The Library of Congress
Office of the Inspector General

Library-Wide

Managing in the Spirit of GPRA: Developing Credible Performance Data is the Next Step

Audit Report No. 2009-PA-104

March 2010

FOR PUBLIC RELEASE

UNITED STATES GOVERNMENT   LIBRARY OF CONGRESS

Memorandum

Office of the Inspector General

TO: James H. Billington   March 25, 2010
             Librarian of Congress

FROM: Karl W. Schornagel
             Inspector General

SUBJECT: *Managing in the Spirit of GPRA: Developing*
             Credible Performance Data is the Next Step
             Audit Report No. 2009-PA-104

This transmits our final report. The executive summary begins on page *i*, and complete findings
and recommendations appear on pages 13 to 19. Management's response is briefly summarized in
the executive summary and in more detail after individual recommendations. The complete
response is included as an appendix to the report.

The Chief Financial Officer indicated that only the Librarian had the authority to initiate the
working group to establish program evaluations we recommended in finding III. Based on the
written comments to the draft report, we consider all recommendations except for III resolved.
Therefore, we request your response regarding that recommendation. In addition, please provide,
within 30 calendar days, an action plan addressing implementation of the recommendations,
including implementation dates, in accordance with LCR 211-6, §11.A.

We appreciate the cooperation and courtesies extended by the Office of the Chief Financial
Officer's Strategic Planning and Budget Offices, Copyright, Congressional Research Service,
Human Resources Services, Integrated Support Services, and the Law Library during this audit.

cc: Chief Operating Officer
         Register of Copyrights
         Director, Congressional Research Service
         Law Librarian of Congress
         Chief Financial Officer
         Director, Human Resources Services
         Director, Integrated Support Services

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➤➤ EXECUTIVE SUMMARY

Congress enacted the Government Performance and Results Act (GPRA) in 1993 to improve the management of the Federal Government. The basic premise of GPRA was to tie funding to program performance. Initially, the Act only applied to executive branch agencies, but Congress subsequently directed legislative branch agencies to comply with the spirit of the act and embrace its performance management principles.

This report provides the results of the Office of the Inspector General (OIG) audit of the Library's implementation of GPRA-styled performance management principles. It represents the second of a series of audits that OIG is performing on this topic. Our first audit[1] focused on the Library's initial implementation of performance management activities which took place between October 2004 and June 2006.

We found that the Library has made good progress in addressing the spirit and intent of GPRA. However, it must develop and implement additional processes to fully meet Congress' expectations and comply with its own policy on planning, budgeting, and program performance assessment. Using sound budgeting operations as a cornerstone, the Library is developing strategic planning and performance management processes which effectively provide a GPRA-styled management approach.

Following is a summary of our findings and recommendations.

The Library Needs to Improve the Quality of Performance Target Data—We reviewed FY 2009 annual program performance plans and assessments for a limited sample of Library service units. Our review revealed that the quality of performance data that those service units collected and used to support their program performance strategies varied significantly and data supporting performance targets did not, in some cases, exist. Inadequate and unreliable data will inhibit program performance decision making and related

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[1]*Performance Based Budgeting at the Library: A Good Start but Much Work Remains*, Report No. 2004-FN-502, October 2006.

fiscal decisions. We recommend that the Library establish a system that will assure program performance assessment data is both valid and independently verified.

The Library Needs to Promote Linkages Between Performance Assessments and Budgets—Like many federal agencies, the Library has found it difficult to closely link its program performance assessments with its budgeting activities. With the exception of the Management Decision Package process,[2] in which program performance assessments have had a recognizable effect, we did not see significant evidence of linkage in the formulation or execution processes.

Without making connections between its program performance assessments and budgeting data, Library management is deriving marginal benefit from its program performance assessment effort. We recommend that the Library increase its efforts to identify and document connections between its program performance assessment activities and budgeting processes.

