

**SECTION 230—PREPARING AND SUBMITTING THE ANNUAL PROGRAM  
PERFORMANCE REPORT, THE PERFORMANCE PORTION OF A PERFORMANCE AND  
ACCOUNTABILITY REPORT**

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**Summary of Changes**

Requires agencies to combine their performance reports with their accountability reports and to transmit the combined reports for FY 2004 by November 15, 2004.

Clarifies the requirements for completeness and reliability of performance data.

**230.1    Preparing the performance and accountability report.**

- (a)      In general.

The annual performance report required by GPRA provides information on your agency's actual performance and progress in achieving the goals in your strategic plan and performance budget.

Agencies prepare one annual report for a fiscal year. This report will be combined with the annual financial accountability report. If program performance data for the fiscal year is incomplete or estimated in that year's report, updated information may be included in the performance budget and a subsequent year's annual report as it becomes available.

- (b)      Combining the annual performance report and the annual accountability report.

Together, the Chief Financial Officers Act and the Accountability of Tax Dollars Act require all agencies to prepare an audited financial statement. OMB Bulletin No. 01-09 (September 25, 2001) on the "Form and Content of Agency Financial Statements" requires agencies to combine the program performance report with the financial statement and accountability report. Information on preparing the program performance portion of the report is included below. See [OMB BULLETIN NO. 01-09—Form and Content of Agency Financial Statements](#) for further information on the accountability report component of the PAR.

The combined PAR that covers FY 2004 is to be transmitted to the President, Congress, and OMB not later than November 15, 2004. Agencies should provide the draft PAR to OMB for review and clearance at least 10 days before the due date. Program performance information is not subject to new or additional audit requirements as a consequence of its being combined with the accountability report or the financial statement.

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(c) *Coverage of programs assessed using the Program Assessment Rating Tool (PART).*

OMB is assessing the effectiveness of Federal programs using the PART. The performance and accountability report includes information on program assessments completed for budget formulation for the fiscal year covered by the report.

The PART information in the performance and accountability report should be updated to reflect actual performance for the fiscal year, including any actions taken on PART recommendations. The PART information may also cover actions taken to affect the program and its performance in the succeeding fiscal year. Please note that the succeeding fiscal year is the current year column in the upcoming budget, not the budget year; so the FY 2004 report will include actual performance for FY 2004 and actions taken to affect performance in FY 2005 as submitted in the 2005 Budget. (Any discussions that would contain information about the President's decisions for the 2006 Budget should only be included in the performance budget, not the performance and accountability report; see item (d).)

(d) Including performance information from the PAR in the performance budget.

A performance budget includes actual performance data for the fiscal year covered by the report, and three prior fiscal years; this data should be taken from the PAR. The performance budget should include all available actual performance data, including data omitted from the annual performance report, because it was not available earlier.

The November 15 transmittal date for the PAR precedes the transmittal of the President's Budget. Potentially, this may require the agency to omit certain information from the PAR, as it would be considered to be privileged and cannot be publicly released prior to transmittal of the President's Budget. Any forward-looking discussions required for an annual performance report (i.e., evaluating the performance plan for the current fiscal year; schedules for achieving the established performance goal; and, if the performance goal is impractical or infeasible, why that is the case and what action is recommended) that may be considered privileged should be included in the performance budget for the subsequent year and not included in the PAR.

**230.2 What does the annual program performance report contain?**

(a) Required elements.

Your annual report must include the following elements:

- A comparison of actual performance with the projected (target) levels of performance as set out in the performance goals in your annual performance budget (or your annual performance plan for fiscal years prior to FY 2005);
- An explanation, where a performance goal was not achieved, for why the goal was not met;
- A description of the plans and schedules to meet an unmet goal in the future, or alternatively, recommended action regarding an unmet goal where you have concluded it is impractical or infeasible to achieve that goal;
- An evaluation of your performance budget for the current fiscal year, taking into account the actual performance achieved;

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- An assessment of the reliability and completeness of the performance data included in the report; and
- Actual performance information for at least four fiscal years.

(b) Comparing actual performance to performance goal target levels.

