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U.S. Agency Performance Reporting: Time to Clear the Crowded Management Space

Patrick R. Mullen

United States General Accounting Office, Washington, DC

Abstract: For federal agencies to better manage and budget for their operations, Congress has enacted laws meant to address certain deficiencies. These laws require agencies to report on their progress in improving performance management, financial management, and information technology. Taken together, the laws require numerous reports, some of which are not as useful as they could be. In response to this problem, Congress has allowed agencies to consolidate their reports. An agency can now offer an integrated picture of performance in one report. Consolidated reporting can lead to better information for decision-makers in Congress, the executive branch, and the public.

Keywords: performance management, performance reporting

INTRODUCTION

Complaints by federal managers about the number of congressional reporting requirements imposed on agencies have existed for a long time. For example, in a 1989 news conference, then Secretary of Defense Dick Cheney stood beside two ceiling-high stacks of reports and complained that congressional reporting requirements, while not all bad, were nevertheless excessive and impaired Pentagon efficiency. A little more than a decade later, Vice President Al Gore held a similar news conference with even more stacks of reports to make the same point (on a governmentwide basis) for the National Performance Review (NPR). As a result of an NPR recommendation, the Federal Reports Elimination and Sunset Act of 1995 (Public Law 104–66) was passed. Hundreds of reports were subsequently eliminated. But the need to consolidate reporting requirements, as well as reports, persists.

Address correspondence to Patrick R. Mullen, Senior Analyst, U.S. General Accounting Office, 441 G St. N.W., Room 2A49, Washington, DC 20548; E-mail: mullenp@gao.gov

These reporting requirements are intended to promote a results-oriented management and decision-making process within Congress and the executive branch, as well as accountability to the American public. The requirements are included in laws in three broad categories:

- performance management, the Government Performance and Results Act of 1993 (GPRA);
- financial management, such as the Chief Financial Officers Act of 1990 (CFO Act); and
- information technology (IT), such as the Clinger-Cohen Act of 1996 (CCA).

The laws provide a framework for reports by federal agencies and programs. These reports help Members of Congress, who face a broad range of decisions as members of committees, including budget, authorization, oversight, and appropriations. They also help departmental and agency leadership, budget and planning analysts, the Office of Management and Budget (OMB), the General Accounting Office (GAO), and inspectors general (IGs) to carry out their management and oversight responsibilities. Because of the importance of these laws to reporting, it is essential that Congress and agency management understand both the difficulty in meeting requirements for reporting and the usefulness of moving toward consolidated reports.

AGENCIES HAVE DIFFICULTY MEETING REPORTING REQUIREMENTS

The goals of requirements for agency reporting are

1. to provide Congress, as well as departmental and agency leadership, with useful information in carrying out effective oversight of programs and in making budgetary decisions and
2. to promote government accountability to the American public.

But these reports have not been as successful at informing their intended audience as they could be. This is because lengthy and numerous reports—without clear, concise, and focused messages—are not likely to be read by busy congressional decision-makers or the American public. In addition, effectively implementing agency reporting requirements is difficult because of four issues:

- the complexities of the federal government’s decision-making process,
- skepticism about lasting management reform,

- problems in developing realistic performance management goals and measures, and
- too many requirements create a “crowded management space.”

The first three issues are discussed briefly. The last issue—“crowded management space”—the primary focus of this article, is developed extensively.

