

**GENERAL MANAGEMENT:  
Bureaus' Policies And Procedures To Ensure The  
Completeness And Reliability Of FY 2002  
Performance Data**

OIG-CA-03-022

July 23, 2003



**Office of Inspector General**

\*\*\*\*\*

**The Department of the Treasury**

# Contents

---

<b>Evaluation Report</b> .....	2
Background.....	3
Evaluation Results.....	5
Bureau Concerns.....	9

## Appendices

Appendix 1: Objective, Scope, and Methodology .....	11
Appendix 2: Major Contributors To This Report.....	12
Appendix 3: Report Distribution.....	13

## Abbreviations

Act	Reports Consolidation Act of 2000
ATF	Bureau of Alcohol, Tobacco and Firearms
BEP	Bureau of Engraving and Printing
BPD	Bureau of the Public Debt
Customs	U.S. Customs Service
DO	Departmental Offices' Office of Performance Budgeting
FMFIA	Federal Managers' Financial Integrity Act
FinCEN	Financial Crimes Enforcement Network
FLETC	Federal Law Enforcement Training Center
FMS	Financial Management Service
FY	Fiscal Year
Mint	U.S. Mint
OCC	Office of the Comptroller of the Currency
OMB	Office of Management and Budget
OTS	Office of Thrift Supervision
PAR	Performance and Accountability Report
PRS	Performance Reporting System
Secret Service	U.S. Secret Service

---

*The Department of the Treasury  
Office of Inspector General*

July 23, 2003

Teresa Mullett Ressel  
Acting Assistant Secretary for Management and  
Chief Financial Officer

In support of Treasury's preparation of its Performance and Accountability Report (PAR) for Fiscal Year (FY) 2002, we conducted a review to obtain information about the policies and procedures each bureau used to ensure completeness and reliability of performance data included in the PAR.

Departmental Offices' Office of Performance Budgeting (DO) and the following bureaus were surveyed as a part of our review: Bureau of Alcohol, Tobacco and Firearms (ATF), Bureau of Engraving and Printing (BEP), Bureau of the Public Debt (BPD), Financial Crimes Enforcement Network (FinCEN), Federal Law Enforcement Training Center (FLETC), Financial Management Service (FMS), Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), U.S. Mint (Mint), U.S. Customs (Customs), and U.S. Secret Service (Secret Service).<sup>1</sup>

At these bureaus we asked a series of questions to determine:

- Was each performance measure in the bureaus' FY 2002 final performance plan the same performance measure reported in the FY 2002 PAR?

---

<sup>1</sup>Since our evaluation, pursuant to the Homeland Security Act of 2002, the law enforcement activities of ATF were transferred to the Department of Justice in January 2003, and Customs, Secret Service, and FLETC were transferred to the Department of Homeland Security in March 2003.

- 
- What procedures did the bureaus/office use to collect and verify data?
  - What policies and procedures assured the completeness and reliability of performance data?

This evaluation report identifies those policies and procedures that were in place at the time of our review, as described by the bureau representatives we interviewed. During our review, the bureaus also expressed concerns and ideas to improve their reporting relationship with DO. At periodic briefings conducted during our review, we shared the results of our review and the bureaus' concerns with DO representatives. We conducted our work from August 22 to November 8, 2002. See Appendix 1 for a more detailed statement of the evaluation's objective, scope, and methodology.

We shared a draft of this report with members of your staff and, based on mutual agreement, are issuing it as final.

## Background

Requirements. The Government Performance and Results Act was enacted in 1993 to improve the efficiency, effectiveness, and accountability of Federal programs by requiring Federal agencies to set goals for program performance and to report on their annual progress toward achieving those goals. The performance data has become an integral tool for Congress, program managers, and decision-makers in assessing future program needs. To help improve the quality of agencies' performance data, Congress included a requirement in the Reports Consolidation Act of 2000 (Act) that agencies assess the completeness and reliability of their performance data. Under the Act, agencies were required to include their assessment in the transmittal letter with subsequent performance reports. Agencies were also required to discuss in the report any material inadequacies in the completeness and reliability of their annual performance data and discuss actions to address these inadequacies. In addition, the Act allowed agencies to combine this report with their annual accountability report.

---

The usefulness of agencies' performance data is dependent, to a large degree, on the reliability and validity of their performance data. The U.S. General Accounting Office conducted work over the past several years that suggested significant limitations on agencies' abilities to produce credible performance data.<sup>2</sup> While no data are perfect, agencies are required to implement processes to ensure the most complete and reliable data possible.

The guidance set forth in the Office of Management and Budget Circular (OMB) A-11, Section 231, defines completeness and reliability as "performance data that is considered acceptably reliable when there is neither a refusal nor a marked reluctance by agency managers or government decision-makers to use the data to carry out their responsibilities." Agencies are required to assess the completeness and reliability of performance data included in the Performance and Accountability Report (PAR). The agencies are also to address any material inadequacies in the completeness and reliability of performance data, as well as actions being taken to remedy the inadequacies.

