

SECTION 270—PERFORMANCE AND STRATEGIC REVIEWS

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Summary of Changes

This new section outlines review practices that agencies are expected to use to assess progress on goals and objectives and to guide performance improvement.

Updates guidance to agencies, originally published in [Memorandum-11-31](#) in August 2011, on requirements for quarterly data-driven performance reviews on Agency Priority Goals.

Establishes the expectation that all agencies and components adopt more frequent data-driven performance reviews.

Addresses GPRA Modernization Act requirement 1116(f) for a report on goals and objectives established in the agency [Annual Performance Plans](#).

270.1 To which agencies does this section apply?

All [agencies](#) are required to conduct frequent data-driven performance reviews and Strategic Objective Annual Reviews, which are addressed in this section.

However, only the agencies required to establish FY 2012–2013 Agency Priority Goals must conduct these reviews to meet specific standards. Sections [270.2](#), [270.4](#), [270.7](#) describe standards as they apply to agencies that were required to establish Priority Goals relative to other agencies.

270.2 What is the purpose of this section?

This section provides agency guidance on two levels of reviews:

1. **Frequent Data-Driven Reviews (270.3–270.7):** At least quarterly, agency leaders should run data-driven performance reviews on their organization’s priorities to drive progress toward achieving their goals. COOs must run at least quarterly, data-driven reviews on each of the FY2012–2013 Agency Priority Goals with agency goal leaders or their designees. Many agencies opt to run these reviews on a more frequent cycle, every six weeks or every month, on every Agency Priority Goal or with every bureau/component.
2. **Strategic Objective Annual Reviews (270.8–270.14):** Annually, agency leaders should review progress on each of the agency’s [strategic objectives](#) established by the agency Strategic Plans and updated annually in the Annual Performance Plan. These reviews should inform preparation of the Annual Performance Plan and Annual Performance Report, as well as near-term agency actions.

In addition to these reviews, OMB, with the support of the Performance Improvement Council (PIC), will conduct quarterly reviews on the Cross-Agency Priority Goals (CAP Goals) as required by the GPRA Modernization Act. OMB and the PIC will work directly with agencies as appropriate regarding these reviews. (See section [220](#)).

PERFORMANCE REVIEWS

270.3 What is the purpose of frequent data-driven performance reviews?

Conducting routine, data-driven performance reviews led by agency leaders on a limited set of the agency’s performance improvement priorities is a management practice proven to produce better results. Regular reviews provide a mechanism for agency leaders to review the organization’s performance and bring together the people, resources, and analysis needed to drive progress on agency priorities, both mission-focused and management goals. Frequent data-driven performance reviews should reinforce the agency’s priorities and establish an agency culture of continuous learning and improvement, sending a signal throughout the organization that agency leaders are focused on effective and efficient implementation to improve the delivery of results. Frequent reviews provide a mechanism for agency leaders to keep an agency focused on an identified set of priorities, diagnose problems, and opportunities through an analysis of disaggregated data, learn from past experience, and decide next steps to increase performance and productivity.

270.4 What frequent data-driven performance reviews are required?

The 24 agencies required to set FY 2012–2013 Agency Priority Goals are required by the GPRA Modernization Act to conduct performance reviews on their APGs at least once a quarter. While quarterly priority progress reviews must cover APGs, agencies may expand the reviews to include other goals, priorities, and management areas.

Agencies not required to set FY 2012–2013 APGs should establish routine data-driven performance reviews consistent with this guidance, but are not required to submit quarterly performance updates to OMB at this time.

270.5 How should frequent data-driven performance reviews be conducted?

Agencies are encouraged to experiment and leverage the experience of others in refining their performance review process. The PIC has established a working group to support cross-agency learning on data-driven reviews. Agencies that have not been engaged to date are encouraged to participate.

