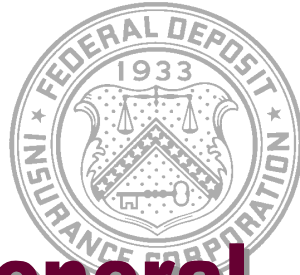


Office of Inspector General



February 21, 2001
Evaluation Report No. 01-001

Review of Processes Used to
Verify and Validate Government
Performance Results Act
Performance Data

Office of Congressional Relations and Evaluations



DATE: February 21, 2001

MEMORANDUM TO: Fred Selby
Director, Division of Finance

FROM: Stephen M. Beard
Assistant Inspector General

SUBJECT: *Review of Processes Used to Verify and Validate Government Performance Results Act Performance Data (EVAL-01-001).*

The Office of Congressional Relations and Evaluations (OCRE) completed its review designed to evaluate the degree to which FDIC program offices are verifying and validating information presented in FDIC Government Performance Results Act (GPRA) performance reports. The intent of this review was to evaluate the corporate-wide processes and practices used to verify and validate performance data.

We provided the Division of Finance (DOF) with our interim observations to assist the division in its development of the *2001 Annual Performance Plan* in October and December 2000. We reported that descriptions for verifying and validating data related to performance goals could be improved and DOF took steps to incorporate our observations into the *2001 Annual Performance Plan*.

We also evaluated the verification and validation procedures used for data related to performance goals in the FDIC's *Quarterly Performance Report – Second Quarter 2000*. Overall, documentation provided by GPRA divisional coordinators supported the data included for 15 of the 16 goals. However, in some cases, there was not documentation to support that verification and validation procedures were performed. Moreover, divisions relied on information systems controls as one means for verifying data, but there was no support to indicate that the divisions knew whether system controls were operating as intended. We also found that divisions were beginning to use surveys to obtain performance data, but coordination among divisions in developing these surveys could be better. We made recommendations to address each of these issues.

Finally, in response to a request from your division, we researched what approaches other federal agencies were taking to develop an overall statement on data verification and validation in their annual performance reports. We found that each of the agencies we contacted develops such a statement, and one agency utilizes certifications from division managers as a basis. The OIG continues to believe that addressing data quality would improve the value and usefulness of future performance reports. Accordingly, we recommended that DOF work with GPRA divisional coordinators to develop a mechanism to allow responsible division officials to certify

that data reported has been verified and validated, which will serve to support an overall statement on data quality in future annual reports.

We provided DOF with the draft report on January 19, 2001. DOF provided a written response dated February 8, 2001. Management agreed with each of our recommendations. DOF's written response is included in its entirety as Appendix I of this report. Appendix II presents our assessment of DOF's response and shows that we have a management decision for each recommendation.

EXECUTIVE SUMMARY

The Office of Congressional Relations and Evaluations (OCRE) completed its review designed to evaluate the degree to which FDIC program offices are verifying and validating information presented in FDIC Government Performance Results Act (GPRA) performance reports. This review differed from two earlier OCRE reviews, which assessed the adequacy and reliability of information systems and documentation supporting performance data related to specific performance goals.¹ The intent of this review was to evaluate the corporate-wide processes and practices used to verify and validate performance data.

We provided a memorandum to the former Chief, Business Planning Section, in October 2000 with our interim observations. We did so at her request to assist the Division of Finance (DOF) in developing the *2001 Annual Performance Plan*. We reported that, in reviewing the *2000 Annual Performance Plan*, we observed that the completeness of the descriptions for verifying and validating data related to performance goals and targets varied. GPRA divisional coordinators told us they were focused on improving the verification and validation sections in the *2001 Annual Performance Plan* as a result of DOF and OCRE's efforts. After completion of our fieldwork, the Office of Inspector General's (OIG) Office of Quality Assurance and OCRE were provided a copy of the draft *2001 Annual Performance Plan* for review. On December 11, 2000, we jointly provided DOF's Business Planning Section our observations. While some improvement had been made, we noted that a number of the descriptions should be reviewed to ensure that the discussion of data verification and validation relates to the associated indicators and targets.