Treasury's Performance Data Consolidation Process. For the FY 2002 PAR process, DO was responsible for tracking performance data for the bureaus. Each bureau enters data into a database tracking system known as the Performance Reporting System (PRS). Program managers at DO periodically review data for consistency, make changes to data as needed, and provide guidance to the bureaus in the performance reporting process.

DO provided a detailed demonstration of the PRS to our evaluators. We observed how data changes from the bureaus were entered into PRS, supervisory reviews of the data, and DO's procedures to check for data consistency. DO also provided offices and bureaus with general guidelines to program managers as an easy-to-use self-assessment tool for evaluating the validity and reliability of current performance data. Bureaus used this guidance at their

---

<sup>2</sup> *Performance Reporting: Few Agencies Reported on the Completeness and Reliability of Performance Data* (GAO-02-372), April 2002.

---

discretion. During our interviews, we were informed that each bureau was aware of and currently using the guidance distributed by DO.

## Evaluation Results

We found that each bureau independently developed and implemented policies and procedures to assure data completeness and reliability. There is no mandatory Treasury-wide guidance to perform this function. Most bureau representatives we interviewed were unable to provide a detailed description of the data collection process because management at the bureaus' operating unit levels were responsible for implementing their own related policies and procedures.

All bureaus relied on their operating units to verify data when collected and prior to input. Most bureaus employed a second level review, regardless of the level where the data was entered. One bureau, ATF, also had an executive level committee to review data approved at the operational unit and management levels. One bureau used two different data collection processes to verify data. Four bureaus required semi-annual reviews of data. One bureau developed a manual at the headquarters level and inspected its units over a period of 3 years. Several bureaus had committees or assigned divisions to review anomalies.

Due to the accelerated deadline for issuing the FY 2002 PAR, we performed limited testing to determine whether the policies and procedures described by the bureaus were implemented. Specifically, we obtained and reviewed documentation from two bureaus and DO to determine if certain policies and procedures, as indicated in the interviews, were actually in place.

The following is a summary of the policies and procedures, as described by the bureau representatives, to assure the completeness and reliability of performance data.

- 
- At **ATF**, six different operating units were responsible for reporting performance data. The project agent or inspector of each of these units was responsible for developing and implementing internal policies and procedures to assure the completeness and reliability of data. ATF representatives said each operating unit conducted mid-year and end-of-year reviews to assure data accuracy. ATF representatives also informed us that the bureau implemented several internal policies and procedures to assure the completeness and reliability of data. One procedure, for example, was the establishment of the Chief Financial Officer Steering Committee, an internal oversight group composed of Deputy Assistant Directors. The Committee met monthly to assess and monitor deficiencies in management accountability and control. We obtained the Committee's charter and reviewed minutes from the Committee meetings from March through August 2002, noting that this procedure was in place.
  
  - **Customs'** performance information contained in Customs' Performance Plan was owned and managed by either the Office of Investigations or the Office of Field Operations. We were provided with written policies and procedures, developed by both offices to verify the completeness and reliability of performance data. The data collection processes, as described by bureau representatives, appeared to be consistent with the policy and procedures that was provided to us.

Customs representatives reported that the Office of Investigations' performance measures data came primarily from the Seized Asset and Case Tracking System, Case Management, or the Aviation and Marine Operations Reporting System. Information in these systems was entered by approximately 480 system users and reviewed for accuracy by their supervisors. All personnel who entered or reviewed data in these systems were responsible for ensuring that the information was in compliance with established policies and procedures.

---

At the time of our interview, Customs representatives informed us that the bureau recently established the Executive Information Branch to periodically review data for sufficiency within the Office of Investigations' tracking systems. The representatives said this group allows them to further test data reliability through internal reviews and spot checks. We reviewed a report from the Executive Information Branch and noted that this procedure appeared to be in place.

The Office of Field Operations used the Operations Management Report, a data warehouse that queries several systems and extracts data for approximately 350 data elements. Each Field Operations office director was responsible for appointing National Data Element Owners. This group conducted periodic data reviews within their respective operations unit. The National Data Element Owners issued monthly reports that track all performance measures and indicators by Customs Management Centers nationally.

- **Secret Service** representatives told us that the process of verifying the completeness and reliability of performance data was a shared responsibility throughout the bureau. One hundred and forty three (143) operating units entered data for headquarters review. Headquarters' Program Offices reviewed data as needed, produced reports, and returned them to the field offices for further review and/or corrective action. Headquarters also issued operating manuals to the field offices and inspected the field offices every 3 years for compliance with these procedures.

The Office of Inspection conducted periodic internal reviews within its units. A data verification oversight committee known as the Management Organization Division conducted final reviews throughout the bureau. The Office of Inspection also used the Case Control Record Screen, a case management database that provided both case control and statistical case credit for each investigation and survey conducted. The system, according to the Secret Service, had an edit function to ensure



---

data was entered correctly by requiring case numbers and office identification numbers prior to data entry.

