

SECTION 230—PREPARING AND SUBMITTING AN ANNUAL PERFORMANCE REPORT

Table of Contents

- 230.1 What is the Annual Performance Report (APR)?
- 230.2 The GPRA Modernization Act requires more frequent updates [than annual] of actual performance on indicators that provide data of significant value to the government, Congress, or program partners. How will agencies meet this requirement before the full transition to central government-wide website reporting has taken place?
- 230.3 The GPRA Modernization Act requires an annual performance update on the web to be provided to Congress no less than 150 days after the end of the fiscal year with more frequent updates that provide data of significant value. How does this change existing Annual Performance Reports this year?
- 230.4 How are agencies expected to work with OMB or Congress in the preparation of FY 2011 APR?
- 230.5 When are FY 2011 APRs published?
- 230.6 How do agencies deliver the APR to the President, Congress and the public?
- 230.7 Are agencies allowed to consolidate the APR with other reports?
- 230.8 What does the GPRA Modernization Act require for performance reports (i.e. APR)?
- 230.9 What does the Annual Performance Report contain?
- 230.10 Explaining variances between performance targets and actuals.
- 230.11 Agency plans for improving program performance
- 230.12 Other parts of the Annual Performance Report
- 230.13 Assessing the completeness and reliability of performance data

Summary of Changes

Describes requirements for more frequent performance reporting according to the GPRA Modernization Act of 2010 (sections [230.2](#) and [230.3](#)).

Describes electronic drafts and final delivery to OMB via the MAX community (section [230.5](#) and section [230.6](#)).

Describes new content required in performance reporting (sections [230.8 – 230.9](#)).

230.1 What is the Annual Performance Report (APR)?

The Annual Performance Report (APR) provides information on the agency's actual performance and progress in achieving the goals described in the agency's strategic plan and Annual Performance Plan. The term Annual Performance Report means the same as the performance section of the Performance and Accountability Report (PAR) published by agencies in November or the Annual Performance Report that is published by agencies in February. The GPRA Modernization Act requires agencies to report performance.

230.2 The GPRA Modernization Act requires more frequent updates [than annual] of actual performance on indicators that provide data of significant value to the government, Congress, or program partners. How will agencies meet this requirement before the full transition to central government-wide website reporting has taken place?

Agencies may report performance more frequently than annually. The GPRA Modernization Act requires agencies to provide more frequent than annual updates of actual performance that provide significant value at a [reasonable level of administrative burden](#). Each agency should consider the needs of their programs' external stakeholders, especially field offices and delivery partners, to determine the areas and kinds of information where more frequent data will lead to better decisions, generating more value and/or lower cost. Until a central, government-wide website has been established to publicize more frequent performance updates, agencies shall use their websites to provide more frequent performance updates.

230.3 The GPRA Modernization Act requires an annual performance update on the web to be provided to Congress no less than 150 days after the end of the fiscal year with more frequent updates that provide data of significant value. How does this change existing Annual Performance Reports this year?

Agencies will be given flexibility to publish their Annual Performance Report for FY 2011 on the agency's website either as a Performance and Accountability Report (PAR) or an Annual Performance Report (APR) using their respective publication timeframes, November 15, 2011 or with the Congressional Budget Justification in February 2012. However, agencies are encouraged to combine their Annual Performance Reports with their Annual Performance Plans to communicate goals in the context of historic performance trends.

230.4 How are agencies expected to work with OMB or Congress in the preparation of FY 2011 APR?

When preparing Annual Performance Reports, agency staff and OMB should discuss the presentation and work out any concerns in advance of the submission of the reports to Congress. Agencies are encouraged to reach out to Congress, where possible, to obtain input on how they might improve their communication of performance information to Congress.

230.5 When are FY 2011 APRs published?

For agencies choosing to issue a Performance and Accountability Report (PAR), the FY 2011 PAR is to be transmitted to the President, Congress, and OMB not later than November 15, 2011, after early consultation with OMB regarding format and content. Agencies must provide the final draft PAR to OMB for review and clearance at least 10 business days before the publication due date (November 1, 2011).