The second phase of the review focused on evaluating the verification and validation procedures used for 16 performance goals reported on by the Division of Supervision (DOS), Division of Resolutions and Receiverships (DRR), Division of Insurance (DOI), and Division of Compliance and Consumer Affairs (DCA) in the *FDIC Quarterly Performance Report - Second Quarter 2000*. Overall, documentation provided by GPRA divisional coordinators supported the data included in the *FDIC Quarterly Performance Report - Second Quarter 2000* for 15 of the 16 goals. There was no second quarter data for one goal. During our interviews, GPRA divisional coordinators provided adequate explanations of processes in place to verify and validate performance data. Nevertheless, divisions could better document those processes.

Moreover, divisions relied on information systems controls as one means for verifying data, but GPRA divisional coordinators did not have documentation to support those controls and some referred the OIG to the Division of Information Resources Management (DIRM). We also found that divisions were beginning to use surveys to obtain performance data, but coordination among divisions in developing these surveys could be better.

¹ OCRE reviewed several of FDIC's GPRA goals and documentation in the past. Specifically, two reports were issued, *The Division of Resolutions and Receiverships Reporting in Termination Activity in FDIC's Quarterly Performance Reports* (EVAL-98-003) and *The Division of Compliance and Consumer Affairs' Reporting of Examinations and Activities in FDIC Quarterly Performance Reports* (EVAL-00-002).

Finally, in response to a request from DOF, we researched what approaches other federal agencies were taking to develop an overall statement on data verification and validation in annual performance reports. The OIG continues to believe that addressing data quality would improve the value and usefulness of future performance reports.²

Recommendations

We recommended that the Director, DOF:

1. Re-emphasize to divisions and offices the need to retain documentation indicating verification and validation procedures have been applied and provide further guidance or examples of what constitutes adequate documentation.
2. Discuss information systems controls in more detail with GPRA divisional coordinators and DIRM officials to ensure that information systems controls relied upon for verification and validation of performance data are in place and operating as intended.
3. Consider adding language to GPRA guidance to suggest that divisions and offices consult with the Division of Research and Statistics (DRS) when developing surveys to collect data.
4. Work with GPRA divisional coordinators to develop a mechanism to allow responsible division officials to certify that data reported each quarter has been verified and validated which will serve to support an overall statement on data quality in future annual reports.

Management Response

We provided DOF with the draft report on January 19, 2001. DOF provided a written response dated February 8, 2001. DOF agreed with, and provided the requisites of a management decision for each of our recommendations. With respect to recommendation four, DOF decided to obtain annual, instead of quarterly, certifications. We agreed with DOF's rationale for annual certifications.

² In July 2000, in response to a request from Senator Thompson, Chairman of the Governmental Affairs Committee, the FDIC OIG stated that "including a discussion of data quality in future FDIC annual performance reports would improve the value and usefulness of the reports."

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BACKGROUND

GPRA is the primary framework through which Federal agencies are required to set strategic goals, measure performance, and report on the degree to which goals were met. Specifically, there are three key documents under GPRA to help agencies manage for results:

- Strategic plans that provide the framework for implementing all other parts of GPRA.
- Annual performance plans that set annual goals with measurable target levels of performance.
- Annual performance reports that compare actual performance to the annual goals.

Office of Management and Budget (OMB) Circular No. A-11 Part 2, *Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports*, provides guidance for the implementation of GPRA. It requires that performance plans describe the means to be used to verify and validate measured values of performance. Both verification and validation are important to ensure that users of the performance reports believe that the data is credible. The General Accounting Office (GAO) has defined the terms as follows:

- Verification includes the assessment of data completeness, accuracy, consistency, and related quality control practices.
- Validation is the assessment of whether the data are appropriate for the performance measure.

In accordance with GPRA, FDIC developed a strategic plan for the period 1998-2003 and performance plans for 1998, 1999, and 2000. The *FDIC Strategic Plan* contains goals and objectives that have a 6-year strategic focus. The *FDIC Strategic Plan* is implemented through the *Annual Performance Plan* that is augmented by individual FDIC division and office plans. FDIC issued its first annual performance report to the President and Congress in March 2000. FDIC performance reports are also prepared quarterly for internal use.

