

## SECTION 260—ANNUAL PERFORMANCE REPORTING

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### Summary of Changes

Describes Annual Performance Report to be published either in November or in February

Clarifies content for the performance report for agencies that pilot the Strategic Objective Annual Reviews this year (See section [270](#) for more on Strategic Objective Annual Reviews)

#### 260.1 What is the Annual Performance Report (APR)?

The Annual Performance Report (APR) provides information on the agency's progress achieving the goals and objectives described in the agency's Strategic Plan and Annual Performance Plan, including progress on the Agency Priority Goals. The term Annual Performance Report means the same as the performance section of the Performance and Accountability Report (PAR) published by agencies in November or the Annual Performance Report that is published by agencies in February.

#### 260.2 The GPRA Modernization Act requires “more frequent updates of actual performance on indicators that provide data of significant value to the Government, Congress, or program partners at a reasonable level of administrative burden.” How will agencies meet this requirement?

This fall, agencies with FY 2012-2013 Priority Goals will begin reporting progress on the Agency Priority Goals on Performance.gov on a quarterly basis. In addition, Cross-Agency Priority Goal progress will begin to be updated quarterly by CAP Goal Leaders in coordination with the PIC, OMB and contributing agencies.

All agencies are encouraged to report performance on their other performance goals more frequently than annually, if cost-effective and valuable. Each agency should determine the areas and kinds of information where more frequent data will lead to better decisions by the public, field offices, and delivery partners that generate more value and/or lower cost. Before the full transition to a central government-wide

website, agencies should use their own websites to provide more frequent performance updates, where cost effective.

**260.3 The GPRA Modernization Act requires an annual performance update on the web to be provided to Congress “no less than 150 days after the end of the fiscal year”. How does this change publication of existing Annual Performance Reports?**

This fiscal year, agencies will maintain the flexibility to publish the Annual Performance Report for FY 2012 on the agency’s website either as a Performance and Accountability Report (PAR) (November 15, 2012) or with the Congressional Budget Justification (February 2013) as an Annual Performance Report (APR). Agencies will also be required to link to the APR (Performance section only of the PAR) from Performance.gov and provide a machine-readable format of the report May 31, 2013.

However, concurrent with the release of the FY 2015 President’s Budget agencies will be required to publish all of the content of the Strategic Plan, Annual Performance Report, and Annual Performance Plan through Performance.gov web display. With the FY 2015 Budget, agencies have the option to publish an agency-specific Annual Performance Plan/Report on the agency website, in addition to the content provided through the Performance.gov central website, but will not be required to do so.

**260.4 How are agencies expected to work with OMB or Congress in the preparation of the performance report?**

When preparing an agency-specific Annual Performance Report, agency staff and OMB should discuss the presentation and work out any concerns in advance of the submission of the reports to Congress. Agencies are encouraged to reach out to Congress, where possible, to obtain input on how they might improve their communication of performance information to Congress.

**260.5 How do agencies deliver the report to the President, Congress and the public?**

For the FY 2012 performance report, agencies should make Annual Performance Reports available on the agency website. A hyperlink to the agency performance report will be published via Performance.gov. For notification to the President and Director of OMB, agencies should post final reports on <https://max.omb.gov/community/x/C5VxIQ>. Agencies will be instructed on how to deliver the machine-readable version of the APR in May 2013 to OMB in the Technical User’s Guide.

Agencies should notify Congress electronically of the availability of final the Annual Performance Report. The report notification must be from the head of the agency, but may be transmitted electronically by his or her delegate. An agency may add other signatories, such as the Deputy Secretary, Chief Operating Officer, Performance Improvement Officer or Chief Financial Officer, as necessary to the transmittal, thus recognizing a shared responsibility within the agency. Transmittal letters to Congress are addressed to the Speaker of the House of Representatives, the President of the Senate and the President pro tempore of the Senate. Copies of the congressional transmittal are sent electronically, unless otherwise requested in print by Congress, to the chair and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriation subcommittees, and the chair and ranking minority member of the Senate Committee on Homeland Security and Governmental Affairs and the House Government Reform Committee. Agencies should work with their legislative affairs and congressional staff to determine the optimal way to transmit notification to Congress.

If an agency performance update includes any program activity or information that is specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and is properly classified, the head of the agency will make such information available in a classified appendix.

## **260.6 Are agencies allowed to consolidate the Annual Performance Report with the Annual Performance Plan?**

Yes. Agencies are strongly encouraged, but not required, to consolidate the FY 2014 Annual Performance Plan and the FY 2012 Annual Performance Report.

However, the FY 2015 Annual Performance Plan and FY 2013 Annual Performance Report will be required to be consolidated and published simultaneously on the central website next year. Agencies will be required to link to the central website from the agency home page. Agencies may still choose to publish an agency-specific FY 2013 Annual Performance Report on the agency websites, but will not be required to do so.

## **260.7 What does the Annual Performance Report contain?**

The APR must address the content established in section [210.14](#) but agencies may format the FY 2012 Annual Performance Report as desired. Annual Performance Reports should clearly articulate how the work of the agency benefits the public, enable the public to understand the actions agencies have taken to make progress and explain what the agency is doing to improve performance. If this year, the agency is planning to pilot the Strategic Objective Annual Reviews, as described in section [270](#), the Annual Performance Report should include a summary assessment of progress as outlined in [210.14](#) for strategic objectives.

## **260.8 Other parts of the Annual Performance Report, as applicable**

The following parts selectively apply to agencies.

