

**SECTION 220—PREPARATION OF ANNUAL PERFORMANCE PLANS: THE MAIN
ELEMENTS**

Highlights for 2002–2003 and Section Index

Highlights

- The annual plan will include all performance goals being used in assessments of program effectiveness, and, for selected agencies, goals being used in the common measures initiative.
- Guidelines are established for integrating performance and budget in annual performance plans, and OMB's intention to present informational tables aligning resources and performance in the FY 2005 budget is outlined. This integration will align resources with outputs and outcomes, with these performance measures being grouped by strategic objective.
- Agencies are required to develop full cost information for selected outputs and outcomes in the FY 2004 budget. This full cost data will be displayed in the Budget in informational tables for the programs covered by program effectiveness assessments during formulation of the FY 2004 budget. Agencies, if requested, are to provide estimates of the marginal effect on performance levels resulting from marginal changes in cost.
- To the extent practicable, agencies are encouraged to restructure program activity listings in the Program and Financing schedules, and, as needed, budget accounts to align resources with outputs and outcomes.
- The criteria and indicators for "Getting to Green" for the budget-performance integration initiative are published.
- The annual performance plan will now include six years of performance information, with data for the budget year, the current year, and four past years.

Main Section Index

Section 220	Preparing an Annual Performance Plan: The Main Elements.
Exhibit 220	Section 4(b) of the Government Performance and Results Act
Section 221	Budget Performance Integration.
Exhibit 221	Examples of Schedules and Informational Tables for the Budget
Section 222.	Preparing an Annual Performance Plan: Format and Other Features
Section 223	Submission of Annual Performance Plans.
Section 224	FY 2004 Performance Plan.
Section 225	"Getting to Green" for Budget Performance Integration
Exhibit 225	"Getting to Green" Paper

Index for Section 220

- 220.1 Introduction and plan iterations
- (a) Requirement for a plan.
 - (b) Plan iterations.
 - (c) Combining the annual performance plan with the annual program performance report.
 - (d) Aligning resources and performance.

Index for Section 220—Continued

- 220.2 Main elements of an annual performance plan
- 220.3 General guidelines for developing performance goals and indicators.
 - (a) Principles to be applied when defining goals.
 - (b) Outcomes and outputs as program performance goals.
 - (c) Goals for program effectiveness.
 - (d) Goals related to credit programs.
 - (e) Goals for internal agency functions and operations.
 - (f) Goals for management problems and government-wide management reforms.
 - (g) Crosscutting programs.
- 220.4 Description of means and strategies, and identifying required resources, processes, and technologies.
 - (a) In general.
 - (b) Regulations and tax expenditures.
 - (c) Proposed legislation.
 - (d) Capital assets/capital programming.
 - (e) Management problems.
 - (f) Information security program.
- 220.5 Verification and validation.
 - (a) In general.
 - (b) Information on data sources.
 - (c) Actions to improve completeness and reliability of performance data.
 - (d) Unavailability of information.
- 220.6 Agency requests for use of alternative form(s) of measurement.
- 220.7 Agency requests to waive the requirement for performance goals.
- 220.8 Revised final annual plan.
 - (a) In general.
 - (b) Displaying changes from the final performance plan.
 - (c) Retaining a reference copy of a revised final plan.
 - (d) Updated general goals (from a strategic plan) in a revised final plan.

220.1 Introduction and plan iterations.

(a) Requirement for a plan.

The Government Performance and Results Act (GPRA, or the Results Act) requires that OMB have agencies prepare annual performance plans (the annual plan). The first annual plans covered FY 1999. (See [sections 200.1–200.3](#) for an overview of GPRA requirements, related definitions, and applicability of these requirements to agencies.)

Your agency's annual plan sets out measurable goals that define what will be accomplished during a fiscal year. These goals should represent a level of accomplishment commensurate with the resources requested and subsequently funded. By identifying how much your agency will spend to achieve its performance goals, the annual plan forms an integral link between budget and program results. Performance against these goals is a significant consideration in assessing program effectiveness.

The FY 2004 performance plan includes performance information for fiscal years 1999 through 2004. Beginning with this FY 2004 plan, the span of an annual plan is a standard six year period, containing performance goals covering four prior years, the current year, and the budget year. This multi-year display will present baseline and trend information in a single document. The four years of prior performance data correspond in number to the years that must be covered in an annual performance report.