For agencies choosing to issue an Annual Performance Report as a part of their Congressional Budget Justification, agencies should publish the report with the agency's Congressional Budget Justification and Annual Performance Plan. Throughout the budget process, agencies should work with OMB to finalize format and content of their Annual Performance Report. In addition, agencies should provide the final draft APR to OMB for review and clearance at least 10 business days before the publication date by posting the draft plan on MAX at <https://max.omb.gov/community/x/C5VxIQ>. Related submission questions may be emailed to performance@omb.eop.gov.

230.6 How do agencies deliver the APR to the President, Congress and the public?

Agencies should make Annual Performance Reports available on the agency website. If an agency performance update includes any program activity or information that is specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and is properly classified, the head of the agency will make such information available in the classified appendix.

Notification of the availability of final Performance and Accountability Reports and Annual Performance Reports are sent electronically to Congress. For notification to the President and Director of OMB, agencies should post final reports on <https://max.omb.gov/community/x/C5VxIQ>.

Agencies are encouraged to work with their legislative affairs and congressional staff to determine the optimal way to transmit notification of these reports to Congress. The report notification should be transmitted by the head of the agency. An agency may add other signatories, such as the Deputy Secretary, Chief Operating Officer, or Chief Financial Officer, as necessary to the transmittal, thus recognizing a shared responsibility within the agency.

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 electronically, unless otherwise requested in print by Congress, to the chair and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriation subcommittees, and the chair and ranking minority member of the Senate Committee on Homeland Security and Governmental Affairs and the House Government Reform Committee.

230.7 Are agencies allowed to consolidate the APR with other reports?

Yes. Agencies are encouraged to consolidate reports when it is likely to improve the quality of reported information and reduce reporting duplication. For example, agencies are encouraged to show strategic and annual performance goals in the context of historic performance trends, and can do this by combining their Annual Performance Reports with their Annual Performance Plans. Alternatively, agencies may consolidate their Annual Performance Report with the Agency Financial Report (AFR). Agencies should reference [OMB Circular A-136](#) for information on financial reporting.

230.8 What does the GPRA Modernization Act require for performance reports (i.e. APR)?

Agency performance reports must:

- show performance trends for the five preceding fiscal years, if available. If [performance goals](#) are specified in an [alternative form](#), the results shall be described in relation to such specifications.
- explain and describe where a performance goal, relating to activities proposed in the budget, has not been met (including when a program activity's performance is determined not to have met the criteria of a successful program activity):
 - why the goal was not met;
 - plans and 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;
 - describe the use and assess the effectiveness in achieving performance goals;
- review of the performance goals and evaluation of the performance plan relative to the agency's strategic human capital management;
- describe how the agency ensures the accuracy and reliability of the data used to measure progress towards its performance goals, including an identification of—
 - the means used to verify and validate measured values;
 - the sources for the data;
- the level of accuracy required for the [intended use](#) of the data;
 - any limitations to the data at the required level of accuracy; and
 - how the agency has compensated for such limitations if needed to reach the required level of accuracy; and
- include the summary findings of those program evaluations completed during the period covered by the update.

230.9 What does the Annual Performance Report contain?

The most useful performance reports clearly articulate how the work of the agency benefits the public, enables the public to understand progress or the lack thereof toward performance goals, explains why progress is or is not being made, and gives confidence that the agency is doing everything it can to improve shortfalls in performance. Agencies may format the Annual Performance Report as desired; however, should address the following:

- From their strategic plan, agencies shall include a summary of their mission statement, description of their organizational structure, and strategic goals.
- Annual performance goals from the Annual Performance Plan, showing alignment to outcome-oriented goals in the strategic plan.
- A comparison of actual performance with target levels of performance at least for the prior year (See [230.10](#) for more on variance) and an analysis and explanation of the causes of any variance or change in trends including plans and schedules for addressing challenges (See [230.11](#) for more on plans for improving performance). The Annual Performance Report must state the actual performance for every performance goal in the agency's Annual Performance Plan, even if the goal was discontinued after that fiscal year. Agencies may describe where mid-year budget changes or delayed appropriations affected the agency's targets or achievement of targets previously established for the full performance year.
- An assessment by the agency head of the reliability and completeness of the performance data included in the report (see details on data validation and verification in section [230.13](#)).
- Identification of performance goals where actual performance information is missing, incomplete, preliminary, or estimated. For such goals, the APR should indicate the date when the actual performance information will be available.
- A table/chart showing historical performance trends for the goals set forth in the agency's Annual Performance Plan for at least five years prior to the year covered by the report. Where useful, trend data may be presented from its earliest point available even if the agency is publishing the indicator for the first time in the APR. Agencies should also consider publishing trends for the period showing how the government affected the trend.
- Description of how the agency uses data to promote improved outcomes. Agencies should share information on new insights gained during the year and should highlight promising practices. Examples include descriptions of experiments, completed or underway, to test new practices; results of efforts to validate or replicate promising practices; and efforts to promote or expand proven practices.
- A summary of the findings of those program evaluations completed during the fiscal year covered by the report. If no evaluations were completed, the performance report should note this. Appropriately rigorous program evaluations are a key resource in determining whether government programs are achieving intended outcomes. Evaluations can help policymakers and agency managers strengthen the design and operation of programs and can help determine how best to spend taxpayer dollars effectively and efficiently. OMB encourages agencies to increase on-line information about existing evaluations, and to participate in the interagency working group to promote stronger evaluations across government. Evaluations identified should be performed with appropriate scope, quality, and independence.
- Direct web links to reference information relevant about problems or opportunities discussed in the report (see [200.10](#)).

- Identification and brief explanation of measures changed or dropped since publication of the preceding Annual Performance Plan. If an agency wants to eliminate measures it feels are not useful, it should propose the list of measures for deletion to the OMB before dropping the measures.
- Government Accountability Office (GAO) High Risk List Items. The agency must describe plans to address any issues designated by the GAO as High-Risk. With respect to any High-Risk issue affecting multiple agencies or designated as High-Risk on a government-wide basis by the GAO, the Director of OMB shall identify one or more agencies, which may include OMB, as responsible for purposes of developing performance improvement plans. All such plans will include: a) a description of the high-risk issue the plan is addressing; b) performance goals that reduce risk and demonstrate whether the plan is successful; and c) specific milestones the agency will accomplish to achieve the goal described d) the agency official responsible for the milestone and e) the date by which it will be achieved.

230.10 Explaining variances between performance targets and actuals.

If a performance goal was not achieved or exceeded the targeted level of performance the annual report must explain the variance. There are two types of explanations: specific and generic.

A specific explanation is included if goal non-achievement or over-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 describe actions the agency is 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/gain alerts or informs senior agency officials about actual performance levels, and the implications of these levels on overall program accomplishment; or
- The manager(s) made or is taking substantive action to address a shortfall or learn more from a gain (e.g., evaluation impact) in performance; or
- Performance levels for future years are being adjusted downward/upward to reflect actual performance levels; or
- Outside parties will likely conclude that the non-achievement was significant and material or there are potential areas to replicate success.

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 achieved, but the explanation for why the goal was not achieved or a description of steps being taken to meet the unachieved goal in the future cannot be completed by the time of transmittal, then the data are included in the report and marked as preliminary. Future reports should include the data and the deferred explanation and next steps.

230.11 Agency plans for improving program performance

All programs should work to become more effective and efficient and the APR should describe the agency’s actions to improve its performance. Where a program failed to meet or exceeded a performance

goal, the APR should provide a specific explanation, as well as describe the actions the agency will take to achieve the goal in the future, with associated timelines. The description of future actions should be limited to those which can be achieved with existing resources. If future actions are dependent on funding or policy changes to be proposed in the President's Budget, they should be discussed in the performance plan, not in the APR.

An agency may conclude, based on actual performance, that a performance goal cannot be achieved in the future. For such goals, the APR should explain the basis for this conclusion, including data where available, and identify what course of action the agency will take.

230.12 Other parts of the Annual Performance Report

The following parts selectively apply to agencies and should be included in the Annual Performance Report where applicable.

Information on use of non-federal parties. The GPRA Modernization Act states that preparation of an annual report is an inherently governmental function. However, the report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-federal entity in supporting preparation of the report.

Classified appendices not available to the public. Agencies that conduct classified activities may prepare a classified appendix for the Annual Performance Plan. However, agencies do not need to prepare a non-public appendix for certain law enforcement or revenue collection activities in their APR. Retrospective reporting of actual performance for these activities should not interfere with achieving goals for the same activities. If an agency believes that reporting of actual performance will impede goal achievement, a non-public appendix may be prepared. Agencies should consult with OMB to determine whether such an appendix is necessary.

Budget information. The APR may include relevant budget information.