As the GPRA process has evolved, more attention has been given to performance results. Accordingly, congressional attention is focusing on the processes used by agencies to verify and validate data. GAO reported that congressional leadership had stated in a letter to the Director of the OMB that performance plans based on incomplete or inaccurate data would be of little use to the Congress or the executive branch.³ Moreover, GAO reported that to credibly report progress towards goals and use performance reports for program management, agencies need to have sufficient performance information.

Indeed, FDIC Circular 4100.2, *Verification and Validation Guidelines for Federal Deposit Insurance Corporation (FDIC) Performance Reporting*, dated March 30, 1999, emphasizes the importance of data quality and assigns roles and responsibilities for ensuring the accuracy of FDIC quarterly and annual performance reports. Specifically, it states “due to the high visibility

³ *Performance Plans: Selected Approaches for Verification and Validation of Agency Performance Information* (GAO/GGD-99-139) GAO report dated July 1999 and *Managing for Results: Challenges Agencies Face in Producing Credible Performance Information* (GAO/GGD-00-52) GAO report dated February 2000.

of the annual and quarterly performance reports, as well as the presentation of data from prior years, data integrity within and between reporting periods is critical.”

Under the performance reporting process, FDIC’s circular states that each FDIC division is responsible for:

- (1) ensuring that performance results are accurate and comparable within and between reporting periods;
- (2) identifying the systems and procedures used to collect, verify and validate performance results; and
- (3) retaining documentation indicating that identified verification and validation procedures have been applied and allowing independent recalculation of performance results.

Each division submits performance information to DOF's Business Planning Section on a quarterly basis. DOF reviews the information for reasonableness and consistency, combines performance report submissions from each division into a single quarterly performance report, and presents the report to FDIC's Operating Committee. FDIC’s Chairman submits an annual performance report to the President and Congress.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our review was to determine the degree to which program offices are adequately verifying and validating information presented in FDIC performance reports. Our review focused on the processes undertaken by divisions and offices to verify and validate the data reported and did not address other aspects of “validity” such as the appropriateness of the agency’s choice of performance measures in relation to its goals and objectives. As part of this review, we also reviewed the verification and validation descriptions included in the *2000 Annual Performance Plan*. In addition, DOF's Business Planning Section asked that we research approaches other federal agencies were taking to develop an overall statement on data verification and validation in annual performance reports.

We completed the review in two phases so that our observations about verification and validation descriptions included in the *2000 Annual Performance Plan* could be considered as the Corporation was drafting its *2001 Annual Performance Plan*. With that in mind, we first focused on understanding and evaluating the verification and validation processes described in the *2000 Annual Performance Plan*. Accordingly, we:

- reviewed the *FDIC Strategic Plan, 2000 Annual Performance Plan, draft 2001 Annual Performance Plan, FDIC Quarterly Performance Report-First Quarter 2000* and *FDIC Quarterly Performance Report-Second Quarter 2000*;
- interviewed GPRA divisional coordinators from DCA, DOI, DRR, DOS, Division of Administration, DIRM, DRS, Legal Division, Office of Diversity and Economic Opportunity, and Office of Internal Control Management;
- reviewed FDIC Circular 4100.2, *Verification and Validation Guidelines for FDIC Performance Reporting*;

- reviewed GPRA-related reports and guidance from the GAO and OMB; and
- reviewed GPRA reports from other selected federal agencies.

In the second phase of the review, we selected 16 goals reported on by DOS, DRR, DOI, and DCA in the *FDIC Quarterly Performance Report - Second Quarter 2000*. We selected those divisions because they had the most goals in the *2000 Annual Performance Plan*. For each goal, we evaluated whether supporting documenting existed to indicate that second quarter performance data had been verified and validated by GPRA divisional coordinators. We also evaluated whether the verification and validation processes were consistent with the approaches described in the *2000 Annual Performance Plan* and as described to us by the respective GPRA divisional coordinators. To accomplish this, we reviewed the supporting documentation provided by DOS, DRR, DOI, and DCA GPRA divisional coordinators. However, we did not trace the information reported in the *FDIC Quarterly Performance Report - Second Quarter 2000* to source documents.

