol and Tobacco Tax and Trade Bureau (TTB)’s  
TAX Audit Division**

During FY 2004, TTB’s Tax Audit Division opened all 10 field locations and staffed these locations with 82 professional and administrative full time equivalents (FTEs). In FY 2005, Tax Audit plans to staff an additional 21 professional positions.

In FY 2004, TTB’s Tax Audit Division completed 55 audits of TTB’s regulated taxpayers. Through these audits, TTB was able to validate over \$16.2 billion in federal excise taxes paid as well as \$91 million in claims related to the Manufacture of Non-Beverage Products. Additionally, these audits resulted in approximately \$860,000 in additional excise tax collections and \$8.7 million in additional tax collections due. At the end of FY 2004, an additional 51 audits were “in-progress.”

## Financial Management Systems Framework

**Overview.** The Department of the Treasury's financial management systems structure consists of financial and mixed systems maintained by the Treasury bureaus and the Department-wide Financial Analysis and Reporting System (FARS). The bureau systems process and record the detailed financial events and submit summary-level information to FARS on a scheduled basis. FARS maintains key financial data for consolidated financial reporting. In addition, the FARS modules also maintain data on performance management, the status of audit-based corrective actions, and the inventory of commercial positions in accordance with the Federal Activities Inventory Reform Act of 1998 (FAIR Act). Under this systems structure, the bureaus are able to maintain financial management systems that meet their specific business requirements. On a scheduled basis, the required financial and performance data is submitted to FARS to meet Departmental analysis and reporting requirements. The Department uses FARS to produce its periodic financial and performance reports as well as the annual Performance and Accountability Report. This structured financial systems environment enables the Department to receive an unqualified audit opinion.

The FARS structure consists of the following components: bureau financial management systems that process and record detailed financial transactions; the Treasury Information Executive Repository (TIER) data warehouse; the CFO Vision™ on-line analytical processing (OLAP) tool; the Joint Audit Management Enterprise System (JAMES) to capture information on audit findings; the Performance Reporting System (PRS) to track the status of key performance measures; and the FAIR Act System to record the Department's inventory of commercial positions. Bureaus submit summary-level financial data to TIER on a monthly basis, within three business days of the month-end. The TIER data is then loaded into CFO Vision™, a commercial off-the-shelf (COTS) analytical tool, to perform analysis and generate financial statements and reports on both a Department-wide and bureau-level basis. This structure enables the Department to produce its quarterly and audited annual financial statements.

Treasury's efforts to streamline its financial management systems structure include reducing the number of legacy financial systems. As of September 2004, Treasury's inventory of financial management systems lists 93 financial and mixed systems compared to 101 financial management systems in September 2003. As part of the Department's streamlining effort, ten Treasury bureaus and reporting entities are cross-serviced by the Treasury Franchise Fund. Cross-servicing enables the smaller bureaus to have access to core financial systems without having to maintain the necessary technical and systems architectures.

**E-Government Activities.** As part of the President's Management Agenda, Treasury participates in the government-wide initiatives to implement E-Gov solutions. Treasury awarded an e-Travel contract to one of the three GSA approved travel vendors. With this award, Treasury bureaus will consolidate their travel system processing into one common system. The Treasury Franchise Fund has taken the lead in the management and implementation of the e-Travel initiative.

Building upon the efforts of the Federal Enterprise Architecture Program to expand E-Government, OMB launched the Financial Management Lines of Business (FMLOB) initiative. The vision of the FMLOB is to establish a government-wide financial management solution that improves business performance while ensuring integrity in accountability, financial controls, and mission effectiveness. Treasury is participating in this initiative to improve financial management performance in the Federal government.

Treasury is also participating in the government-wide Integrated Acquisition Environment (IAE). The goal of the IAE is to create a simpler, common integrated business process for buyers and sellers that promote competition and integrity. One component of the IAE is the Intra-governmental Transaction Exchange (IGTE). The objective of the IGTE is to reduce payment and collection discrepancies between government entities and enable swift and accurate revenue and expense elimination processes for preparing consolidated financial statements.

**Continued Improvement.** Treasury's target financial management systems structure will build upon the current FARS foundation. As processing and reporting requirements change and FARS is expanded to collect additional financial data, it may be necessary to implement additional applications to support these new requirements. FARS will provide management with the tools to produce the financial management information necessary to analyze Department and bureau performance.

