

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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February 2, 2009

Congressional Research Service

Report RL33825

*Federal Agency Performance and Accountability Reports
(PARs): Content and Access*

Jerry W. Mansfield, Knowledge Services Group

September 3, 2008

Abstract. This report discusses the contents of the PARs and their availability. It also presents information on a FY2007 PAR pilot program, recommendations for PAR improvement by the National Academy of Public Administration (NAPA)workgroup, and the FY2008 continuation of the PAR pilot program.

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Federal Agency Performance and Accountability Reports (PARs): Content and Access

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Congressional Research Service

7-5700

www.crs.gov

RL33825

Summary

Various financial management improvement laws have established annual reporting requirements for federal departments and agencies. Under the Reports Consolidation Act of 2000 (P.L. 106-531), federal departments and agencies are required to submit annual Performance and Accountability Reports (PARs) to the Office of Management and Budget (OMB) and to Congress. The PAR summarizes significant financial data, including financial highlights, annual financial statements, performance metrics and results, and management control practices and initiatives. Some departments and agencies include data on how they are addressing the President's Management Agenda and results of program evaluations required by the Government Performance and Results Act of 1993 (GPRA; P.L. 103-62).

The financial and performance information reported in the PARs enables the President, Congress, and the public to assess the performance of an agency relative to its mission and to demonstrate accountability. Executive agencies post their PARs, both current and some retrospective, on their public websites. OMB has also posted this information on its website at http://www.whitehouse.gov/omb/part/agency_performance_addresses.html.

This report discusses the contents of the PARs and their availability. It also presents information on a FY2007 PAR pilot program, recommendations for PAR improvement by the National Academy of Public Administration (NAPA) workgroup, and the FY2008 continuation of the PAR pilot program.

This report will be updated as necessary.

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Background

Each federal department and agency is required to submit an annual Performance and Accountability Report (PAR) to the Office of Management and Budget (OMB) and to Congress. The PAR summarizes significant financial data, including financial highlights, annual financial statements, performance metrics and results, and management control practices and initiatives. Some departments and agencies include data on how they are addressing the President's Management Agenda and results of program evaluations required by the Government Performance and Results Act of 1993 (GPRA; P.L. 103-62).

The financial and performance information reported in the PARs enables the President, Congress, and the public to assess the performance of an agency relative to its mission, and to demonstrate accountability. Copies of the final reports must be provided to the Speaker of the House of Representatives, the President and the President pro tempore of the Senate, the chairmen and ranking minority members of the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform, and the chairmen and ranking minority members of the budget committees, relevant authorization and oversight committees, and appropriations subcommittees.¹

Various financial management improvement laws have established these annual reporting requirements for federal departments and agencies.

- The Chief Financial Officers Act of 1990 (CFO Act; P.L. 101-576), as amended by the Government Management Reform Act of 1994 (GMRA; P.L. 103-356), requires 24 major agencies and departments to prepare and submit audited financial statements.
- The Government Performance and Results Act of 1993 (GPRA; P.L. 103-62), among its many provisions, calls for submission of annual performance reports (APRs).
- The Reports Consolidation Act of 2000 (P.L. 106-531) permits agencies to submit combined reports in fulfillment of statutory requirements for financial and performance management information. These reports are called performance and accountability reports or PARs.
- The Accountability of Tax Dollars Act of 2002 (ATDA; P.L. 107-289), extends the annual audited financial statements requirement to almost every executive branch agency and commission.
- The Improper Payments Information Act (IPIA, P.L. 107-300) also establishes new reporting requirements for departments and agencies.²
- A memorandum from the OMB director regarding requirements of ATDA listed 78 executive agencies and commissions now subject to coverage (in addition to

¹ Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, revised June 3, 2008, p. 4, at http://www.whitehouse.gov/omb/circulars/a136/a136_revised_2008.pdf.

² For a legislative history of these laws, see CRS Report RL31965, *Financial Management in the Federal Government: Efforts to Improve Performance*, by Virginia A. McMurtry.

the original 24 CFO agencies).³ In the same memorandum, the director noted that all covered agencies will be subject to the provisions of OMB Bulletin 01-09 *Form and Content of Agency Financial Statements* which requires them to consolidate their audited financial statements and other financial performance reports into combined performance and accountability reports and accelerates the deadlines for submission to November 15, just six weeks after the close of the fiscal year.⁴

Performance and Accountability Reports (PARs): OMB Guidelines and Requirements

Performance and Accountability Reports are prepared in accordance with OMB guidelines outlined in Circular A-136 *Financial Reporting Requirements* http://www.whitehouse.gov/omb/circulars/a136/a136_revised_2008.pdf. The circular establishes “a central point of reference for all federal financial reporting guidance for executive branch departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports (PARs).”⁵

OMB issued a revised version of Circular A-136, *Form and Content of the Performance and Accountability Report* (PAR), on June 3, 2008. PARs now contain the annual audited financial statements, the annual performance reports under GPRA, data on improper payments in compliance with the IPIA, as well as other mandated reports, such as agencies’ assurances on internal control assurances, accountability reports by agency heads, and inspectors general’s assessments of their agencies’ most serious management and performance challenges.