Finally, in this phase, we researched three Federal agencies' performance plans on the Internet and interviewed an official from the Department of Education to learn about the approach they used to develop a data quality assurance statement in their annual performance report. We selected three agencies that were rated in the top half of the May 3, 2000, *Performance Report Scorecard* from The Mercatus Center at George Mason University. OMB does not currently require that agencies include such a statement in their performance reports, but suggested a brief commentary on the general quality of the actual performance information contained in the annual report may be useful in portraying the accuracy or validity of the data.

We conducted our review from June 2000 through November 2000 in accordance with the President's Council on Integrity and Efficiency's *Quality Standards for Inspections*.

RESULTS

Verification and Validation Processes Are Evolving

FDIC included a description of the verification and validation process for each goal in its *2000 Annual Performance Plan*. The descriptions included in the *2000 Annual Performance Plan* provided the basis for understanding the credibility of data included in performance reports. The former Chief, Business Planning Section, DOF asked that we provide our interim observations by the end of October 2000 to assist with the development of the *2001 Annual Performance Plan*. We provided a memorandum on October 24, 2000 with our observations. Generally, we observed the completeness of the descriptions for verifying and validating performance goals and targets varied in the *2000 Annual Performance Plan*. Specifically, we noted the following:

- It was not clear from our discussions with officials in the divisions and offices and our review of the *2000 Annual Performance Plan* whether the terms "verification" and "validation" were interpreted and used consistently.

- The level of detail provided about the verification and validation processes varied in the *2000 Annual Performance Plan*. For some goals, the verification and validation description may have only identified the name of a system used to produce data. In other cases, the description explained why the data provided by the system was appropriate and outlined the quality controls for the data within the system.
- The information included on the verification and validation processes was not always clearly related to indicators or targets.

One GPRA divisional coordinator told us that in the past, the verification and validation processes had not received as much attention as developing goals, targets and indicators. Some divisional coordinators stated the GPRA process was continuing to evolve and that more focus would be put on the verification and validation processes in the future. During the course of our review, DOF was addressing the issue of terminology with GPRA divisional coordinators in preparation for the *2001 Annual Performance Plan*.

Following our fieldwork, DOF provided a copy of the draft *2001 Annual Performance Plan* for the OIG's review. On December 11, 2000, the OIG issued a memorandum to DOF's Business Planning Section that included OCRE's observations on the draft *2001 Annual Performance Plan*. Although FDIC continues to make progress, consistent with our observations on the *2000 Annual Performance Plan* in the memorandum we provided on October 24, 2000, we observed that the completeness of some of the verification and validation descriptions varied. We noted that in some cases, goals for the 2001 plan did not have descriptions of the verification and validation processes for all targets and indicators. Because DOF Business Planning Section officials and GPRA divisional coordinators told us they are working to address this issue, we did not believe a formal recommendation was necessary.

Processes Exist to Verify and Validate Second Quarter Performance Data

We found that documentation provided by GPRA divisional coordinators supported the data included in the *FDIC Quarterly Performance Report - Second Quarter 2000* for 15 of the 16 goals that we reviewed. For the remaining goal, there was no data reported in the second quarter and, the report adequately explained why. However, we observed that divisions:

- Could better document verification and validation procedures performed;
- Obtained data from information systems, but did not know whether system controls designed to ensure data credibility were adequate; and
- Could benefit by coordinating development of surveys designed to obtain performance data with DRS.

The data we obtained from the GPRA divisional coordinators supported the results in the *FDIC Quarterly Performance Report - Second Quarter 2000*. However, FDIC Circular 4100.2, *Verification and Validation Guidelines for Federal Deposit Insurance Corporation (FDIC) Performance Reporting* specified that divisions and offices shall "retain documentation indicating that the identified verification and validation procedures have been applied." During our interviews, GPRA divisional coordinators provided adequate explanations of processes in place to verify and validate performance data. Nevertheless, divisions could better document those processes. We recommended DOF re-emphasize to divisions and offices the need to retain documentation indicating verification and validation procedures have been applied and provide further guidance or examples of what constitutes adequate documentation (Recommendation 1).

