

## SECTION 260 – PERFORMANCE AND STRATEGIC REVIEWS

## Table of Contents

- 260.1 To which agencies does this section apply?
- 260.2 What is required of other agencies not covered by the CFO Act of 1990?
- 260.3 What is the purpose of this section?

*Performance Reviews*

- 260.4 What is the purpose of frequent data-driven performance reviews?
- 260.5 What frequent data-driven performance reviews are required?
- 260.6 How should frequent data-driven performance reviews be conducted?
- 260.7 Can frequent, data-driven performance reviews be conducted through written documents?
- 260.8 What information from the frequent data-driven performance reviews must be made public?

*Strategic Reviews*

- 260.9 What reviews are required on an annual basis for agency strategic objectives?
- 260.10 What is the purpose of the strategic review?
- 260.11 What is the general timeline the strategic review process follows throughout the year?
- 260.12 What is the relationship between agency's strategic plans, strategic reviews, and the agency/OMB strategic review meetings that occur in the Spring/Summer timeframe?
- 260.13 How should progress on each strategic objective be assessed?
- 260.14 What methodology should agencies use to conduct strategic reviews?
- 260.15 What is OMB's role in the strategic review?
- 260.16 What period of performance will be assessed?
- 260.17 How should agencies categorize progress on each strategic objective for the strategic review?
- 260.18 What will agencies do to improve progress on strategic objectives?
- 260.19 What information from the agency's internal strategic review must be submitted to OMB in order to prepare for the core of the agency/OMB strategic review meeting?
- 260.20 What information will be published from the strategic reviews?
- 260.21 How does the agency's Summary of Findings by Strategic Objective submitted to OMB differ from the Summary of Progress by Strategic Objective reported in the agency's Annual Performance Report?
- 260.22 How does a Presidential transition year affect the information that will be published from the strategic review?
- 260.23 Because of their outcome-oriented nature, strategic objectives may be affected by factors beyond the agency's control. What are agencies held accountable for?
- 260.24 What actions will be taken by the agency and OMB if a particular performance goal was not met? What actions will be taken by the agency and OMB if a particular strategic objective requires focused improvement?
- 260.25 What if there is not enough information to determine how the agency is progressing on a particular objective, or if the evidence available is inconsistent, making it difficult to draw a conclusion about progress?
- 260.26 When must information be provided to OMB?

260.27 In what kind of circumstances can agencies change a strategic objective in between the strategic plan updates every four years?

260.28 How will agency and OMB track progress on a strategic objective that was changed in between strategic plan updates every four years?

*Enterprise Risk Management*

260.29 What is Enterprise Risk Management (ERM)?

260.30 How is ERM relevant to strategic reviews?

260.31 What are the key roles of risk managers at an agency?

260.32 What other guidance does OMB provide agencies regarding risk management concepts discussed in this Circular?

**Summary of Changes**

Updates guidance to clarify the relationship between strategic planning, strategic reviews, and the Agency/OMB strategic review meeting. Updates in this section also streamline existing guidance on required information elements to be reflected in agency Summary of Findings by Strategic Objective that are submitted to OMB. Agency applicability for implementing the requirements of this section is also more clearly delineated.

### **260.1 To which agencies does this section apply?**

All agencies are required to conduct frequent data-driven performance reviews and strategic reviews, which are addressed in this section. All agencies must follow the public reporting guidelines that discuss and reflect on the organization learning derived by the performance and strategic reviews outlined below. Guidelines for public reporting for Strategic Plans, Annual Performance Plans, and Annual Performance Reports, which will include a progress update by strategic objective for those aligned with the policy priorities of the Administration, are defined in section [210](#). Additionally, all agencies will be required to implement activities supporting Enterprise Risk Management guidance found in [OMB Circular No. A-123](#), Management's Responsibility for Enterprise Risk Management and Internal Control, as appropriate for the agency mission and in accordance with agency-specific programs.

Agencies covered by the Chief Financial Officer (CFO) Act of 1990 that are required to publish Agency Priority Goals on Performance.gov must conduct internal strategic reviews and meet the specific standards outlined in this section. This includes submitting to OMB a Summary of Findings by Strategic Objective that is then followed by more formal consultative discussions and deliberations between the agency and OMB to discuss the results of the strategic review in the Spring/Summer.

### **260.2 What is required of other agencies not covered by the CFO Act of 1990?**

Agencies not covered by the CFO Act of 1990 are encouraged to conduct a comprehensive, organizational-wide strategic review that provides an assessment of progress being made against the agency's strategic objectives in addition to identifying priority questions. However, findings generated from the agency's strategic review assessment would be discussed informally with the agency's applicable OMB Resource Management Office. Non-CFO Act agencies are not required to formally meet with OMB during an OMB/agency Strategic Review meeting in Spring/Summer, and encouraged to submit to OMB their

Summary of Findings by Strategic Objective and priority questions identified in developing their Interim Learning Agenda.

### 260.3 What is the purpose of this section?

This section provides agency guidance on:

- **Frequent Data-Driven Reviews (260.4–260.8)**: At least quarterly, agency leaders should run data-driven performance reviews on their organization’s priorities to drive progress toward achieving their goals. COOs must run at least quarterly, data-driven reviews on each of the Agency Priority Goals with agency goal leaders or their designees. Many agencies opt to run these reviews on a more frequent cycle, every six weeks or every month, on every Agency Priority Goal or with every bureau/component. Data-driven reviews can be used to drive progress on specific mission delivery or management issues and priorities.
- **Strategic Reviews (260.9–260.28)**: Annually, agency leaders should review progress on each of the agency’s strategic objectives established by the agency Strategic Plans and updated annually in the Annual Performance Plan. These reviews should inform strategic decision-making, budget formulation, and near-term agency actions, as well as preparation of the Annual Performance Plan and Annual Performance Report.
- **Enterprise Risk Management (260.29-260.32)**: Agencies should assess and manage risk as a part of strategic and data-driven reviews in support of the broader organizational risk management framework, as appropriate for their missions, and in accordance with [OMB Circular No. A-123, \*Management’s Responsibility for Enterprise Risk Management and Internal Control\*](#). Guidance found in Part 6 sections 260.26-260.29 complements OMB Circular No. A-123. Agencies should refer to OMB Circular No. A-123 for a complete description of Enterprise Risk Management responsibilities in the Federal Government.

In addition to these reviews, OMB, with the support of the Performance Improvement Council (PIC), will conduct quarterly reviews on the Cross-Agency Priority Goals (CAP Goals) as required by the GPRA Modernization Act of 2010. OMB and the PIC will work directly with agencies as appropriate regarding these reviews. See section [220](#).

