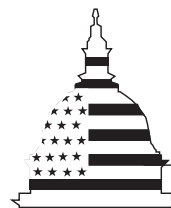


June 1999

RESULTS ACT

Observations on the U.S. Department of Agriculture's Fiscal Year 2000 Performance Plan



G A O

Accountability * Integrity * Reliability

**Resources, Community, and
Economic Development Division**

B-282658

June 7, 1999

Congressional Requesters

Under the Government Performance and Results Act of 1993 (the Results Act), federal agencies prepare annual performance plans covering the program activities set out in their budgets. By reinforcing the linkages between the agencies' long-term strategic goals and their day-to-day program activities, the plans are intended to provide a basis for establishing accountability for results.

The U.S. Department of Agriculture's (USDA) performance plan for fiscal year 2000, which includes 29 components—28 agency, office, and bureau plans and a departmental overview plan¹—was submitted to the Congress in March 1999. To facilitate your use of the plan, you asked us to summarize our observations on the plan's usefulness to decisionmakers. In that regard, our report provides information on the extent to which USDA's performance plan (1) provides a clear picture of intended performance across the Department, (2) discusses the strategies and resources USDA will use to achieve its goals, and (3) provides confidence that the performance information will be credible. For each of these areas, we also provide information on the degree to which USDA's fiscal year 2000 performance plan represents an improvement over its fiscal year 1999 plan. Finally, the report provides our observations on USDA's implementation of performance-based management and the challenges it faces in becoming performance-based.

Results in Brief

The Department of Agriculture's performance plan for fiscal year 2000 should be a somewhat useful tool for decisionmakers. Overall, the plan provides a general picture of intended performance across the Department, a general discussion of the strategies and resources the Department will use to achieve performance goals, and limited confidence that its performance information will be credible. Figure 1 highlights the plan's major strengths and key weaknesses.

¹Although the plan includes 29 components, we limited our review to the plans of the 17 agencies most directly responsible for accomplishing USDA's mission and the Offices of the Chief Financial Officer and the Chief Information Officer (2 plans). See app. II for a list of the agencies and offices whose annual performance plans we reviewed.

Figure 1: Major Strengths and Key Weaknesses of USDA's Fiscal Year 2000 Annual Performance Plan

Major strengths

- Uses goals and measures that address program results and performance
- Uses intermediate outputs to show progress toward intended results
- Explains how proposed capital assets and management systems support the achievement of program results

Key weaknesses

- Does not consistently include strategies for mitigating external factors
 - Does not adequately describe efforts to verify and validate data
 - Does not consistently discuss the impact of data limitations
-

USDA's fiscal year 2000 performance plan represents a moderate improvement over the fiscal year 1999 plan in that it indicates some progress in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 plan. We observed that the fiscal year 1999 plan did not adequately (1) explain how USDA agencies are coordinating crosscutting issues within and outside the Department; (2) discuss mitigation strategies for significant external factors that may interfere with the achievement of performance goals; (3) describe the procedures that will be used to ensure that the data needed to measure progress in meeting performance goals are complete, accurate, and credible; and (4) identify what, if any, limitations exist with respect to the data used for measuring performance.²

Among the improvements in the fiscal year 2000 plan are (1) better efforts to identify programs that contribute to similar results, (2) more consistent use of goals and measures that address program results and performance, and (3) improved linkages between program activities and performance goals. For example, the improved use of goals and measures was demonstrated in USDA's Grain Inspection, Packers and Stockyards Administration's plan. For its performance goal of increasing the efficiency of grain inspection and weighing processes, the plan provides two measures: (1) the percentage of evaluations completed to maintain critical methodology and (2) the number of new and/or improved methods or tests. These measures replaced the fiscal year 1999 measure "number of export facilities equipped with automated grain inspection systems"

²Observations on USDA's Annual Performance Plan (GAO/RCED-98-212R, June 11, 1998).

because the agency considered it to be an internal measure of process rather than of output or outcome.

The Department's plan, however, still needs improvement in a number of areas, particularly in (1) identifying strategies to mitigate external factors, (2) describing efforts to verify and validate performance data, and (3) discussing data limitations.³ For example, the Rural Utilities Service's performance plan lists several performance goals and indicators for the Service's electric program. However, the plan's discussion concerning the verification and validation of data relating to these goals and indicators is limited primarily to stating that (1) the data are available in records from the Service's automated systems, from the Service's borrower-reported statistics, and from USDA's Economic Research Service (ERS) and (2) the Service has had long experience with its internal data and is highly confident of its accuracy as well as the reliability of ERS' data. The plan does not, however, discuss the basis for its confidence in the data's accuracy and reliability nor how data limitations could adversely affect its ability to assess performance. Furthermore, the plan makes no mention of actions that the Rural Utilities Service will take to compensate for any unavailable or low-quality data.