Given the overall importance of data verification and validation processes in providing assurance that performance results are credible, it is critical that divisions and offices document the verification and validation procedures performed. Moreover, without this minimal step, the Corporation is not in a good position to make an overall attestation statement in its annual performance report on data quality. As discussed later in the report, such a statement is not required currently but is something other agencies do and we believe to be a good idea.

Based on our interviews and review of the supporting documentation, we found that DCA, DOI, DOS and DRR used the following methods to verify and validate data:

Table 1: Data Verification and Validation Methods

Verification and Validation Method	Number of times used
Information systems controls	11
GPRA divisional coordinator review	8
Internal control reviews	3
Manual reconciliation	3
OIG or GAO review	3
Spreadsheets	1
Survey scanning software	1

Source: OIG Analysis

The most common verification and validation method was information systems controls with 11 occurrences. However, GPRA divisional coordinators did not have documentation to support those controls and some referred the OIG to DIRM. For instance, one GPRA divisional coordinator stated that if DIRM developed and approved an information system, it must have adequate controls.⁴ We believe more needs to be done to ensure the specific information systems controls being relied upon for GPRA are operating as intended.

⁴ It should be noted that GAO identified weaknesses in FDIC's information systems general controls in its 1999 financial statement audit, *Financial Audit: Federal Deposit Insurance Corporation's 1999 and 1998 Financial Statements* (GAO/AIMD-00-157). In response to that report, the Corporation stated that it will continue information systems improvements.

In our October 24, 2000 memorandum, we suggested that it might be useful to use consistent terminology to describe similar verification and validation processes such as information systems controls. Moreover, there may be other standard controls that exist but are not described. We suggested that DOF provide the program offices with a list of terminology that describes some control techniques for program offices to consider as they develop the *2001 Annual Performance Plan*. Program offices would be responsible for determining which control techniques apply, but the terminology used throughout the plan would be based on a common foundation.

Given the reliance of data obtained from information systems, we recommended that DOF discuss information systems controls in more detail with GPRA divisional coordinators and DIRM officials to ensure that information systems controls relied upon for verification and validation of performance data are in place and operating as intended (Recommendation 2). In addition, FDIC Circulars 1301.2 *Data Administration* and 1301.3 *Data Stewardship* established policies, standards, and programs whose purposes included efforts to "...minimize data duplication and eliminate inconsistencies..." and "... promote reliable information." These programs might provide GPRA divisional coordinators with information on the quality of GPRA data and on information systems controls. Consistent with our previous recommendation, this should help ensure that the systems controls are consistently described and understood by those responsible for verifying and validating the data reported and may provide the basis for an overall statement on data quality in future performance reports.

We also found that many divisions are beginning to survey seminar participants, publication readers, and others to gather GPRA-related data. There have been some cross-divisional meetings to discuss surveying techniques. However, a GPRA divisional coordinator suggested, and we agreed, that it would be beneficial if there was additional coordination between divisions. Accordingly, we recommended DOF consider adding language to GPRA guidance to suggest that divisions and offices consult with DRS when developing surveys to collect data (recommendation 3). DRS has staff available who can work with divisions and offices to help ensure that surveys are properly designed to collect valid data.

FDIC Should Consider Including An Overall Statement on Data Quality in Annual Performance Reports

Finally, in response to a request from DOF, we researched what approaches other federal agencies were taking to develop an overall statement on data verification and validation in annual performance reports. The following table illustrates the different approaches:

Table 2: Other Agencies' Reporting Approaches

Agency	Data Verification and Validation Reporting
Department of Education (Education)	<ul style="list-style-type: none">• Overall statement of the credibility of performance data.• Separate descriptions of the verification and validation processes for each goal/objective.
Social Security Administration	<ul style="list-style-type: none">• Overall statement on data verification and validation.• There was not a separate discussion of data verification and validation with each goal.
Department of the Interior	<ul style="list-style-type: none">• Overall statement on the credibility of performance data.• Separate descriptions of the verification and validation processes for each goal.

