

## Reclamation Manual Transmittal Sheet

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Date: \_\_\_\_\_

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## Policy

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<b>Subject:</b>	The Bureau of Reclamation's Commitment to Budget and Performance Integration and Performance Improvement (BPI/PI)
<b>Purpose:</b>	To establish the requirement, define pertinent BPI/PI terminology, and set forth the roles and responsibilities for collecting and analyzing performance information to improve budget formulation, budget deliberations, and the overall performance of Reclamation. The expected outcome is that Reclamation's performance will benefit by effectively integrating performance information into budget allocation decisions.
<b>Authority:</b>	The Budget and Accounting Act of 1921; The Budget and Accounting Procedures Act of 1950; The Government Performance and Results Act (GPRA) of 1993; The Government Performance and Results Act (GPRA), Modernization Reporting Act of 2010; annual guidance and schedules issued by the Office of Management and Budget (OMB) in OMB Circulars and Bulletins; and supplemental instructions from the Department of the Interior.
<b>Approving Official:</b>	Commissioner
<b>Contact:</b>	Program and Budget Office (94-30000)

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1. **Introduction.** In accordance with best business practices and guidance from the President, Congress, OMB, and the Department, Reclamation will incorporate performance information in the budget formulation, budget execution, and performance improvement process to improve overall performance.
2. **Applicability.** This Policy pertains to all projects and programs to illustrate performance attributes for past, present, and future Reclamation endeavors. Reclamation will identify performance measures and reflect budget integration in all program areas although the method of linking budget and performance may vary depending on the source of funds. For example, Reclamation uses the Working Capital Fund to capture and subsequently allocate indirect costs to Reclamation projects/programs. Since Reclamation's processes are already in place, no linkage to Activity Based Costing/Management (ABC/M) activity codes will be provided by Reclamation for these indirect costs. Furthermore, Reclamation has also determined that ABC/M linkage of Policy and Administration (P&A) Appropriation activities are not necessary. However, for the P&A activities, other metrics may apply. For example, Budget Object Codes may be used to track costs.
3. **Definitions.**
  - A. **Activity Based Costing/Management (ABC/M).** A management methodology that provides information about the cost of doing work and how the work activities align with GPRA requirements and the Department's Strategic Plan objectives.

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- B. **Annual Performance Plan and Report (APP/R).** The formal fiscal year-end report published to report current and future year's performance accomplishments and budget authority, supporting Strategic Plan performance targets; in addition to providing performance assessment narrative related to challenges and risks, and strategic actions associated with the performance.
- C. **Budget and Performance Integration (BPI).** A management concept built upon GPRA requirements and other initiatives to identify program goals and performance measures in order to integrate them with the budget formulation process.
- D. **Budget Instructions/Process Call Letter.** Reclamation's annual budget guidance issued by the Director, Program and Budget that provides the process and detailed instructions for the budget cycle.
- E. **Department Data Validation and Verification Assessment Matrix.** The framework used to assess whether data collected and measured are a true reflection of the performance being measured and have a clear relationship to the mission of the organization; while comparing the performance and budget against policies, standards, processes, and procedures, based on the guidance issued by the Department that provides explicit requirements for quality data.
- F. **Department Strategic Plan.** The framework for accomplishing the Department's mission that presents tangible standards for gauging success in achieving the commitments to "...those who depend on our performance and stewardship..." The Department's Strategic Plan integrates and aligns Reclamation's responsibilities under major mission goal areas and holds Department bureaus accountable for achieving results through the application of rigorous performance measurements.
- G. **Performance Improvement (PI).** The continuous process of improving the effectiveness and efficiency of Reclamation by integrating performance information into budget formulation and program execution decisions. The process builds upon the earlier phase of BPI.
- H. **Performance Improvement Officer (PIO).** Senior level individual who coordinates the BPI/PI activities and requirements as outlined in The Government Performance and Results Act (GPRA), Modernization Reporting Act of 2010.
- I. **Performance Information.** A combination of budget, financial, and program information used in decision-making, budget formulation, program execution, performance management, and performance improvement.
- J. **Priority Goals.** Priority Goals are a key element of the President's agenda for building a high performing government. Priority Goals have high direct value to the public or reflect achievement of key agency missions. As such, these goals focus attention on

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initiatives for change that are considered important to the agency, and ensures performance outcomes which can be clearly evaluated, and are quantifiable and measurable in a timely fashion. For Reclamation, they include, Water Conservation, Climate Change Adaptation, and Youth in the Great Outdoors.

- K. **Selected PART Measures.** Performance measures selected from Reclamation prior PART measures to support the current FY2011-2016 Strategic Plan Goals that are presented in the Annual Performance Plan as supporting measures.

#### 4. **Roles and Responsibilities.**

- A. **Commissioner.** Sets priorities for consideration as budget decisions are made, identifies key issues, and highlights other specific items to address throughout Reclamation's budget formulation, submission, and execution process.
- B. **Deputy Commissioner, Policy, Administration, and Budget.** Provides general oversight to the implementation and operation of ongoing BPI/PI- and ABC/M-related efforts for Reclamation.
- C. **Director, Program and Budget.** Serves as executive sponsor for and provides immediate direction and leadership to ongoing BPI/PI- and ABC/M-related efforts for Reclamation. Publishes the annual Budget Instructions/Process Call Letter. Serves as PIO and is accountable for effectively developing, implementing, and ensuring consistent application of progressive policies and procedures that demonstrate real program performance improvement.
- D. **Reclamation Leadership Team.** Provides a forum for the discussion and deliberation of major issues affecting Reclamation in order to assist the Commissioner in making policy decisions and to provide administrative and programmatic guidance.

#### 5. **Policy.**

- A. Specific, year-by-year, budget instructions for Reclamation will be guided by the Call Letter issued by the Director, Program and Budget at the onset of the budget formulation process. Priorities will be influenced by, but not limited to, the Department's Strategic Plan, and other performance improvement requirements.
- B. Strong linkages will be established and maintained among the budget formulation process; the estimates of future work and accomplishment with available resources; the resulting distribution of budgetary resources; and the performance outcomes, as identified in the Department's Strategic Plan and other guidance as required.
- C. During the budget execution phase, BPI/PI information will be generated and reported. Ultimately, this information will be analyzed and used to formulate future budget

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submissions. The BPI/PI efforts are required to be a part of the budget formulation process and documentation. Examples of documentation include graphs, narratives, spreadsheets, and text boxes that implicitly include program performance analysis to determine:

- (1) where an activity stands at the present time, in relation to its goals and objectives;
- (2) what can reasonably be expected to happen in regard to meeting stated goals and objectives;
- (3) what alternative approaches will be taken to operate more effectively and efficiently; and
- (4) linkages of funding to expected outcomes.