Complexities of the Decision-Making Process

The federal government’s decision-making process is complex, and congressional reporting requirements add another layer of complexity with which federal managers have to cope. These requirements primarily relate to the laws for periodic reports from agencies to Congress to explain what programs are accomplishing. For example, the GPRA law draws on and even transplants concepts from private sector management models. In particular, GPRA establishes a system in which market like disciplines can be used to improve management of the federal government, including setting performance goals and holding agencies accountable for program results. The focus on program results is made more complex, however, by the lack of good performance measures to use in reports. As Donald F. Kettl commented: “Successful performance management systems hinge on careful integration of politics and management. Elected officials are the ultimate audience for agency performance measures. The measures offer great potential for improving legislative oversight; it is easier to ask good questions about results if results-based information is readily available.”^[1]

This observation meshes with a principle of public administration propounded by Ronald C. Moe and Robert S. Gilmore: “Policy and program objectives specifically agreed to and incorporated into enabling legislation, subject to reasonable standards of measurement and compliance, facilitate effective implementation.”^[2] For example, passing and implementing GPRA necessitated extensive discussions between OMB, GAO, executive agencies, and congressional committees to determine answers to these two questions: What should the laws require? What constitutes good performance-based reports? The answers, however, are complicated by the structure of government. As Beryl A. Radin^[3] notes in a section of her article subtitled “The Context of Fragmentation, Decentralization, and Devolution,” although the aims of management reporting suggest that the information produced will support more rational decision-making, the structure of the government makes this extremely difficult. Factors such as the need for increased management capacity at OMB, political hostilities, divided government, and fragmented congressional power compound the problems.

Fragmentation exists in Congress, Radin^[4] also notes, in its role as receiver—through the various reports that go to different committees (e.g., authorizing, appropriations, and budget committees in the House and

Senate)—of management information for review. Therefore, agencies are asked for different responses from these different committees. Anticipating congressional responses to reporting is a challenge for agency managers, according to Kathryn E. Newcomer and Aaron A. Otto^[5]; this challenge is made even more so, given the polemical and politically charged rhetoric that is sometimes contained in congressional press releases commenting on agencies' GPRA reports.

Skepticism About Lasting Management Reform

Some observers of management laws^[6] initially raised questions as to whether laws like GPRA may become another flavor-of-the-month reform, which could go the way of so many others. Examples of past management initiatives—which have attempted reform, but did not last—include applying planning-programming-budgeting systems (PPBS) in non-Defense agencies, management by objectives (MBO), and zero-base budgeting (ZBB). Generally, however, most experts in the field currently view GPRA and similar management laws as reflecting a trend to try to increase

1. public confidence in government and
2. government effectiveness and accountability.

To realize this trend, increased responsibility is delegated to managers. They are required to report to Congress and the public on the results of program accomplishments in relation to goals. Success in carrying out these requirements is difficult, with many problems, as discussed below. Lack of success—in developing or meeting management goals, whether for GPRA or other management laws—can potentially generate skepticism about whether these reform laws are accomplishing their intended effects.

Problems Developing Realistic Performance Management Goals and Measures

There are significant problems in developing realistic performance goals and measures, as required by GPRA, for many government programs. In addition, these goals and measures should include consideration of financial management and IT. But creating yet another set of reporting requirements without an understanding of the complexity involved “runs the risk of poisoning an otherwise promising effort,” as Philip G. Joyce cautions.^[7] For example, each of the performance measurement systems the Congressional Budget Office analyzed, he points out, required a great deal of data in order to survive, and much of the data produced were never used. This suggests that before setting out

reporting requirements for goals and measures, it is necessary to think through how information will be used and how performance management reporting will be put into effect. Ultimately, Joyce concludes, the budget process is not likely to change substantially until and unless decision-makers use information from required reports when making budget-allocation decisions for programs.

The problems in developing realistic performance goals and measures are also illustrated in critiques of agency performance by congressional leaders. For example, for fiscal year 1999 performance reports, Senator Fred Thompson, then-current Chairman of the Senate Committee on Governmental Affairs, on Oct. 31, 2000 released “grades” for 24 of the largest federal agencies. Senator Thompson based the grades he gave on analyses—by GAO, the Congressional Research Service, and George Mason University’s Mercatus Center—of the agencies’ performance reports, including initial plans, as well as related IG reports. While the performance reports were required to inform Congress and the public about what agencies are doing and how well they are doing it, the Senator stated, the reports were not meeting that requirement. In particular, agencies failed to identify the goals they had established to accomplish their primary missions. Seven different agencies, he noted, identified “reducing the availability of illegal drugs” as part of their missions, yet “none of them had a specific performance target for actually doing that.” Senator Thompson praised three agencies—Transportation, the Social Security Administration, and the Veterans Administration—for demonstrating “a commitment to results-oriented performance and accountability.” The performance management in these three agencies therefore can serve as models for other agencies, so they can improve the usefulness of their performance reports to Congress.