- **FLETC** representatives informed us that an automated system known as the FLETC Automated Testing and Evaluation System, along with a series of customer surveys, were used to evaluate and measure the performance of its training programs. This automated system was comprised of three individual systems: the Student Feedback System, the Automated Testing System, and the Continuous Validation System. Four operating units reported performance data to these systems to provide an ongoing assessment of the quality of training provided at FLETC. The Research and Evaluation Division was responsible for verifying the completeness and reliability of all performance data daily, and through memoranda, the Strategic Planning Division Chief certified accuracy, and the Center Director approved final data.
- **Mint and BEP** had “bottom-line” production outputs such as number of coins and notes produced, simplifying the performance reporting process. For example, the Mint’s six operating units reported performance data through a single database. The production output data for both bureaus were mostly numbers based, targeting volume and unit costs. These bureaus were able to compare data accuracy with their operation units using spreadsheets. The Assistant Director of Financial Planning at the Mint and the Office of Financial Management at BEP were responsible for assuring the completeness and reliability of all performance data.
- **BPD** and **OTS** relied on management review and periodic internal spot checks to verify data for each performance measure within their respective reporting units.
- **OCC** had five operating units. A Senior Deputy Comptroller managed each unit and was responsible for developing and implementing policies and procedures to ensure the completeness and reliability of data. Each unit also had a

---

program analysis unit that periodically reviewed data for consistency. The Supervisory Information Division at headquarters further reviewed data for anomalies.

- **FinCEN** representatives told us that six operating units are responsible for reporting performance data for the bureau. The Assistant Director for each unit was responsible for developing and implementing procedures to assure the completeness and reliability of performance data. FinCEN representatives informed us that management also required each reporting office to provide back-up documentation for its data.
- **FMS** representatives told us that five operating units, each headed by an Assistant Commissioner, reported performance data to the Performance Reporting System. Assistant Commissioners were responsible for developing procedures to assure the completeness and reliability of performance data for their unit. Assistant Commissioners also assessed the status of internal policies and procedures of their units as required by the Federal Managers' Financial Integrity Act (FMFIA), which requires separate statements of assurance and other reporting requirements of Federal agencies. A significant portion of FMS reported data fell under FMFIA reporting requirements.

## **Bureau Concerns**

During our review, representatives at several bureaus expressed concerns and ideas that could possibly enhance the reporting process with DO. The following comments were common among the bureaus:

- (1) *Need to Clarify terminology* – Four of the bureaus reported that the Department used a host of conflicting terms that were frequently used interchangeably. Terms such as “strategic goals,” “performance goals,” and “verification and validation,” were often confusing to bureau management. Bureau personnel expressed a preference that OMB’s definitions of performance terminology be adopted and used Treasury-wide.

---

(2) *Need to Consolidate data collection requests* – Representatives from five bureaus commented that separate data calls from DO requiring similar information were often requested, which created duplication of work. Bureau representatives would like to see these requests consolidated at appointed intervals.

(3) *Need to Reduce the number of performance measures* – Representatives from three bureaus indicated that there were too many measures on which to report. Often times these measures either overlapped or were similar to Treasury-wide performance measures, resulting in the same or similar performance measures to be reported more than once.

During the course of this evaluation, we briefed the Director of Performance Budgeting and staff at DO on the results of our survey. During these briefings, we discussed the above bureaus' recommendation for improving the reporting process. The officials informed us that these comments would be considered for the FY 2003 PAR cycle.

\*\*\*\*\*

We appreciate the cooperation and courtesies extended to our staff. If you have any questions, please contact me at (202) 927-5400 or Robert A. Taylor, Deputy Assistant Inspector General for Audit, at (202) 927-5792.

Marla A. Freedman  
Assistant Inspector General for Audit

Our objective was to record a description of each bureau's policies and procedures used to assure the completeness and reliability of performance data used in the Department's FY 2002 PAR. We administered a questionnaire to 11 bureaus and DO to meet our objective. The questionnaire was developed in consultation with management.

The questionnaire was not designed to evaluate the merits of specific policies and procedures, but to identify the different methodologies used by each bureau to determine completeness and reliability of performance data. Evaluators conducted face-to-face interviews with all bureaus except BPD and FLETC, which were conducted via conference call. Due to the limited scope and the accelerated deadline for issuing the FY 2002 PAR, we did not test or validate any of the policies and procedures described by bureau personnel. However, we obtained and reviewed documentation from Customs, ATF, and DO to determine if certain policies and procedures, as indicated in the interviews, were actually in place.

We also reviewed the guidance issued by DO to aid the bureaus in ensuring the completeness and reliability of performance data. Each bureau was interviewed regarding their knowledge and application of the issued guidance.

We conducted our work from August 22 to November 8, 2002, in accordance with the *Quality Standards for Inspection* issued by the President's Council on Integrity and Efficiency.

**Office of Evaluations**

Marj P. Leaming, Director Office of Evaluations  
John F. Lemen, Supervisory Evaluator  
Cedric E. Hammond, Sr., Lead Evaluator  
Susan R. Sebert, Evaluator

**Department of the Treasury**

Office of Assistant Secretary for Management  
and Chief Financial Officer  
Office of Strategic Planning and Evaluations  
Office of Accounting and Internal Control

**Office of Management and Budget**

OIG Budget Examiner