The Library Should Develop a Plan for Periodically Evaluating Its Activities—The Library's GPRA management process has not matured to the stage where GPRA envisioned evaluations could occur. Recognizing that program evaluations are a tangible benefit of performance activities and are mandated both in GPRA and Library policy, we believe the Library should begin planning and designing a format for an evaluation process. Without adequate planning and development a meaningful and efficient program evaluation process cannot occur. We recommend that the Chief Financial Officer establish a working group to begin developing a GPRA-styled program evaluation process.

Library management substantially agreed with our findings and recommendations.

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[2] Library management uses a process referred to as the Management Decision Package (MDEP**)** to consider the initiation of and funding for new Library programs/activities.

►► BACKGROUND

During the latter part of the twentieth century, Congress determined that "…waste and inefficiency in [f]ederal programs undermine the confidence of the American people in the Government and reduces the Federal Government's ability to address adequately vital public needs.…"[3] Congress also thought that federal managers were unable to improve program effectiveness and efficiency because it was difficult for them to clearly define their programs' goals and measure their programs' performance. This situation inhibited Congressional policy making, spending decisions, and agency oversight.[4]

To address this situation, Congress enacted the Government Performance and Results Act (GPRA) in 1993. Initially, the Act only applied to executive branch agencies, but Congress has since directed legislative branch agencies to comply with the spirit of the law and embrace its performance management principles.

This report provides the results of the latest Office of the Inspector General (OIG) review of the Library of Congress' implementation of the performance management principles explained in GPRA. The review covered the period July 2009 through February 2010 and represents the second in a series of audits that we are performing on this topic. Our first review[5] focused on the Library's initial development of performance management activities which took place between October 2004 and June 2006. In that report, we recommended that the Library should develop a formal documented plan for implementing a performance management system; designate a senior official to develop an agency-wide performance management information system; and devise a plan to guide and coordinate its performance management process with its workforce transformation and performance efforts. Since then, the Library has made good progress in addressing the spirit and intent of the Act and accomplishing the intent of all of our original audit recommendations. However, it must

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[3] Government Performance and Results Act of 1993, 103 P.L. 62: 107 Stat. 285, §2(a).

[4] Ibid.

[5] *Performance Based Budgeting at the Library: A Good Start but Much Work Remains*, Report No. 2004-FN-502, October 2006.

develop and implement additional processes to fully meet Congress' expectations and comply with its own policy on planning, budgeting, and program performance assessment.

GPRA Methodology

GPRA prescribes a universal methodology for defining, assessing, and evaluating program performances in federal agencies. Major components of the methodology include strategic planning, annual program performance planning and assessments, and evaluations of program performance results.

Strategic planning provides the direction for an agency to achieve its ultimate goals in the delivery of goods and services to agency customers. Agency customers generally encompass taxpayers, Congress, and designated stakeholders. To comply with GPRA, an agency must prepare a strategic plan which includes the agency's mission statement, goals and objectives for major agency functions and operations, an explanation of how goals and objectives will be achieved, key external factors which may affect a program's performance, and the agency's process for evaluating program results. A strategic plan must cover at least the five years following the fiscal year it is submitted to Congress and must be updated and revised at least every three years.

> **The Mission of the Library of Congress**
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> The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

An agency must also prepare an annual program performance plan for each program activity included in the agency's budget. Such a plan must:

- establish performance goals;
- express goals in an objective, quantifiable, and measurable form;
- describe the processes, skills and technology, human capital, information, and other resources required to meet performance goals;
- establish performance indicators to measure and assess outputs, service levels, and program activity outcomes;
- provide a basis for comparing results to goals; and
- describe the means for verifying and validating measured results.

Finally, an agency must submit an annual report to Congress that provides an assessment of the agency's success in meeting its performance plans and goals. The report should identify all of the program evaluations that the agency completed during the year being reported on and specify the results for each of those evaluations. If a performance goal was not met, the report must include an explanation on why that was the case and describe the agency's plan for meeting the goal.