Agencies must submit their PARs to OMB and Congress no later than 45 days after the end of the fiscal year, or by November 15. Ten working days before issuing the final PAR, agencies must submit a draft of the PAR, including all sections, to OMB’s Office of Federal Financial Management (OFFM) and the appropriate Resource Management Office (RMO). The draft and final reports must be submitted electronically in a PDF format to a specified website.

Recommendations for PAR Improvements

NAPA Workgroup

At the request of the chair of the House Subcommittee on Government Management, Finance and Accountability, and of the then House Government Reform Committee,⁶ a National Academy of

³ OMB, “Requirements of the Accountability of Tax Dollars Act of 2002,” Memorandum for Heads of Selected Executive Agencies from Mitchell E. Daniels Jr., December 6, 2002, http://www.whitehouse.gov/omb/financial/accountability_of_tax_dollars.pdf.

⁴ OMB, *Form and Content of Agency Financial Statements*, Bulletin No. 01-09, September 25, 2001, <https://www.whitehouse.gov/omb/bulletins/b01-09.html>.

⁵ Office of Management and Budget, Circular A-136, Revised June 3, 2008, p. 1, http://www.whitehouse.gov/omb/circulars/a136/a136_revised_2008.pdf.

⁶ This committee became the Committee on Oversight and Government Reform in the 110th Congress (2007).

Public Administration (NAPA) workgroup examined ways to strengthen the financial management of the federal government and recommended potential reforms. The NAPA report, *Moving From Scorekeeper to Strategic Partner: Improving Financial Management in the Federal Government*, was published in October 2006. Section 2, page 21, briefly assessed goals of PARs and observed that many PARs “have grown prohibitively large and excessively detailed.”⁷

To increase the effectiveness of PARs, the NAPA workgroup recommended that OMB issue additional guidelines on PAR’s length and level of detail, and consider better ways to streamline information currently in PARs. Specifically the workgroup concluded and recommended the following:

- PARs should provide more integrated information, such as cost of specific programs related to amount spent on achieving results;
- PARs should include an additional chart that compares final budgetary expenditures with congressional appropriations; and
- PARs should be available through a single online website.⁸ OMB should issue better guidelines on the PARs ideal length and level of detail.

FY2007 PAR Pilot Program

In FY2007, by way of a memorandum to the heads of executive departments, agencies, and other entities subject to the Chief Financial Officers Act, OMB announced its FY2007 Pilot Program for Alternative Approaches to Performance and Accountability Reporting.⁹ The pilot allowed agencies to produce an alternative to the consolidated PAR. OMB felt that using an alternative format should not in any way reduce the public’s access to the detailed financial and performance information available in a consolidated PAR but should make the presentation of performance information more meaningful. The pilot had three required components: (1) an Agency Financial Report (AFR); (2) an Annual Performance Report (APR) with detailed performance information that meets GPRA requirements and is transmitted with the Congressional Budget Justification (CBJ); and (3) a “Highlights” document to provide performance and financial information in a brief, user friendly format.

To allow for greater attention to past performance, the Highlights had to be published no later than the Friday before the release of the President’s annual budget submission. At a minimum, the Highlights were to include the following:

- a clear, concise, and outcome-oriented explanation of what core public benefits the agency was seeking to achieve and its progress or lack of progress toward achieving them;
- data and discussion of key performance measures, including trend data;

⁷ National Academy of Public Administration (NAPA). *Moving From Scorekeeper to Strategic Partner: Improving Financial Management in the Federal Government*. A Report by a Workgroup of NAPA, October 2006, p. 21. Report available full-text on website at http://www.napawash.org/about_academy/Financial_Management_Report.pdf.

⁸ This was accomplished in November 2007 with the creation of the “Agency Performance Related Web Addresses,” available at http://www.whitehouse.gov/omb/part/agency_performance_addresses.html.

⁹ http://www.whitehouse.gov/omb/memoranda/fy2007/par_alternative.pdf.