Background

The Government Performance and Results Act of 1993 seeks to improve the effectiveness, efficiency, and accountability of federal programs by establishing a system for agencies to set goals for program performance and to measure results. Under the act, agencies' performance plans are to (1) establish performance goals to define the levels of performance to be achieved; (2) express those goals in an objective, quantifiable, and measurable form; (3) briefly describe the strategies and resources to meet the goals; (4) establish performance indicators for assessing or measuring relevant outputs, service levels, and outcomes of each program activity; (5) provide a basis for comparing results with performance goals; and (6) describe the means to verify and validate information used to report on performance. USDA submitted to the Office of Management and Budget (OMB) and the Congress performance plans for fiscal years 1999 and 2000.

³The areas listed are those we believe to be the major areas of weakness in USDA's fiscal year 2000 performance plan. Other areas needing improvement are noted elsewhere in this report.

USDA's Performance Plan Provides a General Picture of Intended Performance Across the Department

Overall, USDA's performance plan provides a general picture of intended performance across the Department. USDA's plan often includes performance goals and quantifiable measures that address program results. In addition, to show progress toward achieving these results, the plan often includes intermediate outputs linked to program results as well as baseline data for past performance. However, the plan could be improved by more consistently (1) identifying crosscutting programs and coordination strategies for those programs and (2) describing how the Department will address the management challenges it faces, including how it will address certain information technology and financial management challenges identified by us and its Office of Inspector General (OIG).

Performance Goals and Measures

USDA's plan often includes goals and measures that address program results and the important aspects of program performance. Through its fairly consistent use of goals and measures that are expressed in a quantifiable and measurable manner, the Department should be able to gauge its progress toward achieving desired program results. For example, the National Agricultural Statistics Service's (NASS) plan includes a performance goal of providing all market participants with timely and impartial agricultural statistics that promote an economically viable and competitive agricultural production system. One of its four performance measures for achieving this goal is the percentage of NASS reports that are complete, meet scheduled release dates, and contain no data errors. The plan provides target levels for each of its performance measures to enable NASS to assess its progress in meeting its performance goals.

Outputs Linked to Outcomes and Program Results

Frequently, the Department's plans include intermediate outputs linked to and showing progress toward intended program results. For example, USDA's Farm Service Agency's (FSA) plan has four strategic goals, each containing associated performance goals and measures. One of the strategic goals is to assist agricultural producers and landowners in achieving a high level of stewardship of soil, water, air, and wildlife resources on America's farms and ranches. This strategic goal includes four performance goals with multiple quantifiable measures that enable FSA to assess its progress toward achieving its goals. For example, one of FSA's performance goals is to reduce soil erosion by establishing conservation cover and/or installing priority practices on enrolled conservation reserve program acreage. This goal is accompanied by eight

performance measures, including the number of acres of highly erodible land retired.

Baseline and Trend Data

Similarly, USDA's plan often includes baseline and trend data so that anticipated performance can be compared with past performance. For example, in order for the Food Safety and Inspection Service (FSIS) to have a baseline for measuring progress toward its desired outcome of a 25-percent reduction in the number of foodborne illnesses associated with meat, poultry, and egg products by the year 2000, the agency—in cooperation with several academic and federal organizations—established a baseline of about 5 million as the current annual number of foodborne illnesses.

Crosscutting Programs

While USDA's plan often identifies programs and agencies that contribute to similar results or with which the Department's agencies will need to coordinate to achieve their goals, the plan does not as consistently discuss coordination strategies or goals and measures that are being jointly undertaken to support crosscutting programs. For example, the Animal and Plant Health Inspection Service's (APHIS) plan states that APHIS works with partners of the Federal Inspection Services⁴ to improve service to international travelers without compromising the health of U.S. plants and animals. However, the plan does not address how APHIS will coordinate its activities with these organizations or the role of APHIS and these organizations in providing service to international travelers.

Similarly, the Cooperative State Research, Education, and Extension Service's (CSREES) plan states that one of CSREES' activities relating to its goal of enhancing economic opportunities and the quality of life among families and communities will be to "encourage multi-state, multi-disciplinary and integrated research and education strategies to improve the quality of life in citizens—in cooperation with HHS, USDA/FNS, Department of Education, etc." However, the plan makes no mention of how it will work with these agencies to develop the needed strategies.

⁴The Federal Inspection Services include the U.S. Customs Service, the Immigration and Naturalization Service, and the Animal and Plant Health Inspection Service.