Preparation and submission of the annual plan is now guided by five sections: [Section 220](#) for the main elements of an annual plan; [Section 221](#) for budget and performance integration; [Section 222](#) for plan format and other content; [Section 223](#) for plan submission; [Section 224](#) on specific requirements for the FY 2004 performance plan; and [Section 225](#), on "Getting to Green" for the President's Management Agenda initiative on budget performance integration.

(b) Plan iterations.

For a fiscal year, your agency prepares at least two iterations of an annual plan:

- An initial plan, consistent with your budget request to OMB; and
- A final plan that reflects budget, policy, and programmatic decisions on your budget request, and is consistent with the President's budget.

An agency may also voluntarily prepare a third iteration, which is called a revised final plan. A revised final plan reflects Congressional action on the agency's budget request. (The revised final plan is often referred to as an operating plan.)

Your initial plan is submitted only to OMB, and is used during OMB's review of your budget request, and formulation of the President's budget. Final plans are sent to Congress soon after transmittal of the President's budget, and made available to the public. There is no mandated submission of a revised final plan to Congress or OMB.

Agencies may combine their annual plan with their Congressional justification (see [subsection 221.1\(c\)](#)).

(c) Combining the annual performance plan with the annual program performance report.

Except as noted below, an agency may choose to combine its annual plan with its annual program performance report (see [subsection 230.2\(c\)](#)). The final plan iteration is used for this purpose. Agencies should note that combining the annual plan and the annual report may affect who in the agency transmits this combined document, its distribution, and the transmittal date (see [section 232](#)).

Cabinet departments and ten major independent agencies are required to combine their FY 2002 performance report and FY 2002 accountability report, and transmit the combined document to the President and Congress by February 1, 2003 (see [section 230](#)). As an annual plan may not be publicly released prior to transmittal of the President's budget, these departments and agencies may not merge the combined performance and accountability report with the annual plan.

The requirement for including FY 2002 actual performance information in your FY 2004 performance plan does not mandate that you also include other statutory elements of the annual report, such as a comparison between actual performance and a performance goal target level. An agency not combining its annual plan with its annual report may choose to include other elements and features of the annual report in its plan, particularly information showing the effect of past performance on current and future goal achievement, and actions taken to address performance shortfalls. (See also [section 230.2](#) on the relationship of the annual plan and the annual report.)

(d) Aligning resources and performance.

Integrating budget and performance is a key government-wide initiative in the President's Management Agenda. To help advance this integration, OMB intends to make significant changes in the presentation of performance information in the President's budget. These changes would include displays of budget resources matched to output and outcome goals, and related to a set of strategic objectives. Some agencies may proceed with a restructuring of program activity listings in the Program and Financing (P&F) schedules, and, as needed, their budget accounts to produce this alignment, but, near-term, many agencies cannot do such restructuring. For the latter agencies, the information tables will serve to display this alignment. (See also [section 221.2](#) and [Exhibit 221](#) on the scope of this integration initiative.)

220.2 Main elements of the annual performance plan.

As defined by GPRA, an annual plan features three elements:

- The performance goals and indicators for the fiscal year (see [section 220.3](#));
- A description of the operational processes, skills, and technology, and the human, capital, information, or other resources that will be needed to meet the performance goals (see [section 220.4](#)); and
- A description of the means that will be used to verify and validate measured values (see [section 220.5](#)).

The performance goals and indicators are the primary element of the annual plan. The two other elements provide information related to achievement of the performance goals. Other plan content, some of which may be required for certain agencies, is described in [section 222](#).

220.3 General guidelines on developing performance goals and indicators.

Summary of requirement: An annual performance plan must include performance goals. Performance goals shall be defined either in an objective and quantifiable manner, or as sufficiently precise descriptive statements that allow an accurate, independent determination to be made of actual performance (for the latter, see [section 220.6](#)).

(a) Principles.

When choosing the performance goals and indicators to be included in an annual plan, you should be guided by the following principles. The goals and indicators should:

- Be centered on a program's core purpose, and include those measures serving as a basis for OMB's assessments of program effectiveness;
- Inform the President, Congress, other interested parties, and the public of the expected level of achievement for the program or activity;
- Be expressed in an objective and quantifiable manner unless OMB approves otherwise (see [sections 220.6](#));
- Be a blend of outcomes, and outputs supporting outcomes. (Steps being taken to integrate budget and performance will lead to displaying cost information for outputs in the budget, with the outputs being related to outcomes; see [section 221.2](#));
- Represent key program characteristics and attributes, while also supporting any cross-agency, comparative review of common measures;
- Be used by managers as they direct and oversee how a program is carried out. (Measures that inadequately inform managers about program performance will not help managers respond when problems arise); and,
- Cover the 12 month period of the Federal government's fiscal year (October 1–September 30). (In those cases where an agency operates on a different fiscal year, the annual plan should correspond to the agency's fiscal year.)