Agencies can design the performance review process to fit the agency’s mission, leadership preferences, organizational structure, and culture; however, the agency head and/or COO, with support of the PIO and his/her office, should:

- Review with the appropriate goal leader the progress achieved during the most recent quarter, overall trend data, and the likelihood of meeting the planned level of performance.
- Hold goal leaders accountable for knowing whether or not their performance indicators are trending in the right direction at a reasonable speed, and if they are not, for understanding why they are not and for having a plan to accelerate progress on the goal.
- Hold goal leaders accountable for knowing the quality of their data, for having a plan to improve it if necessary, and for filling critical evidence or other information gaps.
- Hold goal leaders accountable for identifying effective practices by searching the literature, looking for benchmarks, and analyzing disaggregated data to find positive outliers across performance units.
- Hold goal leaders accountable for validating promising practices with replication demonstrations or other evidence-based methods.
- Review variations in performance trends across the organization and delivery partners, identify possible reasons for the variance, and understand whether the variance points to promising practices or problems needing greater attention.
- Include, as appropriate, relevant personnel within and outside the agency who contribute to the accomplishment of each Agency Priority Goal (or other priority)
- Support the goal leaders in assuring other organizations and programs are contributing as expected to Agency Priority Goals (or other priorities).
- Identify Agency Priority Goals (or other priorities) at risk of not achieving the planned level of performance and work with goal leaders to identify strategies that support performance improvement.
- Encourage a meaningful dialogue around what works, what does not, and the best way to move forward on the organization's top priorities, using a variety of appropriate analytical and evaluation methods.
- Establish an environment that promotes learning and sharing openly about successes and challenges.
- Agree on follow-up actions at each meeting and track timely follow-through.

270.6 Can frequent, data-driven performance reviews be conducted through written documents?

No. Agency leaders should use performance reviews as an opportunity to engage those involved in all levels of program delivery. Significant experience at Federal agencies, states, localities, and other countries demonstrates that in-person engagement of senior leaders greatly accelerates learning and performance improvement. The personal engagement of agency leaders demonstrates commitment to improvement across the organization, ensures coordination across agency silos, and enables rapid-decision making.

In-person reviews may be conducted by gathering agency participants in one location or through teleconferencing. In very rare circumstances, written communications may replace an in-person review but should only be a stopgap means to assure frequent reviews in a process that otherwise primarily operates in-person.

270.7 What information from the frequent data-driven performance reviews must be made public?

In general, frequent data-driven performance reviews are considered internal agency deliberation, conducted in a way that supports candid and open dialogue between agency leaders and those responsible for program delivery at multiple levels of the organization. Agencies may determine that selected analyses from these reviews are meaningful to agency stakeholders, delivery partners and the public, and therefore could be shared more broadly.

All agencies that established FY 2012–2013 Agency Priority Goals must provide a summary of progress on each APG six weeks after the end of each quarter for the most recent completed quarter. These summaries should describe progress on the Priority Goal during the most recent quarter, problems encountered and plans for improvement in the next quarter and when final will be published on Performance.gov. See sections [210.14](#) for content that will be published on Performance.gov and [200.22](#) for the timeline. This guidance will be supplemented with a Technical User’s Guide for data entry in Performance.gov.

Agencies that were not required to establish FY 2012–2013 APGs are not required to report publicly on their frequent data-driven performance reviews but are required to report annually in their Annual Performance Report. (See section [210.14](#) part 8.1 on Management Reviews).

STRATEGIC OBJECTIVES ANNUAL REVIEWS**270.8 What reviews are required on an annual basis for agency strategic objectives?**

The GPRA Modernization Act 2010 Section 1116(f) requires a review of the performance goals and objectives of each Federal agency to be conducted on an annual basis. This provision will be implemented in two phases:

1. ***FY 2012–2013 Implementation:*** Until implementation of annual reviews at the strategic objective level, all agencies should ensure the information normally reported in their Annual Performance Reports on performance goals met or not met provides Congress and the public the information required by 1116(f). The information needed is substantially addressed by content already required for the Annual Performance Report at the performance goal level (See Section [210.14](#) for guidance on the content required). This interim period is being provided because many agencies do not have strategic objectives set which are appropriate for such a review, or do not have appropriate data sources for each strategic objective. During this interim period, agencies are encouraged to begin conducting annual reviews for each strategic objective established in the agency Strategic Plan (and sometimes updated in the Annual Performance Plan), and include progress summaries in their Annual Performance Report for FY 2012, as discussed in this section.
2. ***FY 2014 Implementation:*** Once agencies set new strategic objectives in February 2014, agency leaders should assess progress on each [strategic objective](#) established in the agency Strategic Plan. The first progress updates at the strategic objective level will be due along with the first Annual Performance Report completed after the establishment of the new Strategic Plan. The assessment will consider performance goals and other indicators the agency tracks for each strategic objective, as well as other [external factors](#) and events that may have affected the [outcomes](#). For FY 2014, OMB will work with agencies to determine which strategic objectives are facing significant challenges and require additional attention.