Efforts to Address Mission-Critical Management Problems

While USDA's plan includes performance goals and strategies to resolve some of the mission-critical management problems identified by us and/or USDA's OIG,⁵ in many instances the plan does not adequately address these critical problems. (See app. I.) For example, we reported that USDA spends more than \$200 million annually for its telecommunications systems and services and that it relies on these systems to effectively administer federal programs and serve millions of its constituents. However, USDA has wasted millions of dollars each year paying for unused, unnecessary, or uneconomical services because it has not cost effectively managed and planned these substantial investments. While USDA's Office of the Chief Information Officer's plan mentions the need to improve departmentwide telecommunications management as one of its six critical issue areas, it does not provide an objective for addressing this critical issue or discuss performance goals or corresponding strategy.

Regarding financial management issues, we reported that USDA has a long-standing history of deficiencies in its accounting and financial management systems. We further noted that USDA's ability to comply with report requirements for budgetary and financial statements was severely hampered by its lack of adequate financial systems. However, while the Office of the Chief Financial Officer's plan should assist decisionmakers in that it addresses overall financial management and systems issues, it does not provide sufficient detail with regard to certain troublesome financial management issues that should be resolved in order to accomplish the key goal of achieving financial accountability. These issues include the need to comply with credit reform reporting requirements and to accurately account for property, plant, and equipment. At a minimum, a specific performance goal or indicator for each of these two issues would improve the Office's plan.

Comparison With the Fiscal Year 1999 Plan

The fiscal year 2000 performance plan shows moderate improvement in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan as it relates to providing a clear picture of intended performance across the agency. In our review of the fiscal year 1999 plan, we observed that the plan could be improved by more consistently describing how agencies are coordinating crosscutting issues both within and outside the Department. Among the improvements in the fiscal year 2000 plan is that it more often identifies crosscutting programs

⁵See *Major Management Challenges and Program Risks: Department of Agriculture* (GAO/OCG-99-2, Jan. 1999) and *Synopsis of Major USDA Program Issues* (USDA/OIG, Dec. 1998). OMB Circular A-11, part 2, directs federal agencies to address mission-critical management challenges in their annual performance plans.

and agencies that are working towards similar results. However, the plan could be further improved by a more comprehensive discussion of planned strategies for coordinating these programs and resources.

USDA's Performance Plan Provides a General Discussion of the Strategies and Resources the Department Will Use to Achieve its Goals

USDA's performance plan provides a general discussion of the strategies and resources the Department will use to achieve performance goals. Although USDA's plan generally associates funding levels with performance goals, some of the Department's component plans were less clear than others in showing how program activities related to performance goals. In particular, for the plans of the Agricultural Marketing Service (AMS), FSA, and the three agencies constituting the Rural Development mission area, it is not clear how the program activities listed in the plans correspond to those in the President's proposed \$90 billion budget for fiscal year 2000.

USDA's component plans follow a Department-wide format that includes a listing of objectives, program activities, and funding levels linked to departmental strategic goals and agency performance goals. For example, the Agricultural Research Service's (ARS) plan lists for each of its five strategic goals (1) the program activities associated with each goal and their associated funding levels for fiscal year 1997 through fiscal year 2000; (2) an objective based on statutory language—specifically, section 801 of the Federal Agriculture Improvement and Reform Act of 1996; and (3) a series of performance goals using alternative forms of measurement.⁶

In addition to listing objectives, program activities, and funding levels, USDA's plan often provides ample descriptions of how specific strategies and/or programs will contribute toward accomplishing performance goals. A case in point is the Risk Management Agency's (RMA) plan that describes in detail how its key strategies—expanding risk management tools available for producers, increasing producers' awareness of risk management alternatives, increasing the number of producers who use risk management alternatives, and reducing program vulnerabilities—will support the achievement of its overall goal of strengthening the safety net for agricultural producers through sound risk management programs and education. For example, in order to increase the agricultural producers' awareness of risk management alternatives, RMA plans to provide a strategy to institutionalize a risk management education program and enhance its outreach to underserved areas, producers, and members of the agricultural community.

⁶With OMB's concurrence, ARS was able to use narrative descriptions of intermediate outcome indicators.

While USDA's plan frequently explains how proposed capital assets and management systems will support the achievement of program results, it does so less consistently for human capital. For example, AMS' plan describes how a proposed funding increase will provide for the modernization and the replacement of its Processed Commodities Inventory Management System. This system, which supports activities such as planning, procurement, and accounting for more than \$1 billion of domestic and \$562 million of foreign commodities annually, is critical to the missions of three agencies. The plan further notes that studies have indicated that a modernized system will generate considerable efficiency improvements and cost savings.