Performance goals and indicators typically have a numerical target level or other measurable value. This facilitates the future assessment of whether the goals and indicators were actually achieved. When defining goals, you should anticipate your future ability to measure and report actual performance against them. (The comparison between projected and actual performance is the primary feature of the annual program performance report that you are required to prepare under GPRA.)

Annual plans should strike a balance between too few and too many measures. Skimping on performance goals can produce a narrowly-drawn or fragmented picture of performance. Conversely, a plan larded with measures blurs a reader's perspective over which goals are essential for understanding program results.

The set of performance goals included in an annual plan should be periodically modified as necessary to reflect changes in programs, agency capability to collect and report information, the importance and usefulness of any goal, and other circumstances.

(b) Types of program performance goals.

An annual plan generally contains both outcome and output goals.

In a strategic plan, general goals are commonly outcome-type goals. However, outcome goals may only be achieved at certain points during the timespan of a strategic plan. An annual plan should include outcome goals when their achievement is scheduled for the fiscal year covered by the plan.

When outcome goals are defined as achieving a broad standard, rate, or level, such as a national incidence rate, the plan should indicate the agency's role in goal achievement. This can be done either in the goal description or by identifying the means the agency will use to accomplish the goal. Without an association being shown between such outcomes and what an agency is doing to achieve them, agency funding can be difficult to justify.

Most plans will complement outcome goals with measures of output. Measures of output can be the predominant goals and indicators in an annual plan for several reasons:

- Outcome goals, other than those being accomplished at a continuing, sustained level, may not be scheduled for achievement in the fiscal year covered by the annual plan;
- An agency is likely to have more output goals than outcome goals;
- As the frequency and nature of performance data for outputs allows for periodic assessment and intervention, managers often manage to outputs; and,
- Agencies spending is typically keyed to production of outputs, a circumstance that will be reflected in the informational tables and budget account restructuring that will help display the alignment between performance and resources in the budget.

GPRA also allows an agency to define a performance goal in a descriptive manner that is not self-measuring, i.e., one cannot determine whether the goal was achieved by simply and objectively comparing actual performance to a quantified target level. If a performance goal is not self-measuring, the agency must include in its plan one or more performance indicators for that goal. The performance indicators shall set out specific, measurable values or characteristics related to the performance goal, and which will aid in determining goal achievement. An example of a goal that is not self-measuring would be "to improve maternal and child health on tribal reservations." Performance indicators for such a goal could include morbidity and mortality rates, median infant birth weights, percentage of children immunized, and frequency of pediatric checkups. (See also [section 220.6](#) on the alternative form of measurement, in which descriptive criteria are used to define a goal.)

For selected, similar programs in several agencies, development of a set of common performance measures is underway. These measures will be used in the program assessment process to help determine the relative efficiency and effectiveness of the selected programs. Using these common measures, cross-program comparisons could indicate a need for further analysis, or identify actions that would improve program efficiency. Agencies with programs covered by common measures will include all applicable measures as performance goals in the annual plan.

While there are no government-wide requirements to include a specific category or type of measures in every plan, agencies are strongly encouraged to include, as appropriate, measures of customer service and program efficiency. Agencies should strive to include goals or indicators for unit cost, even if only approximate costs can be estimated at this time. Agencies should anticipate a future requirement to include at least one performance goal measuring cost per unit of output, cost per unit of service, or cost per unit of result in the annual plan. For agencies with programs included in the initiative to develop common measures for these programs, a goal for unit cost may be required to be included in the FY 2004 performance plan.

For a program or activity, agencies may have a single or several measures of performance. The measures should avoid depicting programs as one-dimensional, or which mask program distinctiveness.

(c) Goals for assessing program effectiveness.

OMB is beginning a multi-year assessment of the effectiveness of all agency programs. Approximately 20 percent of the programs will be covered during formulation of the FY 2004 budget, with other programs to be annually added to the assessment in future years.

OMB will be using a Program Assessment Rating Tool (PART) to assess program effectiveness. The PART consists of a set of questions designed to provide a consistent approach to effectiveness ratings. As experience is gained from using the PART, the questions may be modified. The PART supports the assessment of four aspects of a program:

- does the program perform a clear Federal role;
- has an agency set valid long-term and annual goals for the program;
- is the program well-managed; and,
- is the program achieving the results set forth in the agency's GPRA plans?