The remainder of this section includes guidance to agencies on the conduct of reviews of progress on strategic objectives, for planning purposes and to ensure strategic objectives are set to facilitate these reviews.

The Strategic Objective Annual Review will incorporate the existing annual assessments conducted for the Annual Performance Report for each performance goal established in the Annual Performance Plan, which must indicate for specific performance goals which targets were not met and actions the agency plans to take to improve performance.

270.9 What is the purpose of the Strategic Objective Annual Review?

The Strategic Objective Annual Review should serve as an annual assessment of progress being made to improve program outcomes and a look at opportunities for productivity gains using a variety of analytical, research, and evaluation methods to support the assessment. The results of these reviews should inform many of the decision-making processes at the agency, as well as decision-making by the agency's stakeholders. The reviews should:

- **Inform long-term strategy:** Inform long-term strategic decision-making by agency leadership and key stakeholders, including OMB and Congress; and inform the development of the Strategic Plan at the beginning of each new Administration.
- **Inform annual planning and budget formulation:** Inform development of the Annual Performance Plan, inform budget formulation within the agency and provide strategic context for Congress to consider the agency budget request.
- **Facilitate identification and adoption of opportunities for improvement:** Use analyses and evaluation to identify areas where agencies are making significant progress, facilitate learning and the identification of best practices, and identify the areas where agencies face significant challenges in achieving strategic objectives that require additional leadership attention or a reassessment of the agency strategy.
- **Identify areas where additional program evaluation, other studies or analyses of performance data are needed to determine effectiveness or set priorities:** Inform agencies where to focus limited resources available for program evaluations and other studies, and encourage an evidence structure which will inform strategic decisions facing the agency.
- **Identify where additional skills or other capacity are needed:** Inform agencies where skill or capacity gaps exist that impede progress on agency goals.
- **Improve transparency:** Provide information to the public on progress toward achieving the agency's mission.

To achieve these benefits, agencies are expected to provide candid and evidence-based assessments of progress for each strategic objective.

270.10 How should progress on each strategic objective be assessed?

Agencies should develop a process which considers multiple perspectives and sources of evidence to understand the progress made on each strategic objective. Progress toward achieving individual quantitative performance goals related to the strategic objective is one important consideration, but alone is not representative of the scope, complexity, or external factors that can influence program results and outcomes toward which Federal agencies are working. When reviewing progress on each strategic objective, agencies should at a minimum, consider:

- if desired changes have occurred in the ultimate [outcomes](#) the agency seeks to improve and whether these outcomes are directly measurable or must be assessed through proxies or other means;

- progress made by the agency toward the [performance goals](#) established in the most recent Annual Performance Plan that relate to the strategic objective, including both [outcome indicators](#) and [output indicators](#);
- [external factors](#) affecting the strategic objective, including changes in the operating environment, the size of program demand, or challenges faced during program execution;
- [program evaluations](#), data and policy analysis or other assessments relevant to the strategic objective or the related programs;
- benchmarking information from others trying to accomplish the same or similar objectives or using the same or similar key process;
- lessons learned from past efforts to continuously improve service delivery and resolve management challenges, especially in coordinating across organization components and with delivery partners;
- effectiveness of coordination and collaboration across organizational boundaries and with delivery partners;
- effectiveness of scaling efforts; and
- budgetary, regulatory or legislative constraints that may have an impact on progress.

The Strategic Objective Annual Reviews, in most cases, will be conducted through a structured process that raises issues and analysis to agency leadership in written form or through a series of in-person meetings. The agency PIO should work with the COO and program managers to establish a reasonable process for the annual review on strategic objectives.