GPRA Benefits and Shortcomings

GPRA's declaration of findings and purposes[6] broadly describes the intended benefits of the Act as improved internal management of the federal government. This outcome would be achieved by establishing a uniform framework for measuring program performance; providing public accountability; promoting a new focus on results, quality, and customer satisfaction; and providing more objective decision-making information to Congress. Federal agencies which consistently achieved their performance goals would be in the best position to receive priority when tightly-controlled funding is allocated.

In spite of GPRA's benefits, an agency's ability to develop meaningful performance measurements and achieve effective program performance assessments is often difficult. Unlike private industry where management commonly assesses performance by using metrics such as earnings, return on investment, or market share, governmental performance involves the delivery of goods and services which frequently do not lend themselves to measures of performance that are easily or widely recognized, or are long-term or indirect.

Identifying program performance goals, valid measurements, reliable data, and effective data analysis is a time consuming process for an agency to undertake and often requires substantial trial and error before reliable and connected performance elements are identified. During such a process, agency management must be alert to the cost of resources it is using to measure performance, ensuring that the costs do not outweigh intended benefits. At the same time, management must conscientiously address GPRA's requirements and

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[6] GPRA, §2.

ensure that the agency's performance assessment process is sound. A process which is poorly-conceived could yield invalid measurements and lead to flawed conclusions about a program's performance.

GPRA's authors recognized that associating an agency's performance with its budget requirements can be an especially difficult task. Conceptually, the association would be likely to improve decision-making; however, quantifying governmental performance is complex and at times may not be tangibly measureable. Accordingly, the Act required pilot projects on performance budgeting.[7] The projects' purposes were to determine the feasibility of performance budgeting and identify difficulties associated with it. Seventeen years after GPRA's enactment, linking an agency's performance to its budget remains very difficult.

Library Efforts to Comply with the Spirit of GPRA

The Library has made significant progress in responding to Congress' call to comply with the spirit of GPRA. An effective performance management process has been fully supported by members of the Library's management and staff. Performance management has become the template on which the Library plans its future, documents and evaluates its program and operating results, and manages its human capital.

Significant activities that demonstrate the Library's progress in developing an effective performance management process include:

- Implementing a GPRA-based strategic plan for the fiscal year (FY) period 2008-2013;
- Issuing Library of Congress Regulation (LCR) 1511, *Planning, Budgeting, and Program Performance Assessment*, which "memorializes the Library's commitment to incorporating the spirit of …[GPRA] into its planning and budgeting processes and procedures;[8]"

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[7] GPRA, §6-1119.

[8] LCR 1511, *Planning, Budgeting, & Program Performance Assessment*, §1.

- Developing a proprietary software package (eLCplans) for documenting and tracking annual performance criteria and assessments of service units' programs;
- Using a revamped format, beginning with the FY 2009 submission, for the Library's Congressional Budget Justification (CBJ) that now includes a strategic framework and key performance targets;
- Establishing a comprehensive "dashboard" for the Chief Operating Officer for tracking the performance status of service units' programs;
- Negotiating successfully with the American Federation of State, County and Municipal Employees Local Union 2477 (AFSCME Local 2477) to include a performance management process in its most recent collective bargaining agreement with the Library;[9] and
- Establishing the Librarian's 2009-2010 Management Agenda to revise the Library's strategic plan and guide the Library's future priority activities. [10]

The Library's GPRA Policy and Practices

Because the executive branch was required to meet GPRA's requirements for many years before the legislative branch was directed to comply with the Act's spirit, Library management can learn and benefit from the experiences that executive branch agencies encountered as they implemented the law. However, as management customizes the Library's approach, it must remain focused on the Act's stated purposes: developing accountability for achieving program results, improving program effectiveness and efficiency, providing information about program results and service quality, and

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[9] Collective Bargaining Agreement Between The Library of Congress and The Library of Congress Employees' Union AFSCME Local 2477, Article 18, July 5, 2007.