- a candid assessment of whether the agency, met, partially met, or did not meet its performance goals;
- a summary of key management issues that the agency was addressing (e.g., IG and GAO reports, where appropriate);
- references and Internet links to where the reader could find more comprehensive, publicly available information about the agency's program and financial performance, including ExpectMore.gov and the agency's website for the full PAR, AFR, and APR; and
- a table of summary financial statement audit information similar to the table in Other Accompanying Information (OAI) (Section II 5.6).¹⁰

The goals of the pilot were to allow agencies to explore different formats to enhance the presentation of financial and performance information, and to make this information more meaningful and transparent to the public. Some agencies achieved these goals by including their APRs in their PARs and, at their discretion, they were allowed to continue to use the traditional PAR format. Agencies participating in the FY2007 pilot realized, however, that there were benefits to including their Annual Performance Report with their Congressional Budget Justification (CBJ) and, thus, were allowed to do so. Because the PAR is published before the release of the President's Budget, agencies' discussions of future resource allocations were somewhat limited. Including the APR along with the annual performance plan in the CBJ allowed the agency to discuss future programs or resources directed at improving performance more fully.

Agencies participating in the pilot submitted a notification to OMB and identified improvements in reporting that were expected to be achieved by using the alternative. The eleven Chief Financial Officer's Act agencies in the FY2007 pilot were the Department of Defense, Department of Energy, Department of Health and Human Services, Department of Homeland Security, Department of State, the National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), the Small Business Administration (SBA), and the United States Agency for International Development (USAID). Two non-CFO Act agencies also participated, the Corporation for National Community Service and the Denali Commission.¹¹ The pilot gave the federal government an opportunity to find the best way to present complete and candid financial and performance information that is useful to its many stakeholders.

The Performance Improvement Council (PIC) and the Chief Financial Officers Council (CFOC) reviewed the results of the pilot in order to formulate future guidance on financial and performance reporting. OMB and agencies also met with other outside groups to receive feedback. An open forum on the FY2007 PAR pilot program was held on April 10, 2008, at National Academy of Public Administration headquarters in Washington, D.C. Agencies reported several benefits from the pilot experience, including the following:

¹⁰ OMB Circular A-136, p. 140.

¹¹ Their reports are not on the OMB website but appear on their individual websites as follows: the Corporation for National Community Service, http://www.nationalservice.org/about/role_impact/performance.asp and the Denali Commission, http://www.denali.gov/Program_Documents.cfm?Section=Finance.

- increased internal focus on most important measures and management challenges;
- more readable documents for an agency's employees and external stakeholders; and
- reduced lengths of submitted reports with the clear and concise Highlights document.¹²

The FY2007 PAR pilot findings and recommendations, including agency best practices, developed by the PIC Reporting and Transparency Working Group can be found online in the MAX Federal Community Page.¹³ This was previously known as the Budget Community and is used by OMB and authorized personnel in federal agencies to share information and to collaborate. It is part of the Budget Formulation and Execution Line of Business at OMB.

In addition, the following changes were proposed by the Performance Improvement Council and the Chief Financial Officers Council.

(i) Change the "Highlights" to "[Agency Name] Citizens' Report: FY 20XX Summary of Performance and Financial Results," (the Citizens' Report) to better capture the objective and comprehensive nature of the report.

(ii) Include specific Internet links that will take the reader to the evidence supporting information about the agency's program and financial performance.

(iii) Provide information on the results of the agency's strategic goals, including shortcomings, successes, and associated costs in the Citizens' Report.

(iv) Limit the Citizens' Report to 25 pages or less.

(v) Change the release date of the Citizens' Report to no later than January 15, 2008.

(vi) Include a two-page summary in the front of the Citizens' Report that provides the public with:

- a. A general description of the agency;
- b. Summary of performance for each strategic goal;
- c. Budget overview;
- d. Stewardship and financial results;
- e. Discussion of future challenges; and
- f. A second page with a few outcome measures for each strategic goal or objective.

(vii) Include Summary of Financial Statement Audit findings similar to the table in the Agency Financial Report's (AFR) Other Accompanying Information (OAI).

¹² Full agency Performance and Accountability Reports typically are 200-400 pages in length. The FY2007 PAR Highlights from the eleven PAR pilot participants average just over 50 pages in length.

¹³ <https://max.omb.gov/maxportal>.

(viii) Revise the AFR guidance to more clearly state the level of performance information expected in the Management's Discussion and Analysis (MD&A).

(ix) Employ the list of best practices generated from the findings to the extent possible.¹⁴

PAR Pilot Program to Continue for FY2008

On June 5, 2008, the Office of Management and Budget issued OMB Memorandum M-08-20 to the deputies of executive departments, agencies, and others subject to the Chief Financial Officers Act, the Accountability of Tax Dollars Act, and government entities subject to the Government Corporations Control Act. That memorandum provided for the continuation of the PAR pilot program for FY2008 based upon positive feedback to the FY2007 PAR pilot program.

The pilot continues to allow agencies to explore different formats to enhance the presentation of financial and performance information. Agencies are encouraged to use innovative technology to give the reader greater access to pertinent information as well as evidence to support claims.