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Factors that influence the quality of performance goals and measures, as well as the subsequent utilization of agency reports, include the credibility of the office preparing the report, political circumstances, relevance to stakeholder information needs, continued stakeholder involvement in the performance management process, the report timeliness, and clarity of the message.^[8] Complicating factors that can affect setting performance goals and measures can include lack of goals’ congruence or the public sector’s difficulty with identifying and setting goals, among other factors. As discussed later, Congress has made it possible for agencies to improve their performance reporting by

1. providing positive feedback to agencies and
2. taking legislative actions.

Too Many Requirements Create “Crowded Management Space”

The term “crowded management space,” used by Beryl Radin,^[9] means that at the same time agencies are responsible for implementing GPRA, they are also

responsible for implementing numerous other management requirements established by law, executive orders, and OMB directives. Each of these requirements, she notes, has a unique internal logic, but this logic is sometimes incompatible with that in other requirements. This incompatibility can lead to differing decisions about appropriate policy objectives. In addition, these requirements, which are supposed to reinforce one another, are often given to different staff units, each with their own perspectives on what needs to be done to accomplish each requirement's objectives. Thus, within a department or agency, the budget office, planning office, financial office, evaluation office, or other units are responsible for satisfying the various requirements of differing reporting laws.

The term crowded management space also applies to the number of reports that Congress has to deal with. Because each management law has many requirements, several reports may be required for each one and sometimes by different agencies. The number of reporting requirements has occasionally been reviewed and assessed by Congress, to determine whether

1. the executive branch is adequately responding to the requirements and
2. the reporting requirements are still meeting their intended purposes or are an unreasonable burden.

For example, in 1982, Congress passed the Congressional Reports Elimination Act and, in 1995, the Federal Reports Elimination and Sunset Act. The Reports Consolidation Act, passed in 2000, discussed in more detail below, continues the goal of report elimination by encouraging agencies, OMB, and congressional committees to examine how reports can be consolidated to better utilize government resources. In addition, the crowded management space can be seen in the relationship of the reports to the congressional budget schedule, set by the Congressional Budget Act of 1974 (2 U.S.C. 601–661), as shown in Figure 1. While this act created a timetable for the budget process, in reality the schedule is often modified, for example when Congress fails to pass budget resolutions or appropriations bills before the start of the new fiscal year.

Finally, the crowded management space refers to the crowded statutory framework, which includes several laws, with different reporting requirements, that agencies must follow. These laws can be grouped into the three broad categories mentioned earlier—performance management, financial management, and IT. Each of the laws contains different reporting requirements, due at a specified time during the fiscal year. All of the laws require reports to provide information to Congress, and some require additional reports to or from agency heads, OMB, GAO, or IGs. The congressional reporting laws that require reports to be submitted to Congress are summarized in Table 1.

As illustrated in Table 1, laws with reporting requirements can be grouped into performance management, financial management, and IT. For each of these categories, the major reporting requirements are discussed below:

Table 1. Laws with Congressional Reporting Requirements

Law by category	Purpose
Performance management	
Government Performance and Results Act of 1993 (GPRA)	<ul style="list-style-type: none"> • Hold federal agencies accountable for program results • Require federal agencies to clarify their missions • Set program goals and measure performance toward achieving those goals
Financial management	
The Inspector General Act of 1978 (IG Act)	<ul style="list-style-type: none"> • Combat waste, fraud and abuse by establishing IG offices in federal departments and agencies
Prompt Payment Act of 1982 (PPA)	<ul style="list-style-type: none"> • Encourage government managers to improve their bill-paying procedures
Federal Managers' Financial Integrity Act of 1982 (FMFIA)	<ul style="list-style-type: none"> • Establish a framework for ongoing evaluations of agency systems for internal accounting and administrative control
Debt Collection Act of 1982 (DCA) and Debt Collection Improvement Act of 1996 (DCIA)	<ul style="list-style-type: none"> • Require the heads of agencies to collect debts owed the federal government • Authorize the compromise of some debts and suspension of collection actions in particular circumstances • Authorize federal agencies to use certain collection tools
Chief Financial Officers Act of 1993 (CFO Act)	<ul style="list-style-type: none"> • Improve and strengthen federal financial management and accountability
Government Management Reform Act of 1994 (GMRA)	<ul style="list-style-type: none"> • Preparation and audit of 24 agencywide financial statements • Preparation and audit of consolidated financial statements for the federal government
Federal Financial Management Improvement Act of 1996 (FFMIA)	<ul style="list-style-type: none"> • Ensure that agency financial management systems comply with requirements of federal financial management system • Provide uniform, reliable, and useful financial information
Information technology (IT)	
Computer Security Act of 1987 (CSA)	<ul style="list-style-type: none"> • Improve the security and privacy of sensitive information in federal computer systems
Paperwork Reduction Act of 1995 (PRA)	<ul style="list-style-type: none"> • Minimize the public's paperwork burdens • Coordinate federal information resources management • Improve dissemination of public information • Ensure the integrity of the federal statistical system
Clinger-Cohen Act of 1996 (CCA)	<ul style="list-style-type: none"> • Improve federal programs through improved acquisition, use, and disposal of information technology resources

(Continued)

Table 1. (Continued)

Law by category	Purpose
Government Paperwork Elimination Act of 1998 (GPEA)	<ul style="list-style-type: none"> • Require federal agencies to provide the public, when practicable, the option of submitting, maintaining, and disclosing required information electronically
Government Information Security Reform Act of 2001 (GISRA)	<ul style="list-style-type: none"> • Directs federal agencies to conduct annual IT security reviews • Inspectors general (IGs) to perform annual independent evaluations of agency programs and systems and report results to OMB • OMB to (1) report annually to Congress on governmentwide progress and (2) issue guidance to agencies on reporting instructions and quantitative performance measures
E-Government Act of 2002 (E-Gov)	<ul style="list-style-type: none"> • Promote the use of the Internet and other IT to provide government services electronically • Strengthen agency information security • Define how to manage the federal government’s growing IT human capital needs • Establish an Office of Electronic Government, within OMB, to provide strong central leadership and full-time commitment to promoting and implementing e-government

measures, to Congress. Nonetheless, the agencies’ strategic planning efforts and, more generally, overall implementation of GPRA itself, most observers agree, are still very much a work in progress. The strategic plans that agencies provided to Congress and OMB are only the starting point for the broad transformation that is needed to successfully implement performance management, and difficult implementation issues still remain.

In addition to strategic planning reports, GPRA requires agencies to submit annual performance reports to the President and Congress (beginning March 31, 2000), covering performance for the previous fiscal year. Reports beginning in fiscal year 2002 must include actual results for the three preceding fiscal years. The performance reports must cover the following:

- Review how successfully performance goals were achieved.
- Evaluate the performance plan for the current year, relative to the performance goals achieved during the fiscal year(s) covered.
- Explain and describe, where goals are not met, (1) why the goals were not met, (2) plans and schedules for achieving the goals, and (3) if the

goals are impractical or infeasible, why that is the case and what action is recommended.

- Describe the use and assess the effectiveness in achieving performance goals of any waiver under 31 U.S.C. 9703.
- Include the summary findings of program evaluations completed during the fiscal year.