270.11 How should agencies identify the progress made on each strategic objective?

The assessment of progress for strategic objectives requires analysis across multiple perspectives and sources of evidence, both qualitative and quantitative, and as such agency leaders must use their judgment when determining relative levels of progress and appropriate follow-up action. This is appropriate and necessary given the complexity of analyzing the performance of Federal programs toward the agency's goals. For the agency's management purposes, agency leaders should develop an appropriate assessment methodology which enables a practical determination if any changes are needed to the strategies being used to achieve the objectives, agency operations or program structure, or resource allocations. These assessments should also identify relative levels of performance including where the agency made noteworthy progress or where the agency is facing significant challenges. There are a variety of different scenarios that may make such identification appropriate for a strategic objective. Such scenarios may include:

Noteworthy Progress

- As a result of actions being taken, the intended improvements in ultimate outcomes have largely been realized and represent a significant improvement in national welfare.
- New innovations in strategy, program design, or operations have led to notable improvements in outcomes and/or cost reductions and promise greater impact in the future.
- Existing strategies and/or operations have proven more effective than projected and have led to notable improvements in outcomes and/or cost reductions and promise greater impact in the future.

- External factors beyond the scope of agency efforts have led to a significant decrease in the magnitude of the problem being addressed, representing a significant improvement in national welfare.

Significant Challenges

- Challenges during program execution have resulted in too little impact on program outcomes.
- The ultimate problem the strategic objective seeks to address is growing more quickly than current actions to address it or the actions are not of sufficient magnitude to have a significant impact.
- The current strategies are not having the intended impact on outcomes.
- Actions taken are effective, but costs are currently exceeding benefits.
- Additional data collection, analysis, or evaluation is necessary to understand the nature of the underlying policy problem and what steps should be taken to promote progress.

270.12 What information will be published from the Strategic Objective Annual Review?

This year, agencies are encouraged to publish a brief, narrative summary of progress in the Annual Performance Report for each strategic objective, but will not be required to do so until the publication of the FY 2014 Annual Performance Report. The agency may summarize the results of the reviews conducted by agency leadership, including what progress has been made toward achieving intended outcomes, as well as a discussion of any challenges that have impeded progress. To the extent possible, narratives on progress should identify where the agency made noteworthy progress or where the agency is facing significant challenges, as described above. If the summary is included, it should address plans to improve progress, noting major actions which will be taken over the course of the next year, as well as the longer-term plan for performance improvement. See section [210.14](#) for content that should be included on strategic objectives.

270.13 What is OMB's role in the strategic review?

For interim implementation of Section 1116(f) of the GPRA Modernization Act, OMB will review the information provided by agency leadership in the Annual Performance Report on progress made on each performance goal and improvement actions for targets not met.

However, OMB will work with agencies to develop the Strategic Objective Annual Reviews to better evaluate progress on mission outcomes using the strategic objectives established with the next publication of the Strategic Plan in February 2014. This will broaden the implementation of Section 1116(f) to focus primarily on agency strategic objectives, while also continuing normal reporting on performance goals.

270.14 What actions will be taken by the agency and OMB if a particular performance goal was not met? What actions will be taken by the agency and OMB if a particular strategic objective faces significant challenges?

Sections 1116(g-i) of the GPRA Modernization Act establish a framework for the Executive Branch to engage Congress on objectives that are not meeting a planned level of performance. For the FY 2012 and FY 2013 Annual Performance Reports, agencies will continue to identify performance goals where targets have not been met along with performance improvement actions planned at the performance goal level as they have done in the past. (See Section [210.14](#) Content Table and Section [260](#) on Annual Performance Reporting) OMB will work closely with agencies to ensure appropriate follow up actions are included in the Annual Performance Plan and as part of the President's Budget if applicable.

In FY 2014, OMB will begin tracking the strategic objectives identified as facing significant challenges starting with the assessments completed for fiscal year 2014 Annual Performance Report, and will work closely with agencies to ensure appropriate actions are included in the President's Budget as appropriate and reported on Performance.gov. In addition, agencies will continue to report performance on annual targets set at the performance goal level in the Annual Performance Report.

When strategic objectives have been determined by the agency and OMB as facing significant challenges for multiple, consecutive fiscal years, the agency and OMB are required by law to take progressive actions to improve performance each year. Because many of the actions required by the GPRA Modernization Act are appropriate actions to take for all strategic objectives, OMB will continue to consider proposing recommendations to Congress even on those strategic objectives that are making progress, but where such actions could improve Federal performance.