Source: Selected Agencies' 1999 Performance Reports

We also obtained additional information from Education on their overall statement on data quality. As part of its annual performance plan process, there is an *Attestation of Performance Indicator Data Quality* Statement. This statement, signed by the responsible division official, included the following points:

- the appropriate measure was selected;
- the data collected was accurate, calculated correctly, and timely;
- the measures were reported accurately;
- a formal plan for further verification and validation of the data quality was described; and
- any recommendations for improvements to improve the quality of the indicator and the data were stated.

An Education official stated that this attestation increased accountability. Education also has a statement in their strategic plan that all managers will assert that the data used for their program's performance measures are reliable and valid, or will have plans for their improvement. In addition, Education has a *Data Quality Self-Evaluation Checklist* which emphasizes that a written clear definition of key terms has been communicated to data providers.

We believe an overall statement on data quality would give the performance process increased credibility with Congress, GAO, and the public. As previously stated, FDIC Circular 4100.2, *Verification and Validation Guidelines for Federal Deposit Insurance Corporation (FDIC) Performance Reporting* specified that divisions and offices shall "retain documentation indicating that the identified verification and validation procedures have been applied." Under this circular, it appears GPRA divisional coordinators might be able to provide some type of certification that verification and validation procedures have been applied. We recommended DOF work with GPRA divisional coordinators to develop a mechanism to allow responsible division officials to certify that data reported each quarter has been verified and validated which will serve to support an overall statement on data quality in future annual reports (Recommendation 4).

CONCLUSION AND RECOMMENDATIONS

As the GPRA process has evolved, more attention has been placed on the verification and validation processes by GPRA divisional coordinators and DOF officials. However, we did observe some areas where existing verification and validation processes and practices could be improved to better enable FDIC to attest to the credibility of data reported in future annual performance reports. Consequently, we recommended that the Director, DOF:

1. Re-emphasize to divisions and offices the need to retain documentation indicating verification and validation procedures have been applied and provide further guidance or examples of what constitutes adequate documentation.
2. Discuss information systems controls in more detail with GPRA divisional coordinators and DIRM officials to ensure that information systems controls relied upon for verification and validation of performance data are in place and operating as intended.
3. Consider adding language to GPRA guidance to suggest that divisions and offices consult with DRS when developing surveys to collect data.
4. Work with GPRA divisional coordinators to develop a mechanism to allow responsible division officials to certify that data reported each quarter has been verified and validated which will serve to support an overall statement on data quality in future annual reports.

CORPORATION COMMENTS

We provided DOF with the draft report on January 19, 2001. The Associate Director for Corporate Planning, Budget and Analysis provided DOF's written response dated February 8, 2001. DOF agreed with, and provided the requisites of a management decision for each of our recommendations. With respect to recommendation four, DOF decided to obtain annual, instead of quarterly, certifications. We agreed with DOF's rationale for annual certification. DOF's written response is included in its entirety as Appendix I of this report. Appendix II presents our assessment of DOF's response and shows that we have a management decision for each recommendation.

APPENDIX I: CORPORATION COMMENTS




Federal Deposit Insurance Corporation
801 17th Street, NW, Washington, DC 20434

Division of Finance

February 8, 2001

TO: Stephen M. Beard
Assistant Inspector General
Office of Congressional Relations and Evaluations
Office of Inspector General

FROM:  Thomas E. Peddicord
Associate Director for Corporate Planning, Budget and Analysis
Division of Finance

SUBJECT: Response to OIG Draft Report: *Review of Processes Used to Verify and Validate Government Performance Results Act Performance Data*

Thank you for the opportunity to respond to the recommendations in the subject draft report. We also appreciate your staff's cooperation in sharing the preliminary results of their work in time for us to incorporate your observations into the FDIC's 2001 Annual Performance Plan. We concur with the four recommendations contained in the report and will take the actions described below.

OIG RECOMMENDATIONS and DOF RESPONSES

- 1) Re-emphasize to divisions and offices the need to retain documentation indicating verification and validation procedures have been applied and provide further guidance or examples of what constitutes adequate documentation.

We have included a reminder in each quarter's call for performance results that documentation should be retained in accordance with Circular 4100.2, *Verification and Validation Guidelines for FDIC Performance Reporting*. We will continue to emphasize this requirement in future calls and will update the circular to include examples of the documentation that should be retained.