Several challenges to effective implementation of GPRA include overlapping and fragmented crosscutting program efforts, the often limited or indirect influence that the federal government has in determining whether a desired result is achieved, and the lack of results-oriented performance information. Instilling an organizational culture that focuses on results remains a work in progress: linking agencies' performance plans directly to the budget process has not yet taken place and has faced difficulties within both the agencies and Congress. Addressing some of these challenges will raise significant policy issues for Congress and the administration to consider and will most likely be difficult to resolve.

Financial Management

The Chief Financial Officers (CFO) Act is the legislative basis for the federal government's providing reliable financial information, through audited financial statements, to taxpayers, the nation's leaders, and agency program managers. The act is also the basis for improving the federal government's financial systems, providing a focus on reporting program results to Congress, in particular the Senate Governmental Affairs and House Government Reform Committees. The act centralizes the establishment and oversight of federal financial management policies and practices within OMB, primarily through the deputy director for management and the OMB Office of Federal Financial Management.

The act requires 24 agencies to have chief financial officers and deputy chief financial officers and specifies their authority and functions. The act also sets up a series of pilot audits, requiring certain agencies to prepare agency-wide financial statements and subject them to audit by the agencies' IGs. For each of these agencies, the first of these statements was due in March 1997; beginning in 1997, the Treasury Department started to report to Congress on a consolidated financial statement for the federal government. The Government Management Reform Act (GMRA), discussed below, also requires GAO to audit this financial statement annually, with the first audit required in early 1998.

In addition, the CFO Act requires OMB to prepare a congressional report on a five-year governmentwide financial management plan. This report is to describe what OMB and agency CFOs plan to do over the next five years to improve the financial management of the federal government. OMB is also

required to submit to Congress, by January 31 each year, an updated five-year financial management plan, to cover the succeeding five fiscal years, and an annual financial management status report. The annual report is to provide the following information:

- A description and analysis of the status of financial management in the executive branch.
- A summary of the most recently completed agency financial statements, financial statement audits, and reports.
- A summary of reports on agency internal accounting and administrative control systems, submitted to the President and Congress under the Federal Managers' Financial Integrity Act (FMFIA).
- Any other information OMB considers appropriate to fully inform Congress about financial management of the federal government.

In addition, the act requires agencies to prepare and annually revise their plans to implement OMB's 5-year financial management plan. Other requirements address the need for the systematic process of reform; the development of cost information; and the integration of program, financial, and budget systems.

Financial Management

The Government Management Reform Act (GMRA) expands the requirements relating to fully auditing financial statements under the CFO Act. GMRA requirements affect the 24 agencies already covered by the CFO Act, and allow for federal entities other than agencies, to be designated by OMB, to be covered.^[10] Beginning with fiscal year 1997, auditors for each of the 24 major departments and agencies must report, as part of their annual audits of the financial statements, whether the financial management systems comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the standard general ledger (SGL). GMRA also requires GAO to report on implementation of the act, starting in 1997, and by the beginning of each fiscal year thereafter.

Of particular note in relation to congressional reporting requirements is the act's enhancement of OMB's authority to manage agency submissions of reports to Congress, the President, and OMB. This enhancement of authority resulted in OMB's pilot accountability report, which consolidated reporting requirements under GPR and CFO acts, as well as FMFIA, the Prompt Payment Act (PPA), and the Debt Collection Act (DCA).

Financial Management

The Inspector General (IG) Act identifies 26 federal agencies that are required to have an IG who is appointed by the President and confirmed by the Senate.

The act also designates 30 federal entities other than agencies, each of which is to have an IG appointed by the appropriate head official. Each IG must prepare semiannual reports, no later than April 30 and October 31 of each year, that summarize the IG's activities. The head of each agency transmits these reports, unaltered, to Congress and subsequently makes them available to the public.

Since passage of the IG Act, IGs have been combating fraud, waste, and abuse and promoting economy, efficiency, and effectiveness by

1. strengthening federal internal audit and investigative activities and
2. improving operations within the federal government.