[10] The central task of the Librarian's Management Agenda is to review and update the Library's strategic plan. The strategic plan provides the basis for guiding the Management Agenda's other seven tasks which include: 1) Developing an information resources management plan; 2) Creating an IT enterprise architecture; 3) Developing a plan to address strategic human resources needs; 4) Developing a comprehensive facilities plan; 5) Building a web content plan for the Library's website; 6) Updating mandatory deposit regulations for electronic works; and 7) Identifying ways to promote, encourage and sustain innovation.

improving decision-making by providing more objective information.

Information that we collected for this audit led us to conclude that the Library has implemented a sound strategic planning process. Our conclusion is strongly supported by the Librarian's 2009-2010 Management Agenda, which gives high-level priority to revising and updating the Library's strategic plan. Moreover, according to the Library's Chief Operating Officer, Chief Financial Officer (CFO), and Budget Officer, feedback from Congress on the revamped CBJ that the Library now submits has been favorable and recent interactions regarding Library budget issues with the Appropriations Committees have been productive. In light of these positive developments, we directed the focus of this audit on the Library's process for documenting, tracking, and assessing annual program performance. See Appendix A for a diagram of the Library's program performance assessment life cycle.

LCR 1511 provides the Library's policy and specifies requirements for meeting the spirit and intent of GPRA. Key requirements included in that regulation call for the development of annual program performance plans,[11] program performance assessments,[12] and program evaluations.[13] The regulation specifically notes that "[p]rogram performance assessments will assure that data is valid and has been verified."

Additionally, two directives have been issued by the Library's Office of the Chief Financial Officer (OCFO) to assist Library organizations in performing their program performance activities – OCFO Directive 08-08, *Program Performance Assessment*, and OCFO Directive 08-09, *Strategic and Annual Program Performance Planning.*

OCFO Directive 08-08 states that "… [c]entral to all PPA [program performance assessment] reviews, is the requirement for [p]erformance targets and related status to reside within the automated AP3 [annual program performance plans] database known as eLCplans."

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[11] LCR 1511, §2.A.2.
[12] Ibid, §2.C.
[13] Ibid.

The credibility of the Library's performance activities and corresponding assessment processes depends on the validity and accuracy of the data and related assessments recorded in the Library's eLCplans system.[14] The system provides the means for a service/support unit to record its annual program performance goals, known as "annual strategies", and related performance measurements known, as "performance targets." Through eLCplans, the unit's annual strategies and performance targets become linked to related strategic goals of the Library.

OCFO Directive 08-09 states that program performance assessment is the responsibility of the service/support unit management. Further information related to this responsibility is provided in §2.C of LCR 1511 which states that program performance assessments will assure that data is valid and has been verified.

OCFO Directive 08-09 also establishes the Library's SMART criteria. Like GPRA requirements, SMART criteria call for objective, quantifiable, and measureable annual performance goals that are supported with performance indicators for measuring and assessing outputs, service levels, and program activity outcomes. Additional details on SMART criteria are provided in Appendix B.

Guidance Used in Our Evaluation

In our review, we put emphasis on the quality of data that selected Library service units had incorporated in their

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[14] §4 of GPRA presents the requirements for performance goals and their supporting performance measures to ensure the credibility of an agency's performance measurement process. Agencies must express performance goals in objective, quantifiable, and measureable form, establish performance indicators to measure or assess relevant outputs, service levels, and outcomes of program activity, and describe the means used to verify and validate performance measures.

performance plans and assessments because that data supported the units' measured progress in reaching annual goals. We also carefully evaluated the integrity of the units' self assessments.

The U. S. Government Accountability Office (GAO) issued guidance in April 1998 on assessing agency-prepared annual performance plans.[15] We discussed the guidance with its author and concluded that it continues to be applicable and relevant today. Therefore, we used it in our evaluation of the Library's eLCplans data.

In the context of GPRA, evaluating the quality of data that an agency incorporates in its performance plans and assessments is referred to as verifying and validating performance. According to the Act, an agency must define in its annual plans how it will ensure that its performance data is sufficiently complete, accurate, and consistent. This is important because all of the benefits of the GPRA performance management process are dependent on the adequacy and integrity of the data agencies use to evaluate their performance.