- 2) Discuss information system controls in more detail with GPRA divisional coordinators and DIRM officials to ensure that information systems controls relied upon for verification and validation of performance data are in place and operating as intended.

We will encourage the GPRA divisional coordinators to work with DIRM personnel to identify and confirm the existence and reliability of the specific information system controls they are relying upon in the operation of their divisional information systems.

- 3) Consider adding language to GPRA guidance to suggest that divisions and offices consult with DRS when developing surveys to collect data.

APPENDIX I: CORPORATION COMMENTS

We will include a discussion of survey tools when we revise Circular 4100.2 and will specifically state that divisions and offices should consult with DRS when developing survey instruments.

- 4) Work with GPRA divisional coordinators to develop a mechanism to allow responsible division officials to certify that data reported each quarter has been verified and validated which will serve to support an overall statement on data quality in future annual reports.

We now require the division and office directors to certify the completeness and reliability of the annual performance data their organizations submit. The certification requires that any inadequacies in the data reported, as well as an action plan to resolve the inadequacies, be identified. This information will be consolidated into an overall statement on data quality in the 2000 Program Performance Report and in subsequent program performance reports. We have attached the certification instructions, and a certification form for one division, that we provided to the GPRA divisional contacts on January 24, 2001.

Although you recommend quarterly certification of data, we believe that our quarterly emphasis on data quality coupled with an annual certification will be sufficient.

IMPLEMENTATION SCHEDULE

We will implement your recommendations numbered one, two and three, with the first quarter performance call to the GPRA divisional contacts. As discussed above, we have already implemented your fourth recommendation on an annual basis. We will initiate the revisions to Circular 4100.2 immediately and notify you when the revised circular is issued.

CORRECTION OF AN ERROR

In addition to providing our responses to the four recommendations contained in the draft report we would like to correct a minor error in the draft report. In accordance with the Government Performance and Results Act, the FDIC issued its first annual performance report to the Congress in March 2000. The background section of the draft report references March 1999.

DOF CONTACTS

If you have any questions, please contact me at (202) 416-2427 or Gordon Goeke at (202) 416-4067.

Attachment

cc: Fred Selby
Steve Anderson
Susan Helig

APPENDIX II: MANAGEMENT RESPONSE TO RECOMMENDATIONS

This table presents the management responses that have been made on recommendations in our report and the status of management decisions. The information for management decisions is based on DOF management's written response to our draft report.

Rec. Number	Corrective Action: Taken or Planned / Status	Expected or Actual Completion Date	Documentation that will Confirm Final Action	Monetary Benefits	Management Decision: Yes or No
1	DOF will include a reminder in each quarter's call for performance results that documentation should be retained in accordance with Circular 4100.2. DOF will also emphasize this requirement in future data calls and update the circular to include examples of the documentation that should be retained.	First Quarter 2001	(1) First Quarter 2001 call for performance results (2) Revised Circular 4100.2	\$0	Yes
2	DOF will encourage GPRA divisional coordinators to work with DIRM to identify and confirm the existence and reliability of the specific information systems controls they are relying upon in the operation of their divisional information systems.	First Quarter 2001	First Quarter 2001 call for performance results	\$0	Yes
3	DOF will include a discussion of survey tools when it revises Circular 4100.2 and will specifically state that divisions and offices should consult with DRS when developing survey instruments.	First Quarter 2001	(1) First Quarter 2001 call for performance results (2) Revised Circular 4100.2	\$0	Yes

Rec. Number	Corrective Action: Taken or Planned / Status	Expected or Actual Completion Date	Documentation that will Confirm Final Action	Monetary Benefits	Management Decision: Yes or No
4	DOF now requires that division and office directors certify the completeness and reliability of annual performance data they submit. The information from those certifications will be consolidated into an overall statement on data quality in the 2000 Program Performance Report and subsequent program performance reports. This will be done annually.	(1) Certification forms were issued in January 2001. (2) Overall statement on data quality will be in the 2000 Program Performance Report due to be issued in March 2001.	(1) Copies of certification request were provided with management response (2) 2000 Program Performance Report	\$0	Yes