However, during the 1990s, legislation—such as GPRA, the CFO Act, and GMRA—has dramatically changed the management and accountability of the federal government and, in turn, has demanded shifts in the IGs' focus and contributions. It is critical for IGs to keep pace with such changes, various chairmen of House and Senate oversight committees have observed, and ensure that IG work continues to provide meaningful insight for evaluating and measuring the government's effectiveness.

Information Technology (IT)

The Clinger-Cohen Act like the acts discussed above, imposes rather detailed reporting requirements on federal agencies. The CCA requires OMB to do the following:

- Issue directives to executive agencies concerning capital planning and investment control, revisions to mission-related and administrative processes, and information security.
- Promote and improve the acquisition and use of IT through performance management.
- Use the budget process to
 1. analyze, track, and evaluate the risks and results of major agency capital investments in IT and information systems and
 2. enforce accountability of agency heads.
- Report to Congress on the agencies' progress and accomplishments. CCA also requires additional reports to Congress from OMB, agency heads, and GAO.

Information Technology (IT)

The Government Paperwork Elimination Act (GPEA) of 1998 authorizes OMB to provide for acquisition and use of alternative IT by federal agencies. Alternative IT includes

1. electronic submission, maintenance, or disclosure of information as a substitute for paper and
2. electronic signatures in conducting government business through e-government transactions.

The law calls for the Director of OMB, in conjunction with the National Telecommunications and Information Administration, to study the use of electronic signatures in e-government transactions and periodically report to Congress on the results of the study.

Information Technology (IT)

Government Information Security Reform Act (GISRA) is intended to do the following:

1. To provide a comprehensive framework for establishing and ensuring the effectiveness of controls over information resources that support federal operations and assets.
2. To recognize the highly networked nature of the federal-computing environment, including the need for federal government interoperability and, in the implementation of improved security management measures, ensure that opportunities for interoperability are not adversely affected.
3. To provide effective governmentwide management and oversight of related security risks, including coordination of information security efforts throughout the civilian, national security, and law enforcement communities.
4. To provide for development and maintenance of the minimum controls required to protect federal information and information systems.
5. To provide a mechanism for improved oversight of information security programs in federal agencies.

Information Technology (IT)

The E-Government Act (E-Gov)^[11] was passed to enhance the management and promotion of e-government services and processes. To increase citizen access to government information and services, the law established a federal Chief Information Officer (CIO) in an Office of E-Government within OMB—which oversees information resources management (IRM), including development and application in the federal government—and established a broad framework of measures that require the use of Internet-based IT. The act also authorizes \$45 million for an e-government fund in the U.S. Treasury, to pay for IT projects aimed at linking agencies and facilitating information sharing.

The act is designed to streamline the government's information resources, close security gaps, and create more public-centered Web sites. In addition, E-Gov does the following:

- Directs OMB to establish an interagency committee on government information and to issue guidelines for agency Web sites.
- Requires federal courts to establish Web sites with information about the court and cases being presented.
- Requires federal agencies to adhere to uniform security standards for information.
- Creates an IT interchange program between the private and public sectors.
- Authorizes governmentwide use of share-in-savings contracts, which permit agencies to pay contractors using savings realized through technological improvements.
- Requires federal agencies and OMB to submit reports to Congress.

As shown in this section, there are many reporting requirements affecting federal IT and e-government. The next section discusses what these reports tell Congress about the current state of IT and e-government activities.

AGENCIES MOVING TOWARD CONSOLIDATED REPORTS

On November 22, 2000, President Bill Clinton signed the Reports Consolidation Act of 2000 (RCA) (P.L. 106-531), which authorizes each federal agency to consolidate, into one annual report, several different performance management, financial management, and IT reports required by law. The consolidated report would present, in one document, a comprehensive and integrated picture of each agency's performance. Such an integrated picture would be more useful to Congress, the executive branch, and the public. As noted above, OMB had authority to consolidate reports on a pilot basis, but that authority expired in April 2000. The RCA restores that consolidation authority to OMB, making it permanent; the act also contains several enhancements designed to make the reports more useful. The reasons Congress passed this law mirror some of the concerns about numerous reporting requirements discussed earlier. The reasons are summarized in the legislation:

FINDINGS—Congress finds that—

1. existing law imposes numerous financial and performance management reporting requirements on agencies;
2. these separate requirements can cause duplication of effort on the part of agencies and result in uncoordinated reports containing information in a form that is not completely useful to Congress; and

3. pilot projects conducted by agencies under the direction of the Office of Management and Budget demonstrate that single consolidated reports providing an analysis of verifiable financial and performance management information produce more useful reports with greater efficiency.^[12]

In remarks introducing the legislation on the House floor, Congressmen Steve Horn (R-Ca.) and Jim Turner (D-Tx.) discussed the benefits of consolidating reporting requirements into one document that would be more useful to recipients:

[Mr. Horn:] The consolidated reports would present in one document an integrated picture of an agency's performance. As such, they will be more useful to Congress, to the executive branch, and to the public . . . Congress has attempted to instill the principles of performance-based management throughout the Federal Government. The report authorized by this bill would give Congress and the American people a single source of information about the management of each Federal agency. This information is critically important if Congress is to hold agencies accountable for the resources it spends to do the people's business.

[Mr. Turner:] This is a good government piece of legislation that would allow all of our Federal agencies to consolidate into a single annual report a whole variety of different financial and performance reports that they are required by law to submit. This will go a long way toward reducing administrative burdens within the agencies and avoid unnecessary duplication. It is a provision that will allow the public and the Congress and the agencies themselves to see in one document a variety of various reports that need to be in one place in order to adequately review them and to make them more useful to this Congress in pursuing our goal of trying to improve the efficiency and the effectiveness of the Federal agencies.^[13]

Each agency can submit a consolidated report within 180 days from the end of fiscal year 2000 and fiscal year 2001 and within 150 days from the end of every fiscal year thereafter. The act requires that each consolidated report have two assessments:

1. by the agency head, which describes the reliability of the agency's performance data, and
2. by the agency IG, which addresses the agency's most serious management challenges.

Report consolidation has been a long-standing discussion topic among agencies producing the many reports called for by the various congressional

reporting requirements of the 1990s. FFMIA was passed to address the need for consolidated reports, which would be useful in efficiently and effectively managing the day-to-day operations of the federal government and provide accountability to taxpayers. The central challenge in producing such reports has been seen as one of

1. overhauling inadequate and outdated systems relating to financial management and
2. upgrading IT capability. For example, GAO reported that 21 of 24 agencies covered by the CFO Act did not comply substantially with FFMIA's requirements.^[14]

Now that agencies will be allowed to consolidate reports into one annual report, the challenge will be how to do so successfully. There are a number of sources of guidance on how reports can be successfully consolidated. For example, GAO has issued much guidance on how to improve agency reporting.^[15] In addition, in 2000, OMB issued instructions (Circular A-11) and letters to agencies on requirements for report content and OMB's review procedures. Nongovernmental sources of guidance about producing useful agency reports are also available, for example, from George Mason University's Mercatus Center^[16] and the PricewaterhouseCoopers Endowment for the Business of Government.^[17]

To help Congress assess each year's reports and help agencies improve the quality of their next year's reports, a Mercatus Center research team evaluates the reports produced by the 24 agencies covered under the CFO Act. The Mercatus team uses 12 criteria to answer three questions:

- Does the agency report its accomplishments in a transparent fashion?
- Does the report focus on documenting tangible public benefits the agency produced?
- Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?

The Mercatus Center said the three requirements that many agencies met best were

1. improving the readability of the reports,
2. clearly articulating results-based goals, and
3. discussing major management challenges.

The three requirements that many agencies had the greatest difficulty meeting were

1. making reports accessible to the public (for example, posting reports on agency Web sites),

2. demonstrating a cause-and-effect relationship between the agency's actions and observed outcomes, and
3. linking performance data to costs. However, a few agencies did these well.