In our evaluation of eLCplans data, we focused on two critical issues identified in GAO's guidance for assessing the quality of an agency's data. Specifically,

- How an agency will ensure that its performance information is sufficiently complete, accurate, and consistent; and
- The extent to which the agency's performance plan identifies significant data limitations and its implications for assessing the achievement of performance goals.[16]

At the core of these issues is the definition of data quality, which encompasses the following attributes:

- Accuracy–the extent to which data are free from significant error;
- Validity–the extent to which the data adequately represent actual performance;

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[15] *The Results Act-An Evaluator's Guide to Assessing Agency Annual Performance Plans*, GAO/GGD-10.1.20, April 1998, Version 1.
[16] Ibid, p 39.

- Completeness–the extent to which enough of the required data elements are collected from a sufficient portion of the target population or sample;
- Consistency–the extent to which data are collected using the same procedures and definitions across collectors and times;
- Timeliness–whether the data about recent performance are available when needed to improve program management and report to Congress; and
- Ease of Use–how readily intended users can access data, aided by clear definitions, user friendly software, and easily-used access procedures.[17]

GAO noted that it is important to recognize that no data are perfect. In general, data need to be good enough to document performance, support decision making, and respond to the needs of stakeholders. The key is for agencies to be aware of data quality limitations, understand the tradeoffs involved, and discuss in performance reports the limitations and trade-offs. Finally, determinations on how good data need to be also depend on other factors, such as the type of measure being used and the amount of change expected in the data. Different types of performance data may require different levels of accuracy.[18]

In our evaluation of eLCplans data regarding performance strategies (goals) and targets, we recognized that the time period for developing a performance management process has been much shorter for the Library than it has been for executive branch agencies. Within that context we asked the following questions regarding performance strategies:

- Will the strategy be used in FY 2010 or has it changed?
- What if any changes occurred in the FY 2010 budget as a result of the FY 2009 assessment?
- Is the strategy outcome or output based?
- What supporting data existed for the unit's performance self-assessment?

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[17] GAO, Letter to the Chairman, Subcommittee on Oversight, Investigations, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives, *Managing for Results; Assessing the Quality of Program Performance Data*, May 25, 2000, GAO/GGD-00-140R, pp. 1-2.
[18] Ibid, p 2.

GAO also noted that an agency could use both output goals
and outcome goals in planning its performance (outputs are
the direct products and services delivered by a program;
outcomes are the results of those products and services).[19]
However, because GPRA is outcome oriented, GAO
recommended that an agency use outcome goals in its
performance plan whenever possible. In our view,
performance plans that are more mature should employ more
outcome based strategies.

Verifying/Validating Performance at Other Agencies

Work that we performed for this audit included comparing or
"benchmarking" the Library's procedures for verifying and
validating its performance data with the corresponding
procedures of nine other agencies (i.e., six executive branch
agencies and three legislative branch agencies). Our
comparison focused on three areas: 1) quality reviews of
annual performance assessments, including verification and
validation of performance data; 2) changes in agency program
budgets resulting from performance assessments; and 3)
whether or not an agency performs program evaluations.[20]

The results of our comparison (i.e., benchmarking) are
presented in Appendix C. The results indicate that 1) various
levels of resources are used by the agencies to conduct quality
reviews of annual performance assessments and to confirm
the validity and reliability of performance data; 2) agencies
find it difficult to clearly relate performance results to budget
revisions, even though connecting performance to budgetary
decisions would be a beneficial GPRA-intended outcome; and
3) several agencies have carried performance assessments to
the longer range objective of conducting program evaluations.

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[19] GAO, *The Results Act-An Evaluator's Guide to Assessing Agency
Annual Performance Plans*, GAO/GGD-10.1.20, April 1998, Version 1.
[20] GPRA, §4-1115, defines a program evaluation as an assessment
through objective measurement and systematic analysis of the
manner and extent to which federal programs achieve intended
objectives. An agency conducts a program evaluation to learn the
benefits of a program and how the