Based on the positive experience from the FY2007 pilot, OMB expects agency participation in the FY2008 pilot to increase. Detailed instructions on the FY2008 pilot are to be included in a 2008 update of OMB Circular A-136, Financial Reporting Requirements, and OMB Circular A-11, Preparation, Submission, and Execution of the Budget.¹⁵ On August 29, 2008, OMB issued an updated memorandum (M-08-25) entitled "Guidance for Completing FY2008 Financial and Performance Reports."¹⁶ Attachment B of this memorandum lists the agencies that will be participating in the FY2008 PAR Pilot.

Availability of Performance and Accountability Reports

Departments and agencies post current and some previous PARs on their websites. Most FY2007 reports were available online shortly after their submission to the Office of Management and Budget in November 2007. Previously, OMB maintained the Performance and Accountability Reports on an internal website that was not available to the public. Pursuant to the NAPA recommendation, OMB began posting the PARs on its website at http://www.whitehouse.gov/omb/part/agency_performance_addresses.html. In addition, the U.S. Chief Financial Officers Council, an organization of the CFOs and Deputy CFOs of the largest federal agencies, and senior officials of OMB and the Department of the Treasury, aims to "link to the most recent" PARs on its website at <http://cfo.gov/index.cfm?function=links>.

¹⁴ OMB Memorandum M-08-20, "Continuing the Pilot Program for Alternative Approaches to Performance and Accountability Reporting in FY2008," Memorandum to the Deputies of Executive Departments, Agencies, and Other Entities Subject to the Chief Financial Officers Act, the Accountability of Tax Dollars Act, and Governmental Entities Subject to the Government Corporations Control Act available at <http://www.whitehouse.gov/omb/memoranda/fy2008/m08-20.pdf>.

¹⁵ http://www.whitehouse.gov/omb/circulars/a11/current_year/a11_toc.html, revised June 26, 2008.

¹⁶ <http://www.whitehouse.gov/omb/memoranda/fy2008/m08-25.pdf>.

Appendix. Acronyms Used in OMB Circular A-136, Financial Reporting Requirements

AAPC	Accounting and Auditing Policy Committee of the FASAB
ACSEC	Accounting Standards Executive Committee
AFR	Agency Financial Report
AICPA	American Institute of Certified Public Accountants
APR	Annual Performance Report
ATB	Adjusted Trial Balance
ATDA	Accountability of Tax Dollars Act of 2002 (P.L. 107-289)
AU	Auditing and Attestation Standard
BFEM	Budget Formulation and Execution Model
CBJ	Congressional Budget Justification
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990 (P.L. 101-576)
CFOC	Chief Financial Officers Council
CSRS	Civil Service Retirement System
CY	Current Year
FACTS I	Federal Agencies' Centralized Trial-balance System I
FACTS II	Federal Agencies' Centralized Trial-balance System II
FASAB	Federal Accounting Standards Advisory Board
FASB	Federal Accounting Standards Board
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act (P.L. 101-508)
FDIC	Federal Deposit Insurance Corporation
FERS	Federal Employees' Retirement System
FFMIA	Federal Financial Management Improvement Act (P.L. 104-208)
FHA	Federal Housing Administration
FMFIA	Federal Managers Financial Integrity Act (P.L. 97-255)
FMS	Department of the Treasury Financial Management Service
FR	Financial Report of the United States Government
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GFRS	Government-wide Financial Report System
GMRA	Government Management Reform Act (P.L. 103-356)
GPRA	Government Performance and Results Act (P.L. 103-62)
HI	Hospital Insurance
IFCS	Intragovernmental Fiduciary Confirmation System
IG	Inspector General
IPIA	Improper Payments Information Act of 2002 (P.L. 107-300)
MD&A	Management's Discussion and Analysis
MRS	Military Retirement System
OAI	Other Accompanying Information
OASDI	Old-Age, Survivors, and Disability Insurance
OFFM	OMB Office of Federal Financial Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	U.S. Office of Personnel Management
PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PIC	Performance Improvement Council
PMM	Performance Management Module
PP&E	Property, Plant & Equipment
PY	Prior Year
Q&A	Questions & Answers
RMO	Resource Management Office

<http://wikileaks.org/wiki/CRS-RL33825>

RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SAS	Statement on Auditing Standards
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCNP	Statement of Changes in Net Position
SEC	Securities and Exchange Commission
SF	Standard Form
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards
SMI	Supplementary Medical Insurance
SNC	Statement of Net Cost
SOF	Statement of Financing
SOSI	Statement of Social Insurance
TCS	Treasury Combined Statement
TFM	Treasury Financial Manual
TR	Technical Release
Treasury	U.S. Department of the Treasury
TVA	Tennessee Valley Authority
UI	Unemployment Insurance
USSGL	U.S. Standard General Ledger

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