Congress and the Bush administration have taken additional steps to reinforce the need for improving reports and incorporating performance information into congressional decision-making. The Rules Committee, U.S. House of Representatives, adopted the following rule change, on January 3, 2001, for the 107th Congress:

Performance Goals and Objectives. The requirement that committee reports include a summary of oversight findings and recommendations by the Committee on Government Reform, if timely submitted, is repealed and replaced with a new requirement that committee reports include a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding.^[18]

This means that every piece of authorizing legislation coming out of the House will be required to have a performance goal associated with it and will increase congressional scrutiny of agency reports.^[19] In addition, President George W. Bush spelled out his core proposals for government reform in his President's Management Agenda. One proposal is to enforce GPRA by recommending higher levels of funding for programs that work, as demonstrated by meeting performance goals. Agency IGs are also being called upon to enforce the accuracy of GPRA reports. For example, OMB is to factor the results—the information on performance—into its budget decisions.

As Joseph Wholey noted, "GPRA is beginning to change the dialogue with Congress and in the OMB, that is, the way in which people talk about policy choice."^[20] The recent emphasis on carrying out GPRA and other related laws should continue to provide more useful information to congressional decision-makers and improve the quality of the policy dialogue. In addition, to the extent that agencies use the reports consolidation authority to package several reporting requirements into one volume Performance Accountability Reports, agencies will experience cost efficiencies in reporting and Congress will have a more convenient resource for program oversight and decision-making.

CONCLUSIONS

As discussed in this article, Congress enacted performance measurement laws in order for federal agencies to better manage and budget for their operations and to address certain deficiencies in performance planning, financial

management, and IT management practices. Taken together, the laws require numerous reports, some of which are not as useful as they could be. In response to this problem, Congress allows agencies to consolidate their reports into a Performance and Accountability Report. As a result of this authority, an agency can now offer an integrated picture of performance in one report. Consolidated reporting can lead to better information for decision-makers in Congress, the executive branch, and the public.

The purpose of reporting requirements is to strengthen management controls and processes to increase agency accountability. The information required in reports to Congress is intended to be a valuable resource for Congress. It can use this information in carrying out program authorization, oversight, and appropriations responsibilities, as well as to ensure the public a more accountable and responsive government. An excessive number of reports on different issues within an agency are not likely to get the attention of busy congressional decision-makers or the public. One consolidated report—containing useful and understandable information dealing with an agency's performance management, financial management, and IT issues—is more likely to fulfill the intent of laws with reporting requirements: to produce useful information that had not previously been available. The information in a user-friendly, one-volume report is much more likely to be read and acted upon. To be most useful, each report should be readable (include an executive summary and be as brief as possible) and easily available on agency Web sites.^[21]

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11. U.S. Congress. E-Government Act of 2002, P.L. 107-347. Title III of the E-Government Act is also referred to as the Federal Information Security Management Act (FISMA). FISMA lays out a framework for annual IT security reviews, reporting, and remediation planning.
12. Reports Consolidation Act of 2000, sec. 2(a).
13. See *Congressional Record*. 106th Cong., 2d sess., Oct. 26, 2000: H11349–51.
14. This includes requirements for federal financial management systems; applicable federal accounting standards; and the U.S. Government standard general ledger, which provides a chart of standard accounts and transactions that agencies are to use in all financial systems. See U.S. General Accounting Office, *Financial Management: Federal Financial Management Improvement Act Results for Fiscal Year 1999*; GAO/AIMD-00-307, GAO: Washington, D.C., Sept. 2000.
15. See, for example, U.S. General Accounting Office, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, GAO/GGD-97-180; GAO: Washington, D.C. Sept. 1997; and *Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking*, GAO/GGD/AIMD-10.1.18; GAO: Washington, D.C. Feb. 1998. This and other related guidance are available on GAO's Web site at www.gao.gov.
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