However, AMS' plan limits its discussion of human capital primarily to a management initiative that states that AMS will create and maintain a vital workforce with appropriate skills and characteristics for serving its diverse base of customers. The sole performance goal for this initiative is to increase the representation of women, minorities, and people with disabilities by fiscal year 2000. While this is an important goal, in order to make the plan more useful to decisionmakers, AMS should elaborate on how it will build, maintain, and marshal the human capital it needs to achieve the agency's goals.

USDA's fiscal year 2000 performance plan represents little improvement over the fiscal year 1999 performance plan as it relates to providing a specific discussion of strategies and resources the agency will use to achieve performance goals. Specifically, the fiscal year 2000 performance plan does not appear to consistently recognize the weakness that we identified in our assessment of the fiscal year 1999 performance plan—that is, that the plan could be improved by more consistently describing strategies to leverage or mitigate external factors. For the most part, descriptions of strategies to mitigate external factors were lacking in the fiscal year 2000 plan. However, a few of the agencies' plans showed improvement in this area. In particular, the fiscal year 1999 Grain Inspection, Packers and Stockyards Administration's (GIPSA) plan did not identify any external factors; however, in its fiscal year 2000 plan, GIPSA identifies several important external factors and provides mitigation strategies to address them. For example, GIPSA plans to increase the efficiency of grain marketing by streamlining grain inspection and weighing processes and by providing objective measurers of, among other things, grain quality. GIPSA maintains that unusual crop quality is the leading external factor affecting inspections; it plans to rely on a national quality assurance and control program to mitigate this factor.

USDA's Performance Plan Provides Limited Confidence That the Performance Information Will Be Credible

The Department's fiscal year 2000 performance plan provides limited confidence that the Department's performance information will be credible. While USDA's plan sometimes describes how it will verify and validate performance data, it rarely discusses the implications of data limitations or identifies planned actions to compensate for unavailable or low-quality data. As a result, the Department has little assurance that performance information is complete, accurate, and consistent for documenting performance and supporting decisions on how to best manage programs.

A case in point is the Rural Utilities Service's (RUS) performance plan. Its discussion of the verification and validation of data relating to performance goals and indicators for its electric program is limited primarily to stating that (1) the relevant data are available in records from RUS' automated systems, RUS' borrower-reported statistics, and USDA's ERS; (2) the Service has had long experience with its internal data and is highly confident of its accuracy; and (3) it considers ERS' data to be very reliable. However, RUS does not discuss the basis for its confidence in its or ERS' data accuracy and reliability nor how data limitations could adversely affect its ability to assess performance. Furthermore, the plan makes no mention of actions that RUS will take to compensate for any unavailable or low-quality data.

For the most part, USDA's fiscal year 2000 performance plan does not appear to recognize the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan as it relates to providing full confidence that the agency's performance information will be credible. In reviewing the Department's fiscal year 1999 plan, we observed that the plan fell short in (1) describing the procedures that will be used to ensure that the data needed to measure progress in meeting performance goals are complete, accurate, and credible and (2) identifying what, if any, limitations exist with respect to the data used for measuring performance. The fiscal year 2000 plan still does not consistently discuss the implications of data limitations and the actions the Department plans to take to compensate for unavailable or low-quality data. In addition, while we found some improvement in the Department's description of efforts to verify and validate the accuracy of its data, further improvement is needed in this area to ensure the credibility of performance information.

Other Observations on USDA's Implementation of Performance-Based Management

USDA is making some progress in setting results-oriented goals, developing measures to show progress, and establishing strategies to achieve its goals. However, the plan provides only limited confidence that the Department's financial management performance information will be credible and only a limited picture of intended performance for improving its management of information technology.

A major challenge that USDA faces in implementing performance-based management is the lack of accountability for its financial activities. Because some of the Department's financial systems are unable to provide accurate and timely accounting and financial reporting, it is not always possible to know how well or poorly USDA's component agencies have performed in the area of financial management. In fact, serious longstanding accounting and financial reporting weaknesses at the Forest Service led us to designate the Service's financial management as a high-risk area. For the Department as a whole, the inadequacies of USDA's financial systems have been a key reason for USDA's Inspector General's disclaimer of opinion on the consolidated financial statements for the past 5 years.⁷ This lack of accurate, reliable, and consistent financial information hinders Department officials' ability to make informed decisions when the need for such information is a crucial factor in managing the Department's \$122 billion in assets. The Department recognizes the serious limitations of its financial systems and has set a goal of achieving an unqualified audit opinion on its fiscal year 2000 financial statements.

Other major challenges that USDA faces in implementing performance management are ensuring that (1) its mission-critical automated information systems will work beyond 1999—that is, they will be Year 2000 compliant—and (2) USDA's network and information technology (IT) resources are made less vulnerable to illegal and malicious penetration by internal and external sources.