## PERFORMANCE REVIEWS

### 260.4 What is the purpose of frequent data-driven performance reviews?

Conducting routine, data-driven performance reviews led by agency leaders on a limited set of the agency’s performance improvement priorities is a management practice proven to produce better results. Regular reviews provide a mechanism for agency leaders to review the organization’s performance and bring together the people, resources, and analysis needed to drive progress on agency priorities, both mission-focused and management goals. Frequent data-driven performance reviews should reinforce the agency’s priorities and establish an agency culture of continuous learning and improvement, sending a signal throughout the organization that agency leaders are focused on effective and efficient implementation to improve the delivery of results. Frequent reviews provide a mechanism for agency leaders to keep an agency focused on an identified set of priorities, diagnose problems, and opportunities through an analysis of disaggregated data, learn from past experience, and decide next steps to increase performance and productivity. Planning activities related to agency Learning Agendas and Capacity Assessments required by the [Foundations for Evidence-Based Policymaking Act of 2018](#) (i.e., “Evidence Act”) reinforce this culture of learning and improvement, which is cultivated by the data-driven performance review.

By engaging in data-driven reviews, agencies will be able to identify, plan, and potentially improve existing human capital practices to support mission goals and strategic objectives, in particular. Agencies are strongly encouraged to plan for and invest in the capital resources needed to conduct useful data-driven reviews. Specifically, agencies should, as a part of a continuous feedback and process improvement effort, use the results from the [Human Capital Evaluation Framework](#) to identify areas where improvements to human capital policies and programs are needed to ensure program success. For example, as part of this evaluation framework, Chief Human Capital Officers run quarterly HRStat reviews to assess implementation of the human capital performance goals and measures that are detailed in the annual Human Capital Operating Plan (HCOP) and summarized in the Annual Performance Plan of the agency.

### **260.5 What frequent data-driven performance reviews are required?**

Agencies required to publish Agency Priority Goals on Performance.gov are required by the GPRA Modernization Act of 2010 to conduct performance reviews on their APGs at least once a quarter. While quarterly priority progress reviews must cover APGs per the GPRA Modernization Act of 2010, agencies are encouraged to expand data-driven reviews to include other goals, priorities, and management areas as applicable to improve organizational performance.

Agencies not required to publish APGs on Performance.gov should establish routine data-driven performance reviews consistent with this guidance, but are not required to submit quarterly performance updates to OMB at this time.

### **260.6 How should frequent data-driven performance reviews be conducted?**

Agencies are encouraged to experiment and leverage the experience of others in refining their performance review process. The PIC has established a community of practice to support cross-agency learning on data-driven reviews. Agencies that have not been engaged to date are encouraged to participate.

Agencies can design the performance review process to fit the agency's mission, leadership preferences, organizational structure, and culture. However, the agency head and/or COO, with support of the PIO and his/her office, should:

- Review with the appropriate goal leader the progress achieved during the most recent quarter, overall trend data, and the likelihood of meeting the planned level of performance.
- Hold goal leaders accountable for knowing whether or not their performance indicators are trending in the right direction at a reasonable speed and, if they are not, for understanding why they are not and for having a plan to accelerate progress on the goal.
- Hold goal leaders accountable for knowing the quality of their data, for having a plan to improve it if necessary, for filling critical evidence or other information gaps, and for coordinating and consulting with the agency Chief Data Officer and Statistical Official as appropriate.
- Hold goal leaders accountable for identifying effective practices by searching the literature and engaging with their agency Evaluation Officer and relevant research or evaluation unit to identify practices that have evidence of effectiveness based on rigorous data, identifying and testing promising approaches, looking for benchmarks, and analyzing disaggregated data to find positive outliers across performance units.

- Hold goal leaders accountable for validating promising practices using rigorous evaluation methods or other evidence-based methods.
- Review variations in performance trends across the organization and delivery partners, identify possible reasons for the variance, and understand whether the variance points to promising practices or problems needing greater attention.
- Include Evaluation Officer and evaluation staff to share and review performance information and evaluation findings, to better understand performance issues that evaluation and research studies can help to address, and develop a plan to answer those questions and refine performance measures and indicators, including through the agency's Learning Agenda.
- Include, as appropriate, relevant personnel within and outside the agency who contribute to the accomplishment of each Agency Priority Goal (or other priorities).
- Support the goal leaders in assuring other organizations and programs are contributing as expected to Agency Priority Goals (or other priorities).
- Identify Agency Priority Goals (or other priorities) at risk of not achieving the planned level of performance and work with goal leaders to identify strategies that support performance improvement.
- Encourage a meaningful dialogue around what works, what does not, and the best way to move forward on the organization's top priorities, using a variety of appropriate analytical and evaluation methods.
- Establish an environment that promotes learning and sharing openly about successes and challenges.
- Agree on follow-up actions at each meeting and track timely follow-through.

Generally, agencies should consider how best to maximize the time of senior leadership and staff by prioritizing mission and management issues for regular performance reviews and determining at what level of the organization various types of performance reviews should be conducted.

#### **260.7 Can frequent, data-driven performance reviews be conducted through written documents?**

No. Agency leaders should use performance reviews as an opportunity to engage those involved in all levels of program delivery. Significant experience at Federal agencies, states, localities, and other countries demonstrates that in-person engagement of senior leaders greatly accelerates learning and performance improvement. The personal engagement of agency leaders demonstrates commitment to improvement across the organization, ensures coordination across agency silos, and enables rapid-decision making.

In-person reviews may be conducted by gathering agency participants in one location or through teleconferencing. In very rare circumstances, written communications may replace an in-person review but should only be a stopgap means to assure frequent reviews in a process that otherwise primarily operates in-person or virtually leveraging video and telecommunications technologies.

### **260.8 What information from the frequent data-driven performance reviews must be made public?**

In general, frequent data-driven performance reviews are considered internal agency deliberation, conducted in a way that supports candid and open dialogue between agency leaders and those responsible for program delivery at multiple levels of the organization. Agencies may determine that selected analyses from these reviews are meaningful to agency stakeholders, delivery partners and the public, and therefore could be shared more broadly, where appropriate, if useful.

All agencies that established Agency Priority Goals published on Performance.gov must provide a summary of progress on each APG approximately six weeks after the end of each quarter for the most recent completed quarter (See section [200](#) submission timelines). These summaries should describe progress on the Priority Goal during the most recent quarter, problems encountered and plans for improvement in the next quarter.

## **STRATEGIC REVIEWS**

### **260.9 What reviews are required on an annual basis for agency strategic objectives?**

Section 4 of the GPRA Modernization Act of 2010, 31 U.S.C. 1116(f), requires a review of the performance goals and objectives of each Federal agency to be conducted on an annual basis. OMB implements this provision of the GPRA Modernization Act through the strategic review policies and guidance provided for in this section. Using the Agency Strategic Plan, agency leaders assess progress on mission, service, stewardship, and crosscutting strategic objectives. The assessment considers performance goals and other indicators the agency tracks for each strategic objective, as well as challenges, risks, external factors, and other events that may have affected the outcomes. OMB works with agencies to determine which strategic objectives require focused improvement relative to other strategic objectives. This internal assessment analyzing progress towards achieving strategic goals and objectives in the Agency Strategic Plan is the core of the strategic review policy requirement.