The annual report must state the actual performance for every performance goal in your annual performance budget (or, as applicable, your performance plans for FY 2003 and 2004), even if the goal was discontinued after that fiscal year. Actual performance is reported as it occurred during the fiscal year covered by the report. For some programs, this performance may have resulted from spending prior year monies during the fiscal year.

The annual report matches actual performance to the corresponding performance criteria set the previous year. If an alternative form (i.e., a non-quantified measure) was used to define a performance goal, the description of actual performance must allow an accurate, independent determination to be made of whether such performance met the criteria specified, or how it otherwise compared to the goal as stated.

At the time a PAR is sent to the President and the Congress, actual performance information may not be available, or the available information may be incomplete or preliminary. The annual report should identify those performance goals where actual performance information is missing, incomplete, preliminary, or estimated. For such goals, the annual report should indicate the approximate date when actual performance information, sufficient to make an accurate comparison with performance goal target levels, will be available. Once available, the actual performance information and the comparison between actual and target performance is included in the performance budget and subsequent annual PAR.

(c) Providing an explanation for non-achievement of a performance goal.

If a performance goal was not achieved, your annual report must explain why it was not met. There are two types of explanation: specific and generic.

A specific explanation is included if goal non-achievement is significant and material. A specific explanation should show an understanding of why a performance shortfall occurred, and the consequences. The specific explanation should also support actions you are taking to eliminate or reduce future shortfalls for this goal.

Agencies may apply the following criteria when determining if a specific explanation is required. A specific explanation should always be provided if:

- The manager(s) of the program, activity, or component experiencing a performance shortfall alerts or informs senior agency officials about actual performance levels, and the implications of these levels on overall program accomplishment; or
- The manager(s) took or is taking substantive action to address the shortfall in performance; or
- Performance levels for future years are being adjusted downward to reflect actual performance levels; or
- Outside parties will likely conclude that the non-achievement was significant and material.

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A generic explanation is provided if the difference between the goal target level and actual performance is slight. An agency may use the following language for its generic explanation: “The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.”

If actual performance data shows that a goal was not met, but the explanation for why the goal was not met or a description of steps being taken to meet the unmet goal in the future cannot be completed by the time of transmittal; then the data are included in the report and marked as preliminary. The following year's annual report will include the data and the deferred explanation and next steps.

(d) Agency plans and schedules for achieving an unmet goal in the future.

For every performance goal whose target level was not achieved and a specific explanation was provided, a description of the actions the agency is taking to achieve the goal in the future is included. A schedule for these actions is also included. The actions and schedule may cover only the current fiscal year, if included in a PAR; information on future fiscal years should be included in the performance budget.

A description of the actions being taken, and the accompanying schedule, may be omitted for an unachieved goal where external factors (such as a natural disaster) or entities (such as another country) were the sole cause for non-achievement, and the agency lacks the capacity or authority to affect these factors or entities.

An agency may conclude, based on actual performance, that a performance goal cannot be achieved in the future. For such goals, the annual report explains why a particular goal is no longer practical or feasible, and recommends a course of action for the goal. These actions may include discontinuing or adjusting the goal.

(e) Evaluating performance goal levels in the performance budget relative to actual performance.

As you prepare your annual report, the performance information you collect may be used to make further adjustments to the upcoming budget. You may do so if actual performance information is available near the end of the fiscal year covered by the annual report. These adjustments are made at the time a congressional justification incorporating the performance budget is prepared. The performance budget and following year's annual report should identify every change to performance goals that were made in the performance budget that primarily stemmed from this assessment of actual performance.

(f) Assessing the completeness and reliability of performance data.

The Reports Consolidation Act of 2000 specifies that the transmittal letter for annual performance reports contain an assessment of the completeness and reliability of the performance data included in it. The assessment describes any material inadequacies in the completeness and reliability of the data, and any actions the agency can take and is taking to resolve the inadequacies.