Regarding the first issue, in January 1999, we reported that while USDA has begun to address the Year 2000 problem,⁸ it still faces significant challenges in renovating and replacing all of its mission-critical systems in time and taking the necessary steps to ensure that vital public services are

⁷A disclaimer of opinion means that the auditor is unable to form an opinion on the financial statements. A disclaimer results when a pervasive material uncertainty exists, or there is a significant restriction on the scope of the audit.

⁸Major Management Challenges and Program Risks: Department of Agriculture (GAO/OCG-99-2, Jan. 1999).

not disrupted. In response to our comments on its fiscal year 1999 plan, the Office of the Chief Information Officer added to its fiscal year 2000 performance plan the specific objective of ensuring that USDA's mission-critical systems nationwide are Year 2000 compliant by March 31, 1999.⁹ The plan also describes USDA's strategy for achieving Year 2000 compliance and the time frames and measures for doing so. However—as we found in our review of the Department's fiscal year 1999 performance plan—performance goals, measures, and time frames for addressing the Year 2000 issue are still not discussed in the fiscal year 2000 performance plans of all of USDA's component agencies. Moreover, while the Office's fiscal year 2000 plan states that every agency has prepared business continuity and contingency plans to address unforeseen Year 2000 failures, according to USDA officials, such plans have not been fully developed and tested. Likewise, the Office's plan includes no time frames for identifying when USDA expects to complete this essential and time-critical work.

Regarding information security, the lack of any planned actions to address this high-risk issue was noted in our review of the Office of the Chief Information Officer's fiscal year 1999 performance plan. While the Office's fiscal year 2000 plan recognizes USDA's intention to strengthen its information systems security program as part of developing and implementing a departmentwide architecture, no performance goals or measures are provided. Instead, the plan states that performance goals and indicators will be included in the critical infrastructure protection plan USDA is developing in response to Presidential Decision Directive 63. However, although this plan was due to be released in early February 1999, as of March 31, 1999, it had not yet been issued.

Agency Comments

We provided the Department of Agriculture with the information in this report for review and comment. We met with USDA's Chief Financial Officer; the Director, Planning and Accountability Division; and other USDA officials from the Office of the Chief Financial Officer and the Office of Budget and Program Analysis. Overall, the Department concurred with our observations, describing them as fair and balanced. However, USDA noted that two issues cited in the management challenges table in appendix I of the draft report were addressed in performance plans that were outside the scope of our review.¹⁰ In response to USDA's comments, we reviewed

⁹On March 31, 1999, USDA reported that 338 of its 352 mission-critical systems were Year 2000 compliant.

¹⁰The two annual performance plans are those of the Support Services Bureau and Departmental Administration.

the plans it cited and made changes to the table as appropriate. (See app. I.) In addition, USDA provided clarifying comments and technical corrections to the report, which we have incorporated as appropriate.

Scope and Methodology

To evaluate whether the plan (1) provides a clear picture of intended performance across the agency; (2) discusses the strategies and resources USDA will use to achieve its goals; and (3) provides confidence that the performance information will be credible, we used criteria from our published guide on performance goals and measures, strategies and resources, and verification and validation.¹¹ This guide was developed from the Results Act requirements for agency performance plans; guidelines contained in OMB Circular A-11, part 2; and other relevant documents. In addition, we relied on our knowledge of USDA's operations and programs stemming from our numerous reviews of the Department.

To determine the extent of improvement over its previous plan, we compared the Department's fiscal year 2000 performance plan with our observations on its fiscal year 1999 plan. This comparison involved reviewing each of the plans of 17 USDA component agencies and the Offices of the Chief Financial Officer and the Chief Information Officer and comparing them with their prior year's plans to identify areas of improvement. To determine whether the plan covered mission-critical management issues identified by us and USDA's OIG,¹² we reviewed the plans for goals, indicators, and measures specifically addressing these issues as well as general management and capacity-building goals.

We conducted our work from March through May 1999 in accordance with generally accepted government auditing standards.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will provide copies of this report to Representatives Larry Combest, Chairman, and Charles Stenholm, Ranking Minority Member, House Committee on Agriculture; Senators Richard G. Lugar, Chairman, and Tom Harkin, Ranking Minority Member,

¹¹The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20, Apr. 1998).

¹²Major Management Challenges and Program Risks: Department of Agriculture (GAO/OCG-99-2, Jan. 1999) and USDA OIG's report entitled Synopsis of Major USDA Program Issues (USDA/OIG, Dec. 1998).

Senate Committee on Agriculture; the Honorable Joseph Lieberman, Ranking Minority Member, Senate Committee on Governmental Affairs; the Honorable Henry Waxman, Ranking Minority Member, House Committee on Government Reform; the Honorable Daniel Glickman, Secretary of Agriculture; the Honorable Jacob Lew, Director, Office of Management and Budget; and other interested parties. We will also make copies available upon request.