*Information on use of non-Federal parties.* The GPRA Modernization Act states that preparation of an annual report is an inherently governmental function. However, the report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-Federal entity in supporting preparation of the report.

*Classified appendices not available to the public.* Agencies that conduct classified activities may prepare a classified appendix for the Annual Performance Plan. Also, if an agency believes that reporting of actual performance will impede goal achievement, a non-public appendix may be prepared for the Annual Performance Report. Agencies should consult with OMB to determine whether such an appendix is necessary.

## **260.9 Assessing the completeness, reliability and quality of performance data**

The GPRA Modernization Act requires agencies to prepare information on the reliability of data presented. The transmittal letter included in Annual Performance Reports must contain an assessment by the agency head of the completeness and reliability of the performance data presented and a description of agency plans to improve completeness, reliability, and quality, where needed. Agencies may develop a single data verification and validation appendix used to communicate the agency's approaches, and/or may also choose to provide information about data quality wherever the performance information is communicated (e.g., websites). Agencies should discuss their verification and validation techniques with their respective OMB Resource Management Office, if necessary.

*Data limitations.* In order to assess the progress towards achievement of performance goals, the performance data must be appropriately accurate and reliable for [intended use](#). Significant or known data limitations should be identified to include a description of the limitations, the impact they have on goal achievement, and the actions that will be taken to correct the limitations. Performance data need not be perfect to be reliable. Agencies can calibrate the accuracy of the data to the intended use of the data and

the cost of improving data quality. At the same time, significant data limitations can lead to bad decisions resulting in lower performance or inaccurate performance assessments. Examples of data limitations include imprecise measurement and recordings, incomplete data, inconsistencies in data collection procedures and data that are too old and/or too infrequently collected to allow quick adjustments of agency action in a timely and cost-effective way.

*Verification and validation.* Verification and validation of performance data support the general accuracy and reliability of performance information, reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to the Congress and the public that the information presented is credible as appropriate to its intended use. The GAO defines verification as a process of checking or testing performance information to assess other types of errors, such as errors in keying data. The GAO defines validation as an effort to ensure that data are free of systematic error or bias and that what is intended to be measured is actually measured. The GAO information can be found in the GAO publication GAO/GGD-10.1.20 *The Results Act. An Evaluator's Guide to Assessing Agency Annual Performance Plans* at <http://www.gao.gov/special.pubs/gg10120.pdf>. See also GAO's *Verification and Validation of Performance Data* <http://www.gao.gov/archive/1999/gg99139.pdf>

Agencies should have in place verification and validation (V&V) techniques that will ensure the completeness and reliability of all performance measurement data contained in their Annual Performance Plans and reports as appropriate to the intended use of the data. The guidance that follows provides agencies with a list of reasonable V&V criteria that when applied should increase the level of confidence Congress and the public have in the performance information presented.

*Agency internal assessments.* Agencies are encouraged to consider the verification and validation factors outlined below.

1. Standards and procedures
  - a. Source data are well defined, documented; definitions are available and used.
  - b. Collection standards are documented/available/used.
  - c. Data reporting schedules are documented/distributed/followed.
  - d. Supporting documentation is maintained and readily available.
  - e. Collection staffs are skilled/trained in proper procedures.
2. Data entry and transfer
  - a. Data entry methodology is documented and followed.
  - b. Data are verified as appropriate to the needed level of accuracy.
  - c. Procedures for making changes to previously entered data are documented and followed.
  - d. Data are available when needed for reporting, learning and critical decision making cycles.
  - e. Data entry staff are skilled and trained in proper procedures.
3. Data integrity
  - a. Whenever possible, data should be returned to data suppliers with value added so that data suppliers benefit from the analysis of the data and are engaged to improve its quality over time.
  - b. Third-party measurement is often preferable to self-measurement.
  - c. Administrative data that is used for other purposes and validated by its use can be a source of high-quality performance data at a relatively low cost
4. Data quality and limitations
  - a. Accuracy limits of all data are appropriate to their [intended use](#).
  - b. Data limitations are explained and documented.
  - c. Method for handling anomalous data is established and used not just to isolate data artifacts but also to search for promising practices to validate and possible problems needing attention.
  - d. Third party evaluations are conducted.
  - e. Use of externally controlled data is documented.

## 5. Oversight and certifications

- a. Accountability for data accuracy exists in a responsible employee's performance standards.
- b. Responsible officials certify that procedures were followed each reporting period.
- c. Responsible officials certify that data accuracy has been checked each reporting period.

*External Assessments.* External assessments such as evaluations and peer reviews can be helpful to determine data or information gaps and whether changes in performance trends are attributable, in whole or in part, to agency action or to other factors. Agencies should determine when and how to complement performance measurement with other kinds of evaluations to improve data quality.

*External Audits.* It is important to note the GPRA Modernization Act does not require the use of audits for performance data contained in Annual Performance Plans or reports.

*Scope.* Because most agencies process a large amount of performance measurement data, agencies should apply judgment when deciding which performance indicators will be verified and validated. Agencies should consider priorities, spending, GAO high risk lists, IG reports and [management challenges](#).

*Frequency of Validation and Verification.* Agencies should determine the appropriate frequency of validation and verification needed for the intended use and should allocate appropriate resources to carry out validation and verification on an appropriately periodic basis. Data presented annually should typically be validated annually or biennially.

*Agency Head Responsibility.* Agency heads are officially accountable for the accuracy and reliability of performance data. The agency head shall include in the transmittal letter of the agency's APR a brief statement on the completeness and reliability of the performance data, and on what data limitations exist.