In addition, as required by the PMIAA, agencies will regularly conduct portfolio reviews of programs with OMB to identify opportunities for performance improvement. The agency's portfolio reviews of programs will be conducted and integrated to the extent practical with the agency's strategic review so that results may be considered as part of the agency's assessment of strategic objective progress. The submission of the agency's findings and analysis from the program portfolio reviews should be coordinated with the agency's strategic review summary of findings by strategic objective that are submitted to OMB for review each Spring.

This section includes guidance to agencies on the conduct of strategic reviews that assess agency strategic objectives. All agencies will maintain the information normally reported in Annual Performance Reports on performance goals met or not met which provides the Congress and the public information required by section 1116(f). OMB will track the strategic objectives identified in the FYs 2018-2022 Strategic Plan as required by sections 1116(g)-(i) of the GPRA Modernization Act of 2010, and will work closely with agencies to ensure appropriate information is included in the President's Budget, Performance.gov, and agency performance plans and reports.

### **260.10 What is the purpose of the strategic review?**

The strategic review serves as the agency's internal management process or set of processes which provide for an annual assessment of progress being made to improve program outcomes, assess whether the agency is using the best measures to identify progress on program outcomes, and look at opportunities for productivity gains using a variety of analytical, research, and evaluation methods to support the assessment.

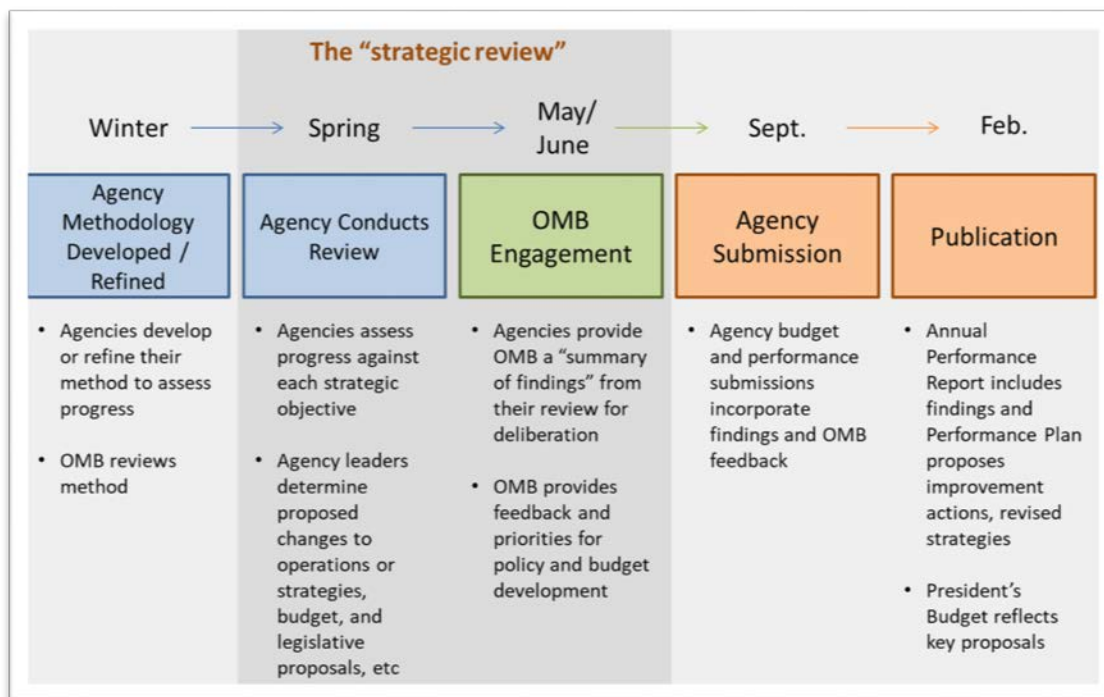
The results of these reviews should inform many of the decision-making processes at the agency, as well as decision-making by the agency's stakeholders. The reviews should:

- **Inform long-term strategy:** Inform long-term strategic decision-making by agency leadership and key stakeholders, including OMB and the Congress; and inform the development of the Strategic Plan at the beginning of each new Administration. Strategic foresight methodologies, conceptualized as the capacity to think systematically about the future to inform strategy development, represent one such approach to inform long-term decision-making and can be used as a planning tool to prepare for change. Agencies are encouraged to think and, where applicable, apply core elements of strategic foresight as a part of their review process, including framing, environmental scanning, forecasting potential, identifying probable and plausible future scenarios, and using those scenarios to inform the development of strategic actions.
- **Inform annual planning and budget formulation:** Inform development of the Annual Performance Plan, inform budget formulation within the agency and provide strategic context for the Congress to consider the agency budget request.
- **Facilitate identification and adoption of opportunities for improvement, including risk management:** Use analyses, evaluation, and the results of other evidence-building activities to identify areas where agencies are making progress, facilitate learning and the identification of best practices, and identify the areas where agencies face challenges in achieving strategic objectives that require additional leadership attention or a reassessment of the agency strategy.
- **Identify areas where additional evaluation, other studies or analyses of performance data are needed to determine effectiveness or set priorities:** Inform agencies where to focus limited resources available for program evaluations and other studies, and encourage an evidence structure which will inform strategic decisions facing the agency that can be reflected in the agency's Learning Agenda and Annual Evaluation Plan.
- **Identify where additional skills or other capacity are needed:** Inform agencies where skill or capacity gaps exist that impede progress on agency goals. Capacity gaps can be related to human resources, organizational processes, or evidence-building infrastructure (i.e., Capacity Assessments required by the "Evidence Act"). The agency should incorporate strategic objectives in individuals' performance planning and appraisal processes and rewarding contributions to the advancement of strategy, where appropriate.
- **Improve decision-making response time:** The annual review facilitates strategic changes due to emerging trends, events, and external factors in a timely manner.
- **Strengthen collaboration on crosscutting issues:** Support agencies in identifying and addressing crosscutting challenges or fragmentation.
- **Improve transparency:** Provide information to the public on progress toward achieving the agency's mission.

#### 260.11 What is the general timeline the strategic review process follows throughout the year?

The strategic review process is depicted below, outlining a general timeline for key agency and OMB actions and engagement throughout the year.





**260.12 What is the relationship between agency’s strategic plans, strategic reviews, and the agency/OMB strategic review meetings that occur in the Spring/Summer timeframe?**

**Strategic Planning.** One of the hallmarks of high-performing organizations is an effective strategic planning process. Federal agencies engage in and conduct strategic planning in order to produce Agency Strategic Plans, which present the long-term strategic goals and objectives an agency hopes to accomplish at the beginning of a new term of an Administration. Agency Strategic Plans define the agency’s mission, long-term goals and objectives the agency aims to achieve, the implementation strategies and actions the agency will take to realize those goals, and how the agency will deal with challenges and risks that present barriers to achieving results and outcomes.