If you or your staff have any questions about this report, please call me at (202) 512-5138. Major contributors to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Lawrence J. Dyckman". The signature is written in a cursive style with a large, stylized initial "L".

Lawrence J. Dyckman
Director, Food and
Agriculture Issues

List of Congressional Requesters

The Honorable Bob Goodlatte
Chairman
The Honorable Eva Clayton
Ranking Minority Member
Subcommittee on Department Operations,
Oversight, Nutrition, and Forestry
Committee on Agriculture
House of Representatives

The Honorable Dick Armey
Majority Leader
House of Representatives

The Honorable Dan Burton
Chairman
Committee on Government Reform
House of Representatives

The Honorable Fred Thompson
Chairman
Committee on Governmental Affairs
United States Senate

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Abbreviations

AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CSREES	Cooperative State Research, Education and Extension Service
ERS	Economic Research Service
FNS	Food and Nutrition Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
GAO	General Accounting Office
GIPSA	Grain Inspection, Packers and Stockyards Administration
IT	Information Technology
OIG	Office of Inspector General
OMB	Office of Management and Budget
NASS	National Agricultural Statistics Service
RMA	Risk Management Agency
RUS	Rural Utilities Service
USDA	Department of Agriculture USDA/FNS USDA/OIG

Management Challenges

In January 1999, we reported on major performance and management challenges that have limited the effectiveness of the U.S. Department of Agriculture (USDA) in carrying out its mission.¹³ In December 1998, USDA's Office of Inspector General (OIG) issued a similar report on the Department.¹⁴ Table I.1 lists the issues covered in those two reports and the applicable goals and measures in the fiscal year 2000 performance plan.

Table I.1: Management Challenges at USDA

Management challenge	Applicable goals and measures in the fiscal year 2000 annual performance plan
USDA's field structure for managing its farm programs is obsolete and inefficient. (GAO)	USDA's fiscal year 2000 performance plan provides an update on USDA's plan to collocate county-based agencies in service centers, as well as on the current and next fiscal year plans. USDA anticipates that by the end of fiscal year 1999 it will have reached its target of 2,567 service centers. Administrative streamlining continues, including the updating of computer and telecommunications resources. The fiscal year 2000 plan includes targets and performance measures for these goals. For example, the new telecommunications system will be fully implemented in fiscal year 1999. To date, [it] has been installed in more than 1,800 service centers. Other goals include reengineering service center business processes and reducing customer paperwork.
Fundamental changes are needed to improve food safety. The increasing incidence of foodborne illness has heightened concerns about the federal government's effectiveness in ensuring food safety. The current federal food safety system is highly fragmented—as many as 12 different federal agencies oversee food safety. (GAO)	The Food Safety and Inspection Service's fiscal year 2000 performance plan concentrates on HACCP systems implementation, although the President's Council on Food Safety is also addressed. Four of the agency's six goals pertain to various aspects of HACCP planning and implementation. USDA-wide, the Department's plan calls for spending an additional \$35 million on food safety, a total of \$151 million, in fiscal year 2000. This includes funding for providing research, training, and emergency response and establishing baseline data.
The OIG plans to monitor Hazard Analysis and Critical Control Point (HACCP) implementation. (OIG)	None. While the Forest Service has a goal to ensure organizational effectiveness, the management initiative to achieve this goal is oriented toward ensuring diversity in the workforce and equal access to service.

(continued)

¹³Major Management Challenges and Program Risks: Department of Agriculture (GAO/OCG-99-2, Jan. 1999).

¹⁴Synopsis of Major USDA Program Issues (USDA/OIG, Dec. 1998).