Treasury bureaus continue to improve their financial systems capabilities. The IRS is implementing the Integrated Financial System (IFS) as their new core financial system. IFS will replace multiple steady-state systems with a single, integrated and cohesive JFMIP certified COTS system. IFS will provide core financial accounting, budget management, cost management, and reporting capabilities. The IRS is implementing the Custodial Accounting Project (CAP) to provide an automated revenue accounting and collection allocation system. CAP supports the IRS requirement to implement business processes and systems that provide custodial financial performance measurement capabilities. The Custodial Account Data Engine (CADE) is also being implemented and will replace the decades-old Master File legacy system.

As previously indicated, the Treasury Franchise Fund cross-services ten Treasury bureaus and reporting entities. An additional two entities were added beginning in fiscal year 2005. The Department plans on reducing the number of core financial systems from fourteen to ten. This includes those being cross-serviced by other Federal agencies. In addition to the cross-servicing for core financial systems, Treasury bureaus are also being cross-serviced for other financial management services, such as electronic travel processing.

**Federal Financial Management Improvement Act Compliance.** At the beginning of FY 2004, two Treasury bureaus were non-compliant with the Federal Financial Management Improvement Act (FFMIA). The Internal Revenue Service's financial management systems do not provide timely and reliable information for financial reporting and preparation of financial statements. Thus, IRS' systems remain non-compliant with

FFMIA. The IRS remediation plan includes the implementation of a new financial system (Integrated Financial System) beginning in FY 2005 to support the administrative and revenue activities and the implementation of the Custodial Accounting Project (CAP) to support the revenue and tax operations. The initial phase of CAP is planned for a rollout in fiscal year 2005. The requirements and schedules for additional releases to both systems will be developed after the initial releases are successfully completed and the results evaluated.

The Financial Management Service's financial management systems previously were not in compliance with FFMIA due to a material weakness in general computer controls, access controls, change controls, and systems software. As a result of completing remediation plan corrective actions, FMS' systems are now in compliance with FFMIA.

## Glossary Of Acronyms

ACE	Automated Commercial Environment
ACS	Automated Collection System
ACD	Advances Counterfeit Deterrent
ACDS	Appeals Centralized Database System
ACH	Automated Clearing House
ACSI	American Customer Satisfaction Index
ADR	Alternative Dispute Resolution
AGI	Adjusted Gross Income
AIMS	Audit Information Management System
ALC	Agency Location Code
AML	Anti-Money Laundering
APEC	Asia Pacific Economic Cooperation
ARC	Administrative Resource Center
ASAP	Automated Standard Application for Payment
ATAT	Abusive Tax Transactions
ATF	Bureau of Alcohol, Tobacco and Firearms
ATFR	Automated Trust Fund Recovery
ATSB	Air Transportation Stabilization Board
ATTFs	Anti-Terrorism Task Force
AUR	Automated Underreporter
BEA	Bank Enterprise Award
BEP	Bureau of Engraving and Printing
BICE	Bureau of Immigration and Customs Enforcement
BIT	Bilateral Investment Treaty
BMF	Business Master File
BPD	Bureau of Public Debt
BPI	Budget and Performance Integration
BPMS	Business Performance Management System
BPRS	Business Performance Reporting System
BSA	Bank Secrecy Act
BSP	Business Systems Planning
BSMO	Business System Modernization Office
C&A	Certification and Accreditation
CAC	Collection Action Clauses
CACR	Cuban Assets Control Regulations
CADE	Custodial Account Data Engine
CAF	Centralized Authorization File
CAG	Customer Advisory Group
CAIS	Corporate Activity Information System
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitive Rating System
CAP	Custodial Accounting Project
CAG	Customer Assistance Group
CBS	Commercial Bank of Syria
CDFI	Community Development Financial Institutions Fund
CDE	Community Development Entity