**Agency Strategic Review.** It is through the Strategic Review process that agencies annually assess the effectiveness of their implementation strategies and progress being made towards advancing efforts in achieving the strategic goals and objectives identified in the Agency Strategic Plan. These reviews help agency leadership and senior management officials understand progress being made to improve program outcomes, assess whether the agency is using the best measures to identify progress on program outcomes, the effectiveness of implementation strategies, and look at opportunities for productivity gains using a variety of analytical, research, and evaluation methods to support the assessment. The reviews facilitate best practices of a learning organization by reflecting annually on where the agency has been (backward looking) and where the agency is going (forwarding looking) from an organizational performance and management perspective by leveraging the analytic contributions of practices such as performance management, enterprise risk management, program management, and evaluation. The results of these reviews should inform many of the decision-making processes at the agency while also providing a mechanism for discussing agency assessments and analyses, including whether the agency is using the best measures to identify progress on strategic objective and program outcomes, opportunities for management and programmatic improvements using a variety of analytical, research, and evaluation methods to support the assessments, the effectiveness of implementation strategies, the effects of major programmatic and operational risks to objectives, as well as other management priorities with OMB to inform future strategic planning and management efforts by agencies. Strategic Reviews thus become a critical management



routine for organizational learning, identifying areas where additional evaluation, other studies, or analyses of performance data are needed to determine effectiveness or set priorities that support an evidence infrastructure which will inform strategic decisions facing the agency. It is in this context then that the annual strategic review process reflects a ‘connective tissue’ of agency processes that links the complementary aspects of strategic planning, performance management reviews, and evidence and evaluation activities to support agency leaders and managers to deliver better program performance and services for the public.

**Agency/OMB Strategic Review Meeting.** The annual agency/OMB Strategic Review meetings provide an opportunity for agencies and OMB to discuss the results of the agency’s strategic review and progress in the implementation of the agency strategic plan using recent evidence and performance data, while incorporating an analysis of strategic and programmatic risks. Importantly, they help ensure budget and management policy alignment by facilitating a discussion between OMB and agency senior leadership on strategic decisions and priorities to a timeline that informs the President’s budget development and future strategic planning and management efforts by agencies. Effective discussions during strategic review meetings focus on and reinforce how critical organizational functions of strategic planning, performance measurement, enterprise risk management, program evaluation, and other evidence-building activities can be integrated to complement organizational improvement efforts for effective program and service delivery. While the core of the Agency/OMB strategic review meeting remains stable from year to year and is focused on the discussion of findings from the agency’s internal strategic review, OMB may provide additional implementing instructions to agencies outside of the guidance contained in this Circular each year in order to refine the focus and/or conduct of the OMB/Agency meetings that are convened.

Building a high-performance government that enables agencies to deliver and improve upon their mission outcomes and services to the public while maintaining appropriate stewardship of taxpayer resources requires a framework to guide the interactions of key organizational improvement processes like those outlined above. The Federal Performance Framework and guidance outlined in this Circular provides such a guide, leveraging the organizational learning inherent to agencies strategic reviews processes as an integrating point for coordinating components of the GPRA Modernization Act and Evidence Act to build a stronger evidence base for improving organizational performance.

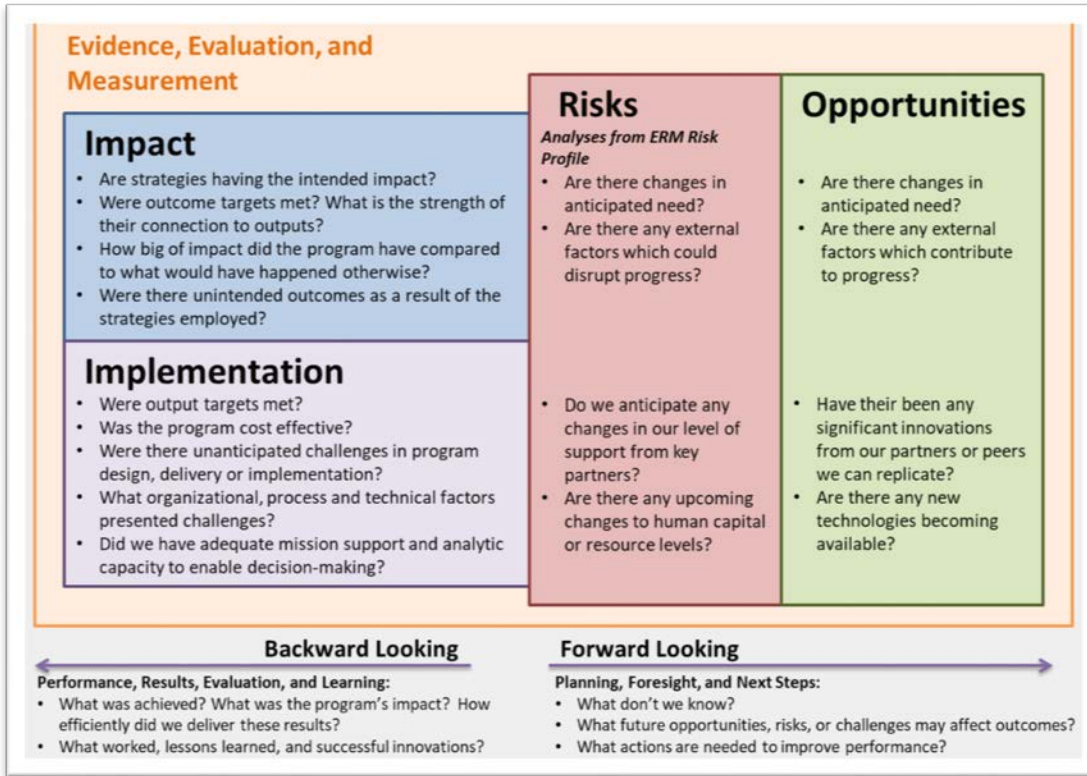
### **260.13 How should progress on each strategic objective be assessed?**

Agencies should develop a process fitting for the nature of the programs and activities that the agency operates, which considers multiple perspectives and sources of evidence to understand the progress made on each strategic objective. Progress toward achieving individual quantitative performance goals related to the strategic objective is one important consideration, but alone is not representative of the scope, complexity, or external factors that can influence program results and outcomes toward which Federal agencies are working. When reviewing progress on each strategic objective, agencies should at a minimum, consider:

- if desired changes have occurred in the ultimate outcomes the agency seeks to improve and whether these outcomes are directly measureable or must be assessed through proxies or other means of evaluation;
- progress made by the agency toward the performance goals established in the most recent Annual Performance Plan that relate to the strategic objective, including both outcome indicators and output indicators;

- evidence relevant to the strategic objective or related programs, including program evaluations, research studies, policy analysis, or other evidence-building activities and assessments relevant to the strategic objective or the related programs;
- external factors affecting the strategic objective, including existing and likely changes in the operating environment, the size of program demand, or challenges faced during program execution;
- benchmarking information from others trying to accomplish the same or similar objectives or using the same or similar key process;
- lessons learned from past efforts to continuously improve service delivery and resolve management challenges, especially in coordinating across organization components and with delivery partners;
- effectiveness of coordination and collaboration across organizational boundaries and with delivery partners including management milestones met;
- identification, assessment and prioritization of probable risks that may impact program delivery or outcomes significantly in the coming year or two;
- effectiveness of scaling efforts; and
- budgetary, regulatory or legislative constraints that may have an impact on progress.