**Appendix I
Management Challenges**

Management challenge	Applicable goals and measures in the fiscal year 2000 annual performance plan
USDA continues to carry a high level of delinquent farm loan debt and to write off large amounts of unpaid loans held by problem borrowers. (GAO)	The Farm Service Agency's fiscal year 2000 performance plan includes performance goals to reduce loan delinquencies on direct loans, reduce losses on these loans, and to maintain the guaranteed loan loss rate at or below 2 percent. The plan also includes a goal to increase the number of loans to beginning and socially disadvantaged farmers and ranchers as well as a goal to process 80 percent of all requests for loan servicing within 60 days.
Management of the \$21 billion farm loan portfolio is of major importance to the Department, including providing assistance to beginning and socially disadvantaged farmers/ranchers. In addition to civil rights issues, other emphases include loan servicing (ownership and operating loans) and shared appreciation agreements. (OIG)	
Millions of dollars in overpayments in the Food Stamp Program occur because eligible persons are paid too much or because ineligible individuals improperly participate in the program. (GAO and OIG)	The Food and Nutrition Service's fiscal year 2000 plan includes four performance goals to improve the integrity of the food stamp program. These goals are to maintain payment accuracy in the delivery of program benefits; increase claims collections; maintain the baseline number of sanctions against violating stores; and increase the percentage of authorized stores that meet all requirements to accept food stamps.
USDA lacks financial accountability over billions of dollars in assets. (GAO)	USDA's fiscal year 2000 overview states that improved financial management is a departmental priority. The overview asserts that better response to OIG audits and addressing Federal Manager's Financial Integrity Act (FMFIA) internal control deficiencies will improve management controls. The Office of the Chief Financial Officer's fiscal year 2000 performance plan includes various goals and measures to promote financial accountability throughout the Department. The Office's plan includes performance goals and measures to respond to OIG audit findings and FMFIA material weaknesses.
Financial management in USDA has not been sufficient to provide assurance that its consolidated financial statements are reliable and presented in accordance with federal accounting standards. (GAO and OIG)	
USDA can save millions of dollars by better managing its telecommunications investments. Among other things, USDA has not consolidated and optimized telecommunications or established sound management practices to ensure that telecommunications resources are effectively managed and payments for unused, unnecessary, or uneconomical services are terminated. (GAO)	None. The Office of the Chief Information Officer's fiscal year 2000 performance plan mentions the need to improve departmentwide telecommunications management as one of its six critical issue areas, but no objectives are provided for addressing this critical issue and no performance goals or corresponding strategies are discussed.
Significant weaknesses in USDA's multibillion-dollar modernization of service center information technology raise concerns regarding the extent to which this effort will achieve an adequate return on investment or significantly improve customer service. These risks include (1) acquiring new information technology (IT) without first determining how it will operate to provide required service, (2) not managing the IT projects as investments, and (3) not developing a comprehensive plan and management structure. USDA also needs to develop a concept of operations and new mission-critical business processes for providing one-stop service to better ensure the success of its IT modernization efforts. (GAO)	These weaknesses are not directly addressed in the Office of the Chief Information Officer's performance plan. However, two goals included in the plan could indirectly begin to address aspects of these weaknesses, such as the goal to ensure that service center IT is driven by business needs and processes and the goal to establish a methodology for project management. Neither, however, discusses how the risks we identified will be addressed prior to acquiring new IT for the service center implementation. Completing a comprehensive plan for the service center program or managing the IT projects as an investment are not addressed. ^a

(continued)

**Appendix I
Management Challenges**

Management challenge	Applicable goals and measures in the fiscal year 2000 annual performance plan
<p>USDA faces serious Year 2000 computing challenges correcting, testing, and implementing its mission-critical automated information systems to work beyond 1999—that is to become Year 2000 compliant—in time. While USDA has begun to address its Year 2000 problem, it still faces significant challenges renovating and replacing all its mission-critical systems in time and taking the necessary steps to ensure that vital public services are not disrupted. (GAO and OIG)</p>	<p>USDA's overview highlights Year 2000 compliance as one of the most important challenges facing USDA during fiscal year 1999. The Office of the Chief Information Officer's performance plan includes an objective for addressing the Department's Year 2000 problems and the need to ensure that USDA's mission-critical systems are compliant by March 31, 1999. While the plan does not identify a specific performance goal for Year 2000 compliance, it describes USDA's strategy and gives time frames and measures. While the plan mentions that every agency has prepared business continuity and contingency plans to address unforeseen Year 2000 failures, such plans are not fully developed and tested, and no time frames and milestones are given for when USDA expects to complete this essential work. Moreover, despite being called one of USDA's most important challenges, performance goals, measures, and time frames for addressing the Year 2000 issue are not discussed in the plans of all of USDA's component agencies.</p>
<p>Crop insurance has become a major USDA "farmer safety net." USDA/OIG audits have identified areas where crop insurance programs need to be strengthened: —oversight by reinsured companies and the Risk Management Agency; —conflicts of interest; —verification by loss adjusters; —yield and total liability; —insurance availability to all producers. (OIG)</p>	<p>The Risk Management Agency's fiscal year 2000 performance plan includes an objective for the crop insurance program to improve program integrity and protect taxpayers' funds. The plan does not specifically address the OIG audit findings. However, the plan does include performance goals and measures to complete audit findings and to correct FMFIA deficiencies.</p>
<p>Under the Conservation Reserve Program, producers receive annual payments from the Farm Service Agency (FSA) to take erodible land out of production and establish a vegetative cover on it. There have been inconsistencies in how the states have valued the cover. (OIG)</p>	<p>FSA's fiscal year 2000 performance plan does provide goals to establish conservation cover, rehabilitate damaged acreage, and improve site remediation. However, the plan does not provide specific goals and measures to address the OIG's concerns.</p>
<p>The Child and Adult Care Food Program is intended to ensure that children and adults in day care receive nutritious meals. Widespread breakdowns in controls have been found in the program and resulted in many abuses. A Presidential initiative was begun to eliminate these abuses. (OIG)</p>	<p>The Food and Nutrition Service's (FNS) fiscal year 2000 performance plan includes an objective to improve the integrity of the Child and Adult Care Food Program. FNS' performance goal is to have state agencies do better targeted and higher-quality program reviews of sponsors and providers. The plan does not provide any criteria, measures, or data by which to determine improvement.</p>
<p>There have been issues raised regarding USDA agencies' use of funds intended for pollution cleanup and abatement and management practices to avert future liabilities. (OIG)</p>	<p>USDA's overview acknowledges that agricultural activities have deleterious effects on the environment and outlines \$191 million in USDA budgetary authority scheduled to be spent on environmental protection. In addition, the Departmental Administration plan includes performance goals to measure progress toward pollution cleanup and abatement and to extend quality management practices for reducing any adverse environmental effects of USDA activities.^b</p>