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CFIUS	Committee on Foreign Investment in the United States
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act
CFTC	Commodities and Future Trading Commission
CHECK 21	Check Clearing for the 21 <sup>st</sup> Century Act
CI	Criminal Investigations
CIAO	Critical Infrastructure Assurance Office
CIO	Chief Information Officer
CIP	Critical Infrastructure Protection
CN	Congressional Notification
COLA	Certificate of Label Approval
COTS	Commercial Off-the-Shelf
CP&A	Check Payment and Reconciliation
CPS	Contractor Performance System
CPIC	Capital Planning and Investment Control Process
CPO	Coalition Provisional Authority
CQIC	Case Quality Improvement Council
CQRS	Collection Quality Review System
CRA	Community Reinvestment Act
CS	Competitive Sourcing
CSCO	Compliance Services Collection Operation
CSR	Customer Service Representative
CSR&DF	Civil Service Retirement and Disability Fund
DCI	Data Collection Instrument
DCP	Office of D.C. Pensions
DEA	Drug Enforcement Administration
DFAS	Defense Finance and Accounting Service
DFI	Development Fund for Iraq
DHS	Department of Homeland Security
DLN	Document Locator Number
DMSC	Debt Management Servicing Center
DO	Departmental Offices
DOD	Department of Defense
DOJ	Department of Justice
EBRD	European Bank for Reconstruction and Development
EDS	TE/GE Determination System
EEO	Equal Employment Opportunity
EIC	Earned Income Credit
EIC	Examiner-in-charge
ESF	Exchange Stabilization Fund
EFT	Electronic Funds Transfer
EFTPS	Electronic Federal Tax Payment System
E-Gov	Expanded E-Government
EGTRRA	Economic Growth and Tax Relief Reconciliation Act of 2001
EITC	Earned Income Tax Credit
EOAF	Executive Office of Asset Forfeiture
EOTF/FC	Executive Office of Terrorist Financing and Financial Crime
EP/EO	Employee Plans and Exempt Organization
EQ	Embedded Quality
EQMS	Exam Quality Measurement System
ERICS	EP/EO Return Inventory Control System
ERO	Electronic Return Originators

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EU	European Union
EV	Earned Value
EV	Examiner View
FA	Financial Agreement
FACT	Federal Accurate Credit Transaction
FAET	Firearms and Ammunition Excise Tax
FARS	Financial Analysis and Reporting System
FASAB	Federal Accounting Standards Advisory Board
FASA-V	Federal Acquisition Streamlining Act, Part V
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation
FCDA	Foreign Currency Denominated Assets
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act
FECA	Federal Employees' Compensation Act
FEHBP	Federal Employees Health Benefits Program
FEGLI	Federal Employees Group Life Insurance Program
FERS	Federal Employees Retirement System
FET	Federal Excise Tax system
FFB	Federal Financing Bank
FFIEC	Federal Finance Institutions Examination Council
FFMIA	Federal Financial Management Improvement Act
FinCEN	Financial Crimes Enforcement Network
FISMA	Federal Information Security Management Act
FIU	Financial Intelligence Units
FLEC	Financial Literacy and Education Commission
FLETC	Federal Law Enforcement Training Center
FMFIA	Federal Managers' Financial Integrity Act
FMLOB	Financial Management Lines of Business
FMS	Financial Management Service
FOC	Final Operating Capability
FP	Improved Financial Performance
FPA	Federal Program Agency
FRB	Federal Reserve Board
FS-ISAC	Financial Sector-Information Sharing and Analysis Center
FRBNY	Federal Reserve Bank of New York
FS-ISAC	Financial Service Information Sharing and Analysis
FTA	Free Trade Agreement
FTE	Full Time Equivalent
FTD	Federal Tax Deposit
FTO	Fine Troy Ounce
FY	Fiscal Year
GAB	General Arrangements to Borrow
GAO	Government Accountability Office
GAS	Government Account Series
GDP	Gross Domestic Product
G-Fund	Government Securities Investment Fund
GFRS	Government-wide Financial Report Systems
GPRA	Government Performance and Results Act
GWA	Government-wide Accounting
GSA	General Services Administration
HC	Human Capital

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HCSP	Human Capital Strategic Plan
HHS	Health and Human Services
IA	International Affairs
IAP	International Assistance Program
ICERC	Interagency Country Exposure Risk Committee
IDA	International Development Association
IDB	Inter-American Development Bank
IDRS	Integrated Data Retrieval System
IFI	International Financial Institutions
IFS	Integrated Financial System
IGAMIS	Inspector General Automated Management Information System
IMF	International Monetary Fund
IMF (tax)	Individual Master File
INOMS	Integrated Network and Operations Management System
IPIA	Improper Payments Information Act of 2002
IRFOF	Internet Refund/Fact of Filing
IRTF	Individual Return Transaction File
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
ISO	International Organization of Standardization
IT	Information Technology
ITAMS	Information Technology Assets Management System
JAMES	Joint Audit Management Enterprise Systems
JGTRRA	Jobs and Growth Tax Relief Reconciliation Act
JITSIC	Joint International Tax Shelter Identification Center
JTTF	Joint Terrorism Task Forces
LITC	Low Income Taxpayer Clinics
LMSB	Large/Mid-Size Business
LQMS	LMSB Quality Measurement System
LTA	Lost Time Accident
MDB	Multilateral Development Bank
Mint	U.S. Mint
MTS	Modernization, Information Technology and Security Services
MPBS	Monthly Performance Business Summary
NAB	New Arrangements to Borrow
NATS	National Applications Tracking System
NEA	National Endowment for the Arts
NIST	National Institute of Standards and Technology
NMF	Non-Master File
NMTC	New Markets Tax Credit
NRP	National Research Program
NSC	National Security Council
NTA	National Tax Advocate
OA	Office of Audit
OAS	Organization of American States
OCC	Office of the Comptroller of the Currency
OCDM	Office of Cash and Debt Management
OCIO	Office of Chief Information Officer
OCIP	Office of Critical Infrastructure Protection and Compliance Policy
OECD	Organization for Economic Cooperation and Development
OFAC	Office of Foreign Assets Control
OF/D	Operating/Functional Divisions