The diagram below is offered as a helpful illustration depicting the relationship across key components of a strategic review analyses, connecting evidence, evaluation, and measurement in the assessment of strategic objectives that is both backward looking (i.e., Impact / Implementation) and forward looking (i.e., Risks / Opportunities).



#### 260.14 What methodology should agencies use to conduct strategic reviews?

Agencies are strongly encouraged to leverage existing decision-making processes to conduct the annual assessment of strategic objective progress which lies at the core of the strategic review. The strategic reviews, in most cases, should be integrated into existing agency management processes, such as the budget development process, in order to raise key decisions, issues and analysis to agency leadership. The agency should use a tailored approach that is appropriate for the nature of the agency's programs, operations and strategic objectives and evidence available. The agency PIO should work with the COO, component heads, and program managers to establish a process for the annual review on strategic objectives, considering the agency's existing, effective management systems.

In many cases analysis on individual strategic objectives should be conducted at the objective lead level with support from bureaus or programs, and with guidance from the agency PIO. For credit programs, the analysis should align with program review requirements in OMB Circular No. A-129. The PIO's office will then conduct the analysis across strategic objectives. The COO should then review the decisions, agree to changes in strategy, and prioritize proposals for consideration during the budget and performance plan development. To the extent possible, the PIO should leverage and strengthen bureau-level data-driven review processes when developing the strategic reviews. To support the identification, assessment and prioritization of probable risks that may impact program delivery or outcomes and are likely to impact the strategic objectives, agencies should coordinate Enterprise Risk Management efforts and the analysis of risk profiles with the strategic review.

The approach for conducting the strategic review should be refined each year based on the prior year's review process considering the timing, roles, responsibilities, sources of evidence as well as how the agency identifies areas for focused improvement or areas of noteworthy progress. The agency's approach to the strategic reviews should maintain a maturity model for future improvements to the strategic reviews.

OMB will continue to work with agencies to refine review methodologies and maturity models, and will provide additional guidance through interagency working group sessions and direct engagement with major agencies.

#### **260.15 What is OMB's role in the strategic review?**

OMB will play three primary roles related to the strategic reviews. OMB will:

- Work with agencies to maintain an appropriate review methodology and offer suggestions to potentially improve the agency's review process over time. OMB works with agencies to develop the strategic review approach over time to better evaluate and assess progress on mission outcomes using the strategic objectives established with the Strategic Plan. This will broaden the implementation of section 1116(f) to focus primarily on the relative assessment of agency strategic objectives, while also continuing normal reporting on performance goals and indicators.
- Review the agency's Summary of Findings and supporting information for each strategic objective to focus on the systematic identification of the need for strategy revisions and risk mitigation. OMB will discuss with the agency what budget, administrative or legislative proposals resulting from the assessment may be appropriate to drive further progress. OMB will also assess if the agency provided reasonably sufficient evidence to support the assessment. Where sufficient evidence is not available, OMB will work with the agency to determine if building capacity for gathering evidence would be cost-effective.
- Review the agency's Summary of Progress update prior to publication of results in the Annual Performance Report, as well as plans communicated in congressional justifications, and Annual Performance Plans to ensure assessments and improvement actions align with Administration policy and President's Budget.

#### **260.16 What period of performance will be assessed?**

Strategic reviews permit agencies to annually assess progress using the most recent evidence available at the time of the assessment. While this year's final assessment will be updated with results of fiscal year 2020 performance goals and indicators, the initial baseline assessment should use the most recent sources of quantitative and qualitative evidence available at the time of the review. The final results and assessment of fiscal year 2020 performance goals and indicators will likely not be available and finalized until closer to the publication of the FY 2020 Annual Performance Report. Agencies are encouraged to use historical trend data, evaluations, research studies or other policy and risk analyses. When identifying the objectives facing challenges, agencies should also consider future opportunities and risks that are likely to impact the strategic objective in the coming year or two along with the existing agency capacity to mitigate those risks.

#### **260.17 How should agencies categorize progress on each strategic objective for the strategic review?**

The relative assessment of progress for an agency's strategic objectives requires analysis across multiple perspectives and sources of evidence, both qualitative and quantitative, and as such agency leaders must use their judgment when determining relative levels of progress and appropriate follow-up action for long-term strategic objectives. This is appropriate and necessary given the complexity of analyzing the performance of Federal programs toward the agency's goals. For the agency's management purposes, agency leaders should develop an appropriate assessment methodology which enables a practical determination if any changes are needed to the strategies being used to achieve the objectives, agency

operations or program structure, or resource allocations, including program elimination. At a minimum, these assessments should identify relative levels of performance across the agency's portfolio of all strategic objectives including where the agency made noteworthy progress or where the agency should pursue focused improvement. There are a variety of different scenarios that may make such identification appropriate for a strategic objective relative to the other objectives at the agency. Such scenarios may include:

### **Areas Demonstrating Noteworthy Progress**

- As a result of actions being taken, the intended results or improvements in ultimate outcomes have largely been realized and represent a significant improvement in national welfare.
- New innovations in strategy, program design, risk mitigation, or operations have led to notable improvements in outcomes, risk reductions, and/or cost reductions and promise greater impact in the future.
- Existing strategies and/or operations have proven more effective than projected and have led to notable improvements in outcomes, risk reductions, and/or cost reductions and promise greater impact in the future.
- External factors beyond the scope of agency efforts have led to a significant decrease in the magnitude of the problem being addressed, representing a significant improvement in national welfare.

### **Focus Areas for Improvement**

- Challenges during program execution have resulted in too little impact on program outcomes.
- The ultimate problem the strategic objective seeks to address is growing more quickly than current actions to address it or the actions are not of sufficient magnitude to have a significant impact.
- The current strategies are not having the intended impact on outcomes.
- Actions taken are effective, but costs are currently exceeding benefits.
- Significant risks exist which may impact program delivery or outcomes.

For the Summary of Findings submission to OMB in the spring, agencies must conduct a relative assessment and identify 10% to 20% of strategic objectives in to each of these two categories. This will ensure OMB and each agency are able to discuss relative performance across the organization's mission and prioritize analysis and decision-making as well as enable OMB to meet the requirements of 31 U.S.C. § 1116(f). Agencies with fewer than 10 strategic objectives should identify at least one strategic objective in each category unless receiving approval from OMB to do otherwise. Categorization of the remaining strategic objectives is not required, as achieving government-wide consistency on finer gradations of progress would require significant investment and would not be cost-effective at the government-wide level.