Agencies whose programs will be covered by program effectiveness assessments during formulation of the FY 2004 budget should coordinate with the appropriate OMB office to ensure that all performance goals being used in the effectiveness ratings will be included in their FY 2004 performance plan. Agencies should also coordinate with the appropriate OMB office on including other performance goals in the FY 2004 performance plan that would be used in assessments being done in future years. In some instances, future assessments may rely on newly defined performance goals, or agencies being able to collect and report actual performance data prior to the assessment being made. (See also [section 221.2](#) on requirements to include full cost data in the FY 2004 performance plan for programs covered by the current set of assessments.)

(d) Goals related to credit programs.

Agencies having performance goals specific to their credit programs should include a brief description of how changes in the subsidy cost for these programs may affect the target values for these goals.

(e) Goals for internal agency functions and operations.

In addition to performance goals and indicators related to programs or specific organizational units, annual plans may include agency-wide goals (including those for internal functions) and means-type goals.

Agency-wide goals and indicators typically involve the agency workforce or the workplace environment. Examples include workforce diversity, downsizing, streamlining, and family-friendly programs. Administrative or program support components, such as procurement and information management, may also be included as agency-wide goals. Where procurement is significant to the accomplishment of the mission, the annual plan should include measures of procurement performance.

Agencies with major grant programs are encouraged to include performance goals for streamlining and simplifying the administration of these programs. These goals should address the agency's efforts to reduce administrative and regulatory burdens, and provide electronic processing options for grantees.

The annual plan should include a performance goal(s) covering the major human resources strategies, such as recruitment, retention, skill development and training, and appraisals linked to program performance, that help support the agency's programs. Any training goal(s) included in the plan should address the quality and availability of training opportunities. (For further information, see the Office of

Personnel Management publication, "A Guide to Strategically Planning Training and Measuring Results".)

The President's Budget asks agencies to identify several agency-specific management reforms, and undertake these reforms in the near term. The FY 2004 performance plan should include performance goals for any agency-specific reforms that will be completed in FY 2004. The FY 2004 plan should also include a brief summary of any agency-specific reforms being completed in FY 2002 or 2003.

Means-type goals and indicators describe the means or strategies that an agency will use to achieve its performance goals and indicators. Means or strategies typically cover processes, technologies, or certain types of resources that will be applied to help achieve a program or operational goal. Policy, programmatic, managerial, regulatory, or legislative initiatives can also be a means-type goal. Replacement of an agency's major computer systems, and redistribution or devolution of agency workload, are examples of means-type goals.

When included, means-type goals should be few in number, key to program accomplishment, and not a substitute for goals and indicators covering core programs and activities. Agencies should note that a significant investment in systems, equipment, or facilities, may warrant categorizing the goal as a program goal. (See also [subsection 220.4\(d\)](#) on capital investments.) A means-type goal associated with a particular program or activity should be grouped with that program in the annual plan. For example, a recruitment goal to double the number of staff working on a particular project should be grouped with other goals for that project, and not presented with other agency-wide human resources goals. An agency may include means and strategies for a means-type goal. For example, an agency may describe its reliance on having other agencies or entities provide sufficient training opportunities to help meet its staff training goal.

Agencies have discretion regarding placement of agency-wide and means-type goals and indicators within the annual plan. An annual plan should not include any goals for inputs (budget resources, number of FTEs, etc); agencies are required to provide information on inputs in that section of the annual plan describing resource needs (see [section 220.4](#)). (Note that a human resources goal may include a numerical target for the number of FTEs covered by the goal.)

(f) Goals for management problems and for government-wide management reforms.

Performance goals for management problems should be included in the annual plan, particularly for problems whose resolution is mission-critical, or which could potentially impede achievement of program goals (see also [subsection 220.4\(e\)](#)). Often, such performance goals will be expressed as milestone events for specific remedial steps.

The [President's FY 2003 Budget](#) and the [President's Management Agenda](#) (issued in August, 2001) identified a set of government-wide initiatives that agencies are expected to carry out over the next several years. These initiatives include:

- Strategic management of human capital, including attracting talented and imaginative people to government, reducing government layers, and redistributing positions to more front-line, citizen-contact activities and operations;
- Competitive sourcing, by opening up government activities to more public-private competition for carrying out these activities;

- Improved financial performance, including reducing erroneous payments to beneficiaries and other recipients, and producing more timely and accurate financial information;
- Expanded electronic government, including improved Federal government use of the Web through e-procurement portals and on-line grant applications, and identifying E-government projects that can deliver significant performance and productivity gains.