(continued)

**Appendix I
Management Challenges**

Management challenge	Applicable goals and measures in the fiscal year 2000 annual performance plan
There have been concerns about the way research funds are distributed and the conformity of funding decisions to the needs of the agricultural and forestry communities. The Congress has determined that the Department needs a process to ensure that high-risk agricultural issues are covered and assurances that research funds are used for their intended purposes. (OIG)	None. Taken together, the Research, Education, and Economics mission area agencies proposed ambitious research agendas in their fiscal year 2000 performance plans. However, there is no mention of a process to (1) ensure that the agendas support the needs of the agricultural and forestry communities and (2) set priorities for research projects and ensure that funds are spent for intended purposes.
There has been a backlog of over 1,000 complaints regarding the civil rights process and treatment of minority farmers when they applied for farm loans or loan servicing. The OIG reported on problems as to why this backlog was not being resolved at a faster rate. (OIG)	None. Although USDA's fiscal year 2000 performance plan does not address the backlog issue, FSA, which is responsible for the farm loan program, includes a management initiative in its plan to enhance the ability of small, limited-resource, and socially disadvantaged family farmers/ranchers to operate successfully.
There has been a history of fraud and abuse in the Rural Housing Service's Rural Rental Housing Program. Owners and management companies have also shown indifference toward the health and safety of low-income and elderly tenants. (OIG)	None. Almost all of the Rural Rental Housing Program's performance goals relate to providing either additional units of housing or financial assistance for housing. There are no performance goals relating to program integrity.

^aThe Department noted that service center information technology issues are discussed in the Support Services Bureau performance plan, which was not in the scope of our review. In response to the Department's comments, we reviewed the Bureau's plan and found that while it discusses USDA's modernization of service center information technology, the plan—as was the case with the Office of the Chief Information Officer's plan—does not include goals, objectives, time frames, or resources for addressing the specific risks that we identified as being associated with this multibillion-dollar service center information technology modernization. As a result, we made no changes to this section of the table.

^bThe Department noted that its plans to address the use of funds for pollution cleanup and abatement are discussed in the Departmental Administration performance plan, which was not in the scope of our review. In response to the Department's comments, we reviewed the relevant sections of the Departmental Administration plan and changed this section of the table to reflect the relevant performance goals.

USDA Agencies and Offices Whose Annual Performance Plans GAO Reviewed

We reviewed the fiscal year 2000 performance plans for each of the 19 agencies and offices listed below.¹⁵

Agricultural Marketing Service
Agricultural Research Service
Animal and Plant Health Inspection Service
Cooperative State Research, Education, and Extension Service
Economic Research Service
Farm Service Agency
Food and Nutrition Service
Food Safety and Inspection Service
Foreign Agricultural Service
Forest Service
Grain Inspection, Packers and Stockyards Administration
Office of the Chief Financial Officer
Office of the Chief Information Officer
National Agricultural Statistics Service
Natural Resources Conservation Service
Risk Management Agency
Rural Business–Cooperative Service
Rural Housing Service
Rural Utilities Service

¹⁵In addition, in response to USDA's comments on a draft of this report, we reviewed relevant sections of the Departmental Administration and the Support Services Bureau performance plans.

Major Contributors to This Report

**Resources,
Community, and
Economic
Development Division**

Jerilynn Hoy, Assistant Director
Natalie Herzog, Evaluator-in-Charge
Eugene Wisnoski

**Accounting and
Information
Management Division**

Heather McIntyre
Lou Schuster
Steve Schwartz
Mark Shaw
McCoy Williams

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