Initial identification of 10% to 20% of strategic objectives in each of these two categories for deliberation with OMB does not mean that this same number of objectives will ultimately be selected for identification in each of these categories for publication and reporting in the Agency's Annual Performance Report and on Performance.gov. Further, categorization of the relative progress made by agencies on strategic

objectives should not be misconstrued to be a relative assessment of the objectives' importance or value over other mission objectives.

### **260.18 What will agencies do to improve progress on strategic objectives?**

After reviewing each strategic objective, agencies must determine what actions should be taken to maintain or improve progress on the strategic objectives and must incorporate those decisions and implementation activities into the next Annual Performance Plan or other operating plans like the agency's Annual Evaluation Plan. In addition, the agency should consider what administrative actions, budget, legislative, or policy proposals must be included in the President's Budget or the agency's congressional budget justification for congressional consideration.

### **260.19 What information from the agency's internal strategic review must be submitted to OMB in order to prepare for the core of the agency/OMB strategic review meeting?**

The Summary of Findings by Strategic Objective is the core of the agency's strategic review analysis. The Summary of Findings submitted to OMB must include analyses addressing the following areas for each Strategic Objective. In presenting these Summary of Findings by Strategic Objective, agencies should continue to build and iterate on internal management dashboards and enhanced visualizations and tools that have been previously developed for displaying assessments of key performance indicators.

- ***Performance results and evaluations***, summarizing key results or conclusions and synopsis of key areas of progress identifying 10%-20% of strategic objectives as "Area Demonstrating Noteworthy Progress" and "Focus Area for Improvement (See [260.17](#))."
- ***Summary of risks and opportunities***, discussing challenges and threats to achieving goals and objectives by leveraging the agency's risk profile to identify risks that could either negatively affect the ability to achieve objectives, or may present opportunities to significantly impact mission, service, and stewardship outcomes or operational objectives. Such analysis of risks and opportunities should be discussed in the context of how resource allocation decisions were made to achieve the agency's strategic objectives, and take into account the agency's established risk appetite.
- ***Next Steps***, briefly identifying proposed actions, decisions, or options being considered for continued performance or to remedy barriers to implementation.

The following narrative is provided to expand upon the concepts described above. Agencies will provide OMB a Summary of Findings for each strategic objective in the spring timeframe (see section [200](#) for submission timeline). This submission will be aligned to review progress being made on the agency's current Strategic Plan and foster dialogue between OMB and agencies, and across agencies as needed, in the spring and summer for agency consideration during budget formulation and strategic and performance plan implementation. The Summary of Findings will provide a preliminary overview of relative progress and learning from the agency's strategic review, and include a discussion of the key findings from the agency's updated ERM risk profile and analysis of risks. For each strategic objective, the agency will present key analysis, conclusions, risks, and proposals under consideration. The agency will also identify areas of relative progress and challenges for each strategic objective. Updates to OMB in other key management areas, priorities, or initiatives may also be coordinated as part of agencies' overall strategic review submissions to OMB, and communicated separately by agencies. OMB's primary focus will be on the learning that has occurred to date. Such a focus includes identifying outstanding key analytical questions that may need to be addressed and those which can be addressed as part of the agency's Learning and Learning Agendas, as well as discussing priorities for the submission of budget, administrative or legislative proposals related to the formulation of the President's Budget. This dialogue will be at a strategic level, and is designed to inform, not replace, the agency's budget submission to OMB. The format for the

Summary of Findings should be tailored to the agency, and should be discussed with OMB, as needed. The Summary of Findings will not be published; however, the discussions between OMB and the agency on the Summary of Findings will inform decisions resulting from the strategic review and will inform the required content to be published in the congressional justifications, Annual Performance Plan and Annual Performance Report with the President’s Budget.

### **260.20 What information will be published from the strategic reviews?**

Agencies are required to publish a brief, narrative progress update in the Annual Performance Report for each strategic objective. The Annual Performance Plan should address plans to improve performance, noting key actions which will be taken over the course of the next year, as well as the longer-term plan for performance improvement, if appropriate. See section [210](#) for content that should be included in the Annual Performance Plan and Annual Performance Report on strategic objectives.

Prior to publication in the Annual Performance Report, agencies will provide in draft, as a part of the budget submission, a progress update for every strategic objective resulting from the agency’s strategic review and proposed categorizations of strategic objectives for OMB review. The progress update narrative must include the following for every strategic objective:

- **Summary of Progress:** A brief summary of what progress was made and brief explanation of the achievements made or challenges (e.g., strategy, external factors, human capital or other management) that have impeded progress on the strategic objective. To keep the progress update short, the agency should use hyperlinks, citations or footnotes to supporting evidence or external links if available, such as published analyses, evaluations, research studies, historical trends on performance goals and other indicators, milestones, external factors, or other independent assessments that support the summary or are relevant to problems or opportunities discussed.
- **Proposed Strategic Objective Categorization:** Based on the agency’s relative assessment, a **subset** of the strategic objectives should be identified as either making “noteworthy progress” or requiring “focused improvement” (see section [260.17](#)). The first sentence of the progress update for these strategic objectives must include one of the following two phrases:
  - “The [agency name], in consultation with the Office of Management and Budget, has determined that performance toward this objective is making noteworthy progress”
  - “The [agency name], in consultation with the Office of Management and Budget, has highlighted this objective as a focus area for improvement.”

Among next steps, the agency must ensure the Annual Performance Plan includes at a minimum:

- the agency’s summary of plans to improve or maintain performance
- key milestones planned for the next year with completion dates
- if applicable, the agency’s effort to close evidence gaps where information is not sufficient (including proposed research questions or proposed evaluations, as appropriate)

### **260.21 How does the agency’s Summary of Findings by Strategic Objective submitted to OMB differ from the Summary of Progress by Strategic Objective reported in the agency’s Annual Performance Report?**

**Summary of Findings:** A critical output of the agency’s internal strategic review process is the agency’s Summary of Findings by Strategic Objective, which reflects the agency’s assessment of progress towards achieving strategic objectives in the Agency Strategic Plan, and provides an analysis by agency managers



and leaders on the actions needed to sustain or improve performance and/or mitigate risks to overcome performance challenges. The submission of the agency's Summary of Findings by Strategic Objective to OMB in the spring are designed to generate and foster internal, pre-decisional strategic discussions between OMB and agency over the course of the summer. These meetings and discussions on the agency's Summary of Findings are intended to inform the agency's budget development and strategic and performance plan development, as strategies and actions needed to advance the agency's overall mission accomplishment are refined. As such, these documents are pre-decisional and deliberative and intended for use only internal to the Executive Branch. The Summary of Findings by Strategic Objectives in the spring also include the agency's initial, proposed categorization of strategic objectives making Noteworthy Progress or Focus Area for Improvement.