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OFE	Office of Financial Education
OFF	Office of Fiscal Projection
OGC	Office of General Counsel
OHR	Office of High Representative
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPB	Office of Performance Budgeting
OPEB	Other Post Employment Benefits
OPM	Office of Personnel Management
ORB	Other Retirement Benefits
OTA	Office of Technical Assistance
OTS	Office of Thrift Supervision
PACS	PATRIOT Act Communications System
PAR	Performance and Accountability Report
PARIS	Performance Results Information System
PART	Program Assessment Rating Tool
PAS	Process Analysis System
PCA	Private Collection Agencies
PCC	Paper Check Conversion
PCG	Pacific Consulting Group
PCIE	President’s Council for Integrity and Efficiency
PMA	President’s Management Agenda
PMO	Program Management Office
PPS	Practitioner Priority Services
PRS	Performance Reporting System
PSD	Publishing Services Data
RAD	Regulatory Action Data
RARS	Remedy Action Response System
RFC	Request for Comments
RFC	Regional Finance Center
ROE	Report of Examination
RRA 98	Restructuring and Reform Act of 1998
RRC	Rate Reduction Credit
SAR	Suspicious Activity Reports
SB/SE	Small Business/Self Employed
SDNT	Specially Designated Narcotics Traffickers
SDR	Special Drawing Rights
SEC	Securities Exchange Commission
SG&A	Selling, General and Administrative
SGL	Standard General Ledger
SLHC	Savings and Loan Holding Companies
SME	Small and Medium Enterprise
SIS	Supervisory Information System
SOI	Statistics of Income
SOT	Special Occupation Tax
SPEC	Stakeholder, Partnerships, Education and Communication
STAR	Software Technical Assistance Recognition
SVC	Stored Value Card
TAC	Taxpayer Assistance Center
TAS	Taxpayer Advocate Services
TCIS	Treasury Check Information System
TDA	Taxpayer Delinquent Account



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TDI	Taxpayer Delinquent Investigations
TE/GE	Tax Exempt/Government Entities
TEOF	Treasury Executive Office of Asset Forfeiture
TEQMS	Tax Exempt Quality Measurement System
TFF	Treasury Forfeiture Fund
TFI	Office of Terrorism and Financial Intelligence
TIGTA	Treasury Inspector General for Tax Administration
TIER	Treasury Information Executive Repository
TOP	Treasury Offset Program
TTB	Alcohol and Tobacco Tax and Trade Bureau
UN	United Nation
USAID	United States Agency for International Development
USCS	United States Customs Service
USSS	United States Secret Service
USG	United States Government
VITA	Volunteer Income Tax Assistance
VWG	Vulnerability Working Group
WWTG	World Wide Trade Group
YTD	Year to Date



## **Treasury On-line**

[www.treas.gov](http://www.treas.gov)

**Alcohol and Tobacco Tax and Trade Bureau (TTB)**

[www.ttb.gov](http://www.ttb.gov)

**Bureau of Engraving and Printing (BEP)**

[www.moneyfactory.gov](http://www.moneyfactory.gov)

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

[www.publicdebt.treas.gov](http://www.publicdebt.treas.gov)

**Community Development Financial Institutions (CDFI)**

[www.cdfifund.gov](http://www.cdfifund.gov)

**Financial Crimes Enforcement Network (FinCEN)**

[www.fincen.gov](http://www.fincen.gov)

**Financial Management Service (FMS)**

[www.fms.treas.gov](http://www.fms.treas.gov)

**Internal Revenue Service (IRS)**

[www.irs.gov](http://www.irs.gov)

**U. S. Mint (Mint)**

[www.usmint.gov](http://www.usmint.gov)

**Office of the Comptroller of the Currency (OCC)**

[www.occ.treas.gov](http://www.occ.treas.gov)

**Office of Thrift Supervision (OTS)**

[www.ots.treas.gov](http://www.ots.treas.gov)



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