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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

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MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

FROM: Clay Johnson III

SUBJECT: Program Assessment Rating Tool (PART) Update

This memorandum is to update you on next steps for the Program Assessment Rating Tool (PART).

2005 Budget Process

First, I would like to congratulate you and your agencies for your efforts on the PARTs for the 2005 Budget. By the end of July, the Administration will be completing new PARTs for more than 170 programs, which cover over \$450 billion of spending. As we did last year, we will be reviewing completed PARTs for consistency in applying the PART guidance. Based on the findings of that review, some PARTs may require revisions in the coming weeks to improve the consistency of the PART process overall.

Following Up on PART Recommendations

As you know, the goal of the PART is to evaluate program performance, determine the causes for strong or weak performance, and take action to remedy deficiencies and achieve better results. Following through on the recommendations is essential for improving program performance.

While agencies are currently working to implement PART recommendations, and consulting with OMB as appropriate throughout the process, there is general agreement that some more systematic discussion on follow-up actions is appropriate to ensure accountability.

In the future, OMB and agencies will complete new PARTs in the spring and early summer, during which time we would discuss with agencies what they have done to follow-up on recommendations made in past PARTs. Previous year's PARTs will be revised only where there is significant evidence that actions an agency has taken would likely change a past rating.

Obviously, new PARTs are currently being finalized, so we will not accomplish our objective this year to complete all new PARTs in the spring and early summer. Nonetheless, we want to monitor agency implementation of PART recommendations. Therefore, please include a report on

the actions you have taken to implement PART recommendations in the budget submissions due to OMB in September. The format you should follow for such a report is available electronically at <http://www.omb.gov/PART/recommendations>.

In conjunction with the preparation of the President's budget, OMB and agencies will be making new recommendations based on newly completed PARTS. These recommendations are likely to be included in agency passback materials.

Using the Inspectors General

A number of Inspector General (IG) offices have contacted OMB and expressed their interest in contributing to the PART process. I encourage you to discuss your plans for PART reviews with your agency's IG and to bring their resources to bear in this effort.

There are many ways in which your IG can assist. For example, the PART specifically asks whether independent evaluations are regularly conducted and have confirmed the effectiveness of program activities. The IG may be an appropriate party to conduct such an evaluation. IGs may also be useful in reporting on the soundness of financial management practices, demonstrating the reliability of performance measure data, ensuring the soundness of credit (i.e., loan) program models and policies, monitoring the effectiveness of grantees or contractors, or in reviewing other issues that are raised by the PART questions.

In closing, I would like to congratulate you and your agencies' work toward building a results-oriented government. Systematically using performance information to develop Administration budget, legislative, and management proposals is a difficult but necessary step in achieving this vision.