Summary of Progress: The agency's Summary of Progress by Strategic Objective, on the other hand, are the publicly reported elements resulting from the agency's internal strategic review and subsequent meetings and discussions with OMB in the summer. The Summary of Progress for each strategic objective in the Annual Performance Report should reflect a brief narrative that describes how well the agency's strategic objectives are meeting goal outcomes articulated in the agency's Strategic Plan, and based on the agency's strategic review assessments. Agencies must publicly report their Summary of Progress by strategic objectives annually as a part of the agency's Annual Performance Report, and include the agency's final categorization designations for objectives making Noteworthy Progress or Focus Area for Improvement in consultation with OMB.

#### **260.22 How does a Presidential transition year affect the information that will be published from the strategic review?**

During a transition year (e.g., 2021), agencies are developing new strategic goals and objectives that will be reflected in the update to the agency Strategic Plan (e.g., FYs 2022-2026) with an Administration's first full fiscal year President's Budget (e.g., FY 2023). Agencies may forego the reporting requirements for any strategic objectives in the agency Strategic Plan published under a previous Administration that an agency determines will be substantively different or no longer aligned with the current Administration's policy, legislative, regulatory or budgetary priorities (see section [260.16](#)). Agencies should include a progress update for any strategic objective identified as "Noteworthy Progress" or a "Focus Area for Improvement" as part of their progress update in their applicable Annual Performance Report and address performance improvement next steps as part of their applicable Annual Performance Plan, to the extent that the agency findings from the strategic reviews conducted during the previous Administration are consistent with the policies and priorities of the current Administration. Agencies should consult with their appropriate OMB Resource Management Office in making the determination on which strategic objectives may or may not be aligned with the policy priorities of the new Administration.

#### **260.23 Because of their outcome-oriented nature, strategic objectives may be affected by factors beyond the agency's control. What are agencies held accountable for?**

Agency leaders at all levels of the organization are accountable for choosing strategic objectives wisely and for monitoring agency performance on those outcome-oriented objectives. Wise selection of strategic objectives reflects a careful analysis of the characteristics of the problems and opportunities an agency seeks to influence to advance its mission, factors affecting those outcomes, and agency capacity and priorities. OMB expects agencies to make progress on most strategic objectives, to understand the impact of external factors and the environment, and delivery-partner collaboration, and to have reasonable improvement plans to support the more challenging objectives or effectively respond to management or operational changes that may arise in the external environment agencies may find themselves operating in. Agencies are accountable for constantly striving to achieve meaningful progress and finding lower-cost ways to achieve positive results while tailoring agency operational or management plans and

implementation strategies in a manner that effectively incorporates into future planning efforts the organizational learning derived from the analyses and assessments obtained through agency strategic and performance reviews.

**260.24 What actions will be taken by the agency and OMB if a particular performance goal was not met? What actions will be taken by the agency and OMB if a particular strategic objective requires focused improvement?**

Sections 1116(g-i) of the GPRA Modernization Act of 2010 establish a framework for the Executive Branch to engage the Congress on objectives that are not meeting a planned level of performance. OMB will work closely with agencies to ensure appropriate follow up actions are included in the Annual Performance Plan and as part of the President's Budget if applicable. This may include major reforms, legislative proposals, and program reductions, eliminations or investments depending on the nature of the challenge and the needed improvement actions.

When strategic objectives have been determined by the agency and OMB as requiring focused improvement for multiple, consecutive fiscal years, the agency and OMB are required by law to take progressive actions each year. The Annual Performance Plans and congressional justifications will incorporate improvement actions determined by the agency in consultation with OMB, by publishing changes to strategies, progress updates and next steps for each strategic objective in the Annual Performance Plan and Report as directed in section [210](#). Because many of the actions required by the GPRA Modernization Act of 2010 are appropriate actions to take for all strategic objectives, OMB will continue to consider proposing recommendations to the Congress even on those strategic objectives that are making progress, but where such actions could improve Federal performance.

**260.25 What if there is not enough information to determine how the agency is progressing on a particular objective, or if the evidence available is inconsistent, making it difficult to draw a conclusion about progress?**

Due to the complex nature of the outcomes government is working to impact and the agency's capacity to impact those outcomes, in certain cases an agency may not have enough consistent evidence to characterize progress or data may be lagging. If the lack of or inconsistent evidence makes it impossible to summarize progress on a particular strategic objective, the agency should explain the status of the objective as best possible in the progress update while noting the relative strength of the evidence in either direction.

In considering the potential risks or impacts of inconsistent or unavailable information, the agency should determine, in consultation with OMB, the appropriate next steps for cost-effective investments in evaluation, research studies, data collection, or administrative potential actions that could mitigate potential risks and/or close the information gaps. Objectives where inconsistent or unavailable information poses a relatively high risk and high impact to an outcome should be considered for addition to the agency's objectives facing challenges.

**260.26 When must information be provided to OMB?**

The strategic review typically begins at agencies in the early part of the calendar year as agencies prepare to submit a Summary of Findings to OMB in the Spring (see section [200](#)). [OMB Circular No. A-123](#) requires updates to the analyses reflected in the agency's risk profile be aligned to and integrated with the agency's individual strategic review process(es) and overall strategic review methodology and approach (see section [260.11](#)). For the strategic review submissions, agencies will include a discussion of the key findings from their updated ERM Risk Profile as a component of their Summary of Findings submitted to

OMB. As such, agencies must coordinate the timing of their ERM Risk Profile update so that their ERM Risk Profile analyses can effectively inform the analyses and assessment of strategic objectives being reflected in the agency's Summary of Findings. Additionally, while OMB Circular No. A-123 requires agencies at a minimum update their ERM risk profiles no less than annually, agencies are encouraged to update their assessment of risks more frequently as applicable to inform management processes and decision-making. As agencies and OMB deliberate budget formulation and gather year-end results of performance goals and indicators, the agency will refine the progress update for publication in the Annual Performance Report as well as improvement plans for the Annual Performance Plan. See section [200](#) for specific dates.

**260.27 In what kind of circumstances can agencies change a strategic objective in between the strategic plan updates every four years?**

Agencies may modify strategic objectives annually during the development of the agency Annual Performance Plan, however should not make significant changes to the objectives unless emerging trends, new/revised Administration or leadership priorities, budget, implementation learning or significant external factors require a change. Some examples of reasons to change a strategic objective may be, but are not limited to:

- Significant budget or other resource reduction
- Significant program, legislative or policy change
- Unexpected external factors that require significant response or change in priorities by the agency.

**260.28 How will agency and OMB track progress on a strategic objective that was changed in between strategic plan updates every four years?**

If a strategic objective is dropped, added or modified significantly in between the four year updates to the strategic plan, the agency must notify and obtain concurrence from OMB to make the change by submitting a justification to [performance@omb.eop.gov](mailto:performance@omb.eop.gov). In addition, the agency will summarize the modifications to objectives in the Annual Performance Plan, similarly to how changes in performance goals are published, with a brief explanation for the change (see section [210](#)).