230.13 Assessing the completeness and reliability of performance data

The GPRA Modernization Act requires agencies to prepare information on the reliability of data presented. The transmittal letter included in Annual Performance Reports must contain an assessment by the agency head of the completeness and reliability of the performance data presented. Agencies may develop a single data verifications and validation appendix used to communicate the agency's approaches, and/or may also choose to provide information about data quality wherever the performance information is communicated (e.g., websites). Agencies should discuss their verification and validation techniques with their respective OMB Resource Management Office, if necessary.

Data limitations. In order to assess the progress towards achievement of performance goals, the performance data must be appropriately accurate and reliable for [intended use](#). Significant or known data limitations should be identified to include a description of the limitations, the impact they have on goal achievement, and the actions that will be taken to correct the limitations. Performance data need not be perfect to be reliable; however, significant data limitations can lead to inaccurate assessments and distort performance results. Examples of data limitations include imprecise measurement and recordings, incomplete data, and inconsistencies in data collection procedures.

Verification and validation. Verification and validation of performance data support the general accuracy and reliability of performance information, reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to the Congress and the public that the information presented is credible. The GAO defines verification as a process of checking or testing performance information to assess other types of errors, such as errors in keying data. The GAO defines validation as an effort to ensure that data are free of systematic error or bias and that what is intended to be measured is actually measured. The

GAO information can be found in the GAO publication GAO/GCD-10.1.20 *The Results Act. An Evaluator's Guide to Assessing Agency Annual Performance Plans*.

Agencies should have in place verification and validation (V&V) techniques that will ensure the completeness and reliability of all performance measurement data contained in their Annual Performance Plans and reports. The guidance that follows provides agencies with a list of reasonable V&V criteria that when applied should increase the level of confidence Congress and the public have in the performance information presented.

Agency internal assessments. Agencies are encouraged to consider the verification and validation factors outlined below.

1. Standards and procedures

- a. Source data are well defined, documented; definitions are available and used.
- b. Collection standards are documented/available/used.
- c. Data reporting schedules are documented/distributed/followed.
- d. Supporting documentation is maintained and readily available.
- e. Collection staffs are skilled/trained in proper procedures.

2. Data entry and transfer

- a. Data entry methodology is documented and followed.
- b. Data are verified.
- c. Procedures for making changes to previously entered data are documented and followed.
- d. Data are available when needed for reporting and other critical decision making cycles.
- e. Data entry staff are skilled and trained in proper procedures.

3. Data integrity

- a. Equipment and program reliability cannot compromise data accuracy.
- b. Accountability for data integrity clearly rests with the person entering the data, and the responsible program specialist and manager.

4. Data quality and limitations

- a. Accuracy limits of all data are defined in the context of [intended use](#).
- b. Any other data limitations are explained and documented.
- c. Method for handling anomalous data is established and used.
- d. Third party evaluations are conducted.
- e. Use of externally controlled data is documented.

5. Oversight and certifications

- a. Accountability for data accuracy exists in responsible employee performance standards.
- b. Responsible officials certify that procedures were followed each reporting period.
- c. Responsible officials certify that data accuracy has been checked each reporting period.

External Assessments. External assessments such as evaluations, peer reviews, and performance audits can mitigate the risk of bias in performance reporting. It is important to note the GPRA Modernization Act does not require the use of audits for performance data contained in Annual Performance Plans or reports. However, agencies may use audits or any other procedure that would support the credibility of the performance information at their discretion. Agencies should consider the most cost-effective means for achieving the desired level of credibility of the verification and validation of performance data relative to its intended use.

Scope. Because most agencies process a large amount of performance measurement data, agencies should apply judgment when deciding which performance measures will be verified and validated. Agencies should consider priorities, spending, GAO high risk lists, IG reports and [management challenges](#).

Frequency of Validation and Verification. Data quality should be known to users and the sufficiency of its accuracy for answering key questions. Agencies should determine the appropriate frequency of validation and verification needed for the intended use and should allocate appropriate resources to carry out validation and verification on an appropriately periodic basis. Data presented annually should typically be validated annually or biennially.

Agency Head Responsibility. Agency heads are officially accountable for the accuracy and reliability of performance data. The agency head shall include in the transmittal letter of the agency's APR a brief statement on the completeness and reliability of the performance data, and on what data limitations exist.