The performance data in a performance and accountability report is considered complete if:

- Actual performance is reported for every performance goal and indicator in the performance budget (performance plan), including preliminary data if that is the only data available when the PAR is sent to the President and the Congress; and

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- The agency identifies in the PAR any performance goals and indicators for which actual performance data are not available or only preliminary data or estimates are available at the time the report is transmitted, and notes that the performance data will be included in a subsequent annual report. (Agencies are encouraged to pre-announce expected lags in the reporting of performance data in their performance budgets.)

At minimum, performance data are considered reliable if agency managers and decision makers use the data contained in the annual report on an ongoing basis in the normal course of their duties. At minimum, performance data are considered reliable if transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management. Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained.

The Reports Consolidation Act also requires that the PAR include a summary of the agency's most serious management and performance challenges, as identified by the Inspector General (IG) office, and the agency's progress in addressing those challenges.

Material inadequacies are those that significantly impede the use of program performance data by agency managers and government decision-makers. The PAR should indicate whether any challenges identified by the IG office are material inadequacies. The annual report should also identify any performance goals for which the available performance data are materially inadequate, along with a brief reason for why the data are inadequate. The annual report should briefly cite any actions being taken by the agency to remedy a material inadequacy.

(g) Fiscal year coverage.

Your annual reports for fiscal year 2004 and future years should include actual performance information for the fiscal year covered by the report, and at least three prior fiscal years. Actual performance information for more than three prior fiscal years may be included if it will be useful in reviewing performance trends. You may cease reporting actual performance information for prior years for any goal that is discontinued prior to the fiscal year covered by the report.

Comparisons between actual performance and performance goal target levels are not included for prior fiscal years, unless the comparison was deferred because the performance data in a prior year's annual report was unavailable or the analysis was incomplete.

(h) Other elements and features of an annual report.

These elements and features may selectively apply to your agency. Omit any that do not apply from your annual report.

*Program evaluations.* Your report includes a summary of the findings and recommendations of the program evaluations completed during the fiscal year. If no evaluations were completed, the report should note such. For more information on program evaluations, see question 2.6 of the PART guidance for the FY 2006 Budget at [http://www.whitehouse.gov/omb/part/2006\\_part\\_guidance.pdf](http://www.whitehouse.gov/omb/part/2006_part_guidance.pdf).

*Information on use of non-Federal parties.* GPRA states that preparation of an annual report is an inherently government function. Your report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-Federal entity in preparing the report.

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*Classified appendices not available to the public.* An agency with a classified appendix for its annual performance budget may also prepare a similar classified appendix for its annual report. Agencies should not need to prepare a non-public appendix for certain law enforcement or revenue collection activities in their annual report. Retrospective reporting of actual performance for these activities should not interfere with achieving current or future goals for the same activities. However, if an agency believes that reporting of actual performance will impede current or future goal achievement, a non-public appendix may be prepared. The agency should contact its OMB representative for approval prior to preparing such an appendix.

*Budget information.* In your annual report, you should include relevant budget information, consistent with the obligation amounts shown in the *Budget Appendix*, for the fiscal year covered by the report. The annual report does not present comparisons between the amounts originally requested for a fiscal year and the amounts actually obligated.

(i) Format.

There is no prescribed format for the annual report. Agencies are encouraged to include, from the strategic plan, a summary of the mission statement and general goals and objectives.

**230.3 Sending the annual program performance report to the President and Congress.**

Performance and accountability reports are sent to the President and Congress and the Director of OMB. The report must be transmitted by the head of the agency. An agency may add other signatories, such as the Chief Financial Officer, to the transmittal of a PAR, thus recognizing a shared responsibility within the agency for the performance reported and any future performance commitments. The due date for the FY 2004 PAR is November 15, 2004.

Transmittal letters to Congress are addressed to the Speaker of the House of Representatives and the President and President pro tempore of the Senate. Copies of the congressional transmittal are sent to the chairmen and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriation subcommittees, and the chairman and ranking minority member of the Senate Committee on Governmental Affairs and the House Government Reform Committee.

The information included in the PAR should be retrospective only; prospective discussions including information about the President's decisions for the upcoming budget should only be included in the performance budget, not the PAR. Since only retrospective components are included in the PAR, the PAR may be made available to the public upon transmittal to the President and the Congress, in accordance with section [22](#).