## ENTERPRISE RISK MANAGEMENT

**260.29 What is Enterprise Risk Management (ERM)?**

Risk is the effect of uncertainty on objectives. Risk management is coordinated activity to direct and control challenges or threats to achieving an organization's goals and objectives. Enterprise risk management (ERM) is an effective agency-wide approach to addressing the full spectrum of the organization's significant risks by understanding the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. ERM provides an enterprise-wide, strategically-aligned portfolio view of organizational challenges that provides better insight about how to most effectively prioritize and manage risks to mission delivery. While agencies cannot mitigate all risks related to achieving strategic objectives and performance goals, they should identify, measure, and assess challenges related to mission delivery, to the extent possible.

Effective risk management:

- creates and protects value;

- is an integral part of all organizational processes;
- is part of decision-making;
- explicitly addresses uncertainty;
- is systematic, structured, and timely;
- is based on the best available information;
- is tailored and responsive to the evolving risk profile of the agency;
- takes human and cultural factors into account;
- is transparent and inclusive;
- is dynamic, iterative, and responsive to change; and
- facilitates continual improvement of the organization.

### **260.30 How is ERM relevant to strategic reviews?**

Agencies are expected to manage risks and challenges related to delivering the organization’s mission. ERM is a strategic discipline that can help agencies to properly identify and manage risks to performance, especially those risks related to achieving strategic objectives. An organizational view of risk positions allows the agency to quickly gauge which risks are directly aligned to achieving strategic objectives, and which have the highest probability of impacting mission. When significant, prioritized risks are vetted and escalated appropriately in the context of the agency’s risk appetite with agency leadership, challenges and opportunities can be routinely analyzed and incorporated into performance plans. Aligning strategy and performance to develop the appropriate risk responses through the planning process is critical to mitigating the influence of risks on achieving agency goals and objectives. When well executed, ERM improves agency capacity to prioritize efforts, optimize resources, and assess changes in the environment. Instituting ERM can help agency leaders make risk-aware decisions that impact prioritization, performance and resource allocation.

The agency’s strategic review process should be used to coordinate its analysis of risk using ERM to make risk-aware decisions. This includes the development of risk profiles as a component of the annual strategic review, identifying risks arising from mission and mission-support operations and providing a thoughtful analysis of the risks an agency faces towards achieving its strategic objectives to develop responses that may be used to inform decision-making through existing management processes. The results of the agency’s risk assessment in the risk profile will be discussed each year with OMB as a component of the Summary of Findings from the agency strategic review, and used to inform changes to agency implementation strategies and future strategic and performance planning efforts. Agencies will need to coordinate the timing of the update to their ERM risk profile in order to effectively inform the analyses and assessment of strategic objectives being generated in the agency’s Summary of Findings and for discussion with OMB. See [OMB Circular No. A-123](#).

### **260.31 What are the key roles of risk managers at an agency?**

Enterprise risk managers, who may be referred to as the Chief Risk Officer (CRO) in some agencies, champion agency-wide efforts to manage risk within the agency and advise senior leaders on the strategically-aligned portfolio view of risks at the agency. The responsibilities of managing risk, however, are shared throughout the agency from the highest levels of executive leadership to the service delivery staff executing Federal programs.

Agencies are required to have an enterprise risk management function, and expected to manage risks to mission, goals, and objectives of the agency. Where applicable, a CRO or other person designated with these responsibilities may serve as a strategic advisor to the COO and other staff on the integration of risk

management practices into day-to-day business operations and decision-making. An effective enterprise risk manager does the following:

- Develops, manages, coordinates, and oversees a comprehensive system for proactively identifying, prioritizing, monitoring, and communicating an organization’s enterprise-wide risks (see [OMB Circular No. A-123](#) for discussion of “Risk Profiles”). Such risks include relevant strategic, operational, financial, and programmatic barriers as well as reputational risks that could interfere with an organization’s defined strategic objectives or performance goals.
- Oversees the development and use of a robust set of risk management indicators that are representative of organizational operations and prioritized risks.
- Establishes and provides oversight of policies that enable consistent use of enterprise risk management principles and supports an integrated view of risk across the organization.
- Facilitates the incorporation and dissemination of enterprise-wide risk management protocols and best practices appropriate for the whole organization to reduce duplication of effort and improve agency performance.
- Establishes the procedures for determining the amount of risk an agency will accept or mitigate, including the manner in which these elements of the decision-making process are documented.
- Creates and maintains institutional capacity and accountability for risk management through the exchange of information, knowledge, education and training staff.

The Chief Financial Officers Council (CFOC) and the Performance Improvement Council (PIC), through an interagency effort, have developed a “playbook” ([Playbook: Enterprise Risk Management \(ERM\) for the U.S. Federal Government](#)) to help Federal agencies implement the requirements of OMB Circular No. A-123, providing high-level concepts for agencies to consider when establishing a comprehensive and effective ERM program and governance.

**260.32 What other guidance does OMB provide agencies regarding risk management concepts discussed in this Circular?**

OMB provides agencies with guidance related to risk management in some specialized areas.

- [OMB Circular No. A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control](#). This Circular defines management’s responsibilities for enterprise risk management (ERM) and internal control. The Circular provides updated implementation guidance to Federal managers to improve accountability and effectiveness of Federal programs, as well as mission support operations, through implementation of ERM practices and by establishing, maintaining, and assessing internal control effectiveness. The Circular emphasizes the need to integrate and coordinate risk management and strong and effective internal control into existing business activities and as an integral part of managing an Agency.
- [Joint OMB/OSTP Memorandum M-07-24, Updated Principles for Risk Analysis](#). Agency activities designed to reduce risks are influenced by numerous factors, including congressional priorities, information on the degree of risk faced by different populations, entities, or individuals, resources available, and the ease of implementing chosen priorities. Recognizing the diversity of documents

that stem from risk analysis techniques, this memo reinforces generally-accepted principles for risk analysis related to environmental, health, and safety risks.

- [OMB Circular No. A-129, Policies for Federal Credit Programs and Non-Tax Receivables.](#) Federal credit programs are intended to accomplish a variety of social and economic goals. To support agencies' efforts to effectively and efficiently manage programs, the Circular includes guidance for objectives that agencies should achieve with respect to risk management, data reporting, and use of evidence to improve programs through regular program reviews. It also established the Federal Credit Policy Council, an interagency collaborative forum for identifying and implementing best practices.
- [OMB Memorandum M-17-25, Reporting Guidance for Executive Order on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure.](#) This Memorandum provides implementing guidance on actions required by [Executive Order 13800](#) on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure. Agency heads are required to manage risk commensurate with the magnitude of harm that would result from unauthorized access, use, disclosure, disruption, modification, or destruction of a Federal information system or Federal information. Agencies are directed to assess their cybersecurity risk and, to manage the cybersecurity component of enterprise risk, adopt the Framework for Improving Critical Infrastructure Cybersecurity (the Framework).