(A fifth government-wide initiative covering budget and performance integration is addressed in detail in [section 221](#))

The FY 2004 performance plan should include a performance goal(s) for every President's Management Agenda initiative that will significantly enhance the administration and operation of your agency's programs and activities.

(g) Cross-cutting programs.

At a minimum, the annual plan should identify those programs or activities that are being undertaken with other agencies to achieve a common purpose or objective; i.e., interagency and cross-cutting programs. This identification need cover only programs and activities that represent a significant agency effort. An index displaying agencies and the relevant programs or activities may be a useful format.

An agency should also review the fiscal year 2003 performance plans of other agencies participating with it in a cross-cutting program or activity. This review should focus on assuring that related performance goals and indicators for a crosscutting program are consistent and harmonious. As appropriate, agencies should modify performance goals to bring about greater synergy and inter-agency support in achieving mutual goals. These reviews may also identify goals-in-common that agencies may each choose to include in their annual plan.

As the annual plan is based on the program activity listings in the Appendix volume of the Budget, these listings—which typically cover but do not individually identify numerous sub-programs, projects, and sub-activities—may not be sufficiently detailed to identify every cross-cutting program or activity in an agency. The information tables (aligning resources with output and outcome goals) that OMB intends to include in the FY 2005 budget may serve as a useful guideline in deciding which cross-cutting programs to identify. By concentrating on these particular cross-cutting programs, this may avoid substantially expanding the size of the annual plan, and introducing an overly finite and disproportionate level of detail for these programs.

220.4 Description of means and strategies, and identifying required resources, processes, and technologies.

Summary of requirements: The annual performance plan must describe how an agency expects to achieve its goals, and identify the various resources, skills, technologies, and processes that will be needed.

(a) In general.

Your annual plan includes a description of the resources, processes, and technologies required to achieve the performance goals and indicators. In many instances, these means and strategies are considered to be

inputs. A well-conceived and thoughtful description of the means and strategies to be employed will help bolster confidence that an agency understands what is needed to achieve a certain performance level, and the likelihood the goal will be achieved. Means and strategies that seem to be superficial or hastily compiled can produce the opposite reaction.

The "means" include:

- Operational processes, such as changes in work methods or sequencing, workforce adjustments, and shifts in responsibility for particular tasks;
- Staff skills, and the development, introduction, and use of technologies; and
- Human, capital, information, and other resources.

The descriptions of these means should be brief, focusing on the resources, processes, and technologies reflected in the budget request, with more detailed elaboration provided when a significant change (increase or decrease) from the previous year's levels or operating modes is proposed. This description is separate from, and in addition to, any description of means-type performance goals or indicators that an agency may establish (see [subsection 220.3\(e\)](#)). Specific funding needs are covered in budget-performance alignments described in section 221.

The "strategies" an agency intends to apply in achieving particular performance goals should also be highlighted. These strategies include program, policy, managerial, regulatory, and legislative initiatives and approaches.

Agencies should note the increasing emphasis on the use of workforce planning and other specific strategies that align human resources with the fulfillment of an agency's mission and objectives, and the need to secure a diverse Federal workforce that is skilled, flexible, and performance-oriented with a customer focus.

An agency should consider using its Congressional justification to provide information on sub-programs and activities not included in the annual plan. (An agency's Congressional justification often presents program and project information at a more detailed level than appears in the program activity listings in the Appendix volume of the Budget.) The level of detail in the Congressional justification may also allow an agency to present information on the complementing, supportive, or synergistic nature of related programs or activities, either within the agency or between agencies. (See [subsection 221.1\(c\)](#) on merging the annual plan with the Congressional justification.)

The description need not be confined to initiatives or changes that are newly funded in the fiscal year. Initiatives or investments started in prior years, but which become operational or will be completed during the fiscal year, can be included. Some changes can carryover and affect performance in future years as well.

(b) Regulation and tax expenditures.

Descriptions should be provided for specific regulations and for use of tax expenditures when achievement of program or policy goals is dependant upon these governmental actions. For economically significant rules—as defined in Section 3(f)(1) of [Executive Order 12866](#), "Regulatory Planning and Review" (September 30, 1993)—that the agency intends to propose or promulgate during the fiscal year, the annual plan should include a quantified estimate of the regulation's cost to Federal, State, local, and tribal governments, and the private sector, and an estimate of the regulation's anticipated benefits.

Estimates may not be available when the initial version of a performance plan is prepared. If quantified estimates do not yet exist or cannot be developed, the costs and benefits should be described qualitatively.

(c) Proposed legislation.

If achievement of a performance goal is contingent on enactment of legislation during the fiscal year covered by the annual plan, a brief description of this legislation, as proposed in the agency's legislative program, should be included. (Section 6 of [OMB Circular No. A-19](#) provides additional information on an agency legislative program.)

(d) Capital assets/capital programming.

Part 7 of this Circular requires agencies to prepare a capital asset plan and justification for certain major acquisitions. These include acquisitions of importance to an agency's mission, or having a significant role in the administration of agency programs. The annual plan should reference the capital asset plan, and include a brief description of any major acquisition contained in the capital asset plan that will bear significantly on the achievement of a performance goal.

The capital asset plan should also satisfy requirements in the Information Technology Management Reform Act of 1996 (ITMRA) for performance and results-based management. This may include goals for improving agency operations through the use of information technology; benchmarking of agency processes; descriptions of how information technology will be used to help achieve program goals; and assessments of the staffing, skill, and training needs of agency employees in the information resources management area. ITMRA requirements can be met by including these goals in the annual plan.

The performance goal in the annual plan and the performance goal(s) for any major acquisition should be consistent. (See also explanatory table for [Exhibit 300B](#) in Part 7.) Further guidance on including and referencing capital asset information in the annual performance plan is provided in the [Capital Programming Guide](#).

(e) Management problems.

Agencies may choose to describe actions being taken to address and resolve significant management problems. Including this description is particularly important for those problems of a mission-critical nature, or which prospectively and realistically threaten achievement of major program goals. Agencies may establish performance goals covering priority actions on key problems (see [subsection 220.3\(f\)](#)).

The Reports Consolidation Act of 2000 allows agencies to prepare an annual consolidated report covering financial and program performance information. (OMB is requiring the Cabinet departments and ten independent agencies to prepare a combined performance and accountability report for FY 2002.) The Reports Consolidation Act also requires that a combined performance and accountability report include the Inspector General's summary of the agency's most serious management and performance challenges, and an assessment of the agency's progress in meeting those challenges. In an annual plan, these departments agencies should identify particular actions being taken in areas cited as performance-related challenges by the Inspector General in a combined performance and accountability report.

The annual plan is principally a plan covering programs and program accomplishment. Agencies should avoid distorting this focus and not clutter the annual plan with an extensive inventory of virtually every management or administrative problem facing the agency.

(f) Information security program.

The Fiscal Year 2001 Defense Authorization Act amended the Paperwork Reduction Act of 1995 by adding a new subchapter on "Information Security". As required by this subchapter, a description of the timeperiods and resources, including budget, staffing, and training, needed to implement an information security program is to be included in the annual plan. Agencies should consult with the Chief Information Officer when developing the description.

Among the key features of an information security program are periodic risk assessments, policies and procedures to reduce risks, security awareness training, periodic testing and evaluation of policies, and reporting and responding to security incidents. For additional information on these information security provisions, see [44 U.S.C. 3534\(b\)](#) and (d)(1), and [OMB Memorandum M-01-08](#), "Guidance on Implementing the Government Information Security Act", January 16, 2001.

220.5 Verification and validation.

Summary of Requirement: The annual performance plan must include an identification of the means the agency will use to verify and validate the measured performance values.

(a) In general.

Your annual plan should include a description of how you intend to verify and validate the measured values of actual performance. The means used should be sufficiently credible and specific to support the general accuracy and reliability of the performance information that is recorded, collected, and reported. You have discretion in determining the method of verification and validation to be used. Although GPRA does not prescribe use of any particular method, technique, or organizational entity, agencies may continue to rely on established procedures, such as an audit, for certain goals or indicators.

Agencies are not required to develop an independent capacity for verifying or validating performance data received from, or based on, sources outside the agency. Data sources outside the agency should be identified in the plan. Available information from an outside source regarding the accuracy and reliability of its data should be collected, but need not be included in the plan.

(b) Information on data sources.

In the description, an agency should, as appropriate, indicate:

- The current existence of relevant baseline data, including the time-span covered by trend data;
- The expected use of existing agency systems in the collection and reporting of data;
- The source of the measured data;
- Any expected reliance on an external source(s) for data, and identification of the source(s); and

(c) Actions to improve completeness and reliability of performance data.

The Reports Consolidation Act of 2000 requires agencies to report annually on both the completeness and reliability of performance data, and on actions being taken to resolve inadequacies in this data. If

material inadequacies are identified in the annual report, the verification and validation part of the annual plan should be used to describe any remedial steps being taken. These can include:

- enhancing existing data collection and reporting systems or processes to modify, improve, or expand their capability;
- adding new data sources, or replacing current sources;
- discontinuing a performance goal(s) if current data collection and reporting inadequacies are substantial, persistent, and difficult to remedy.

Material inadequacies are those that significantly impede the use of program performance data by agency managers and government decision-makers. A material inadequacy may not always warrant a remedy. In determining whether a material inadequacy should be remedied, an agency should compare the cost of securing better performance data with the total cost of the program or activity covered by the data. The remedy cost should be proportionate and reasonable. Agencies may also consider whether remedies are needed or appropriate when the data source is outside the agency.

An agency may summarize these remedial steps in the annual report assessment, and refer the reader to the verification and validation part of the annual plan for more information.

(d) Unavailability of information.

Agencies may also choose to identify, in advance, any performance goal for which actual performance data will likely be unavailable at the time the program performance report is prepared for the fiscal year covered by the plan. GPRRA specifies that an agency program performance report note the incomplete status of the performance data, and requires agencies to include the actual performance information in a subsequent program performance report.

220.6 Agency requests for use of alternative form(s) of measurement.

Summary of requirements: An agency's use of an alternative form of measurement in defining performance goals in the annual performance plan is subject to OMB approval. The performance goal must be defined in a manner that allows an accurate, independent determination to be made of how actual performance compares to the goal as stated.

Agencies not able to define performance goals for a particular program or activity in an objective, quantifiable form may propose an alternative form of measurement. The alternative form may be either:

- Separate, descriptive statements of a minimally effective program and a successful program, expressed with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the actual performance meets the criteria of the description; or,
- Some other alternative that allows an accurate, independent determination to be made of how actual performance compares to the goal as stated.

Agency requests for use of an alternative form should be submitted to the appropriate OMB representative when the initial annual plan is sent to OMB. The request should contain the exact proposed language of the goal(s) as these would be expressed in the alternative form, and a brief statement of why it is not feasible to use an objective, quantifiable form of goal-setting and measurement for the particular program activity. The request may be for more than one fiscal year.

After reviewing the request, OMB will inform the agency whether the alternative form is approved, and if approved, may specify the fiscal year(s) that the alternative form can be used. The appearance of an alternative form in the final annual plan, shall be deemed to be authorized by OMB and the plan need not document the authorization process. OMB's approval may be verbally communicated to the agency.

220.7 Agency requests to waive the requirement for performance goals.

Summary of requirements: An agency's omission of any performance goal for a program activity in its annual performance plan is subject to OMB approval. As a performance goal can cover, through consolidation and aggregation, more than one program activity, any approval will usually be for an entire Program and Financing Schedule. An agency receiving a waiver must reference the waiver in its annual plan, and include an explanation of why it is infeasible or impractical to establish any performance goal for the program activity.

An agency may propose that no performance goal(s) be established for a particular program activity. Requests should be for a program or activity that would otherwise be included in a performance plan (i.e., agencies need not request authorization to omit coverage of program activities stemming from a consolidation or aggregation). As with requests for an alternative form of measurement, requests to waive the requirement for performance goals must be approved by OMB.

Requests should be submitted to the appropriate OMB representative in advance of the submittal of its annual performance plan. The agency request must explain why it is infeasible or impractical to have any goal(s) for the program activity, and whether the infeasibility or impracticability is short-term or remediable with time. The request may be for more than one fiscal year.

After reviewing the request, OMB will inform the agency whether having no goals established for the program activity is authorized, and the fiscal year(s) covered by the authorization. Authorizations will usually be given for an entire program and financing schedule, rather than for a particular program activity in a schedule. The scope of an authorization stems from agencies being allowed to have a performance goal cover several or more program activities; a span that can obviate the need for an authorization covering only a single program activity among several in a program and financing schedule. (See also [subsection 221.1\(b\)](#) on aggregation and consolidation.)

The agency's annual performance plan shall include a reference to any authorization received for this purpose, and the explanation of why it is infeasible or impractical to establish a performance goal(s) for the particular program activity.

220.8 Revised final annual plan.

Summary of requirement: Changes made to a final plan through a revised final plan are limited to those resulting from Congressional action, the occurrence of unanticipated exigencies, or actual performance from the previous fiscal year.

(a) In general.

GPRA allows, but does not require, an agency to prepare a revised final plan. If an agency chooses to prepare a revised final plan, this plan primarily reflects Congressional action on the agency's budget request. In a revised final plan, an agency may:

- Change target levels for performance goals or indicators, where the target levels are materially affected by Congressional action;
- Introduce new goals or indicators, or modify existing goal descriptions, in response to Congress;
- Modify goals or indicators because unanticipated exigencies have occurred since submission of the final annual plan to Congress; or,
- Adjust goals based on actual performance data contained in the program performance report for the previous fiscal year (see [section 231.6](#)).

Only necessary changes should be made in a revised final plan. Performance goals and indicators unaffected by the above circumstances should not be altered. The President's budget and Congressional review of the agency budget requests are based on the projected levels of performance in the final annual plan. These levels reflect the agency's commitment to achieve these goals with the funds requested. A refinement of goals or indicators in the revised final plan resulting from additional data and analysis, further agency consideration or evolving judgments, could undercut the relevance of earlier iterations of the annual plan in supporting the agency's budget request.

As agencies collect and report program performance information for the prior fiscal year, this actual information may show a need to modify performance goals set out in the final annual performance plan. An agency may include such modified goals in its revised final plan for a fiscal year. The revised final plan must be completed by the end of the first quarter of the fiscal year covered by the plan. Agencies should not modify performance goals based on actual performance data that becomes newly available in the second quarter of fiscal year or later. (See [section 231.6](#) requiring that the annual program performance report assess the effect of past year performance on current year performance.)

While performance goals and indicators are the annual plan element most likely to be altered, changes may be made to means and strategies or other elements of the annual plan.

(b) Displaying changes from the final plan.

A revised final plan should clearly indicate the changes in performance goals and indicators, means and strategies, or other elements being made to the final plan. The revised final plan should not simply substitute the modified values or descriptions. Showing only the changes would force readers to search separate documents before they could understand the extent of the changes.

(c) Reference copy of a revised final plan.

A revised final plan is a source document for the annual report. An agency not sending a revised final plan to Congress or OMB must prepare and have available for reference at the agency, a copy of the revised final plan.

As a document, a revised final plan may be limited in size and scope to cover only the changes to the final plan. However, many agencies may prefer to use a complete annual plan for management and operating purposes. This revised final plan would meld the modified performance goals and other elements with the content of the final plan.

(d) Updated general goals (from a strategic plan) in a revised final plan.

Often, an agency's strategic plan will be updated and sent to Congress and OMB after the final annual plan for a fiscal year was submitted to Congress. For example, a strategic plan updated in September 2003 would be sent six or more months after transmittal of the final FY 2004 performance plan to Congress. A revised final FY 2004 plan is prepared near the time of strategic plan submittal. (See [section 222.4\(c\)](#) on including general goals and objectives in an annual plan.)

Agencies may modify the general goals in the revised final plan to reflect changes in phrasing or wording that were made to these goals in the updated strategic plan. These modifications should be limited to general goals similar to those included in the strategic plan as submitted. A revised final plan should not include a general goal either newly established in the updated strategic plan, or which does not incorporate the substance of a previous goal.

Section 4(b) of the Government Performance and Results Act

(This excerpt from Section 4(b) covers 31 U.S.C. 1115(a)-(e) on annual performance plans.)

SEC. 4.(b) PERFORMANCE PLANS AND REPORTS.—Chapter 11 of title 31, United States Code, is amended by adding after section 114 the following new sections:

"§1115. Performance plans

"(a) In carrying out the provisions of section 1105(a) (29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall—

- "(1) establish performance goals to define the level of performance to be achieved by a program activity;
- "(2) express such goals in an objective, quantifiable, and measurable form, unless authorized to be in an alternative form under subsection (b);
- "(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;
- "(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;
- "(5) provide a basis for comparing actual program results with the established performance goals; and
- "(6) describe the means to be used to verify and validate measured values.

"(b) If an agency, in consultation with the Director of the Office of Management and Budget, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Director of the Office of Management and Budget may authorize an alternative form. Such alternative form shall—

- "(1) include separate descriptive statements of—
 - "(A) (i) a minimally effective program, and
 - "(ii) a successful program, or
 - "(B) such alternative as authorized by the Director of the Office of Management and Budget, with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity's performance meets the criteria of the description; or
- "(2) state why it is infeasible or impractical to express a performance goal in any form for the program activity.

"(c) For the purpose of complying with this section, an agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

"(d) An agency may submit with its annual performance plan an appendix covering any portion of the plan that—

- "(1) is specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy; and
- "(2) is properly classified pursuant to such Executive order.

"(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of performance plans under this section shall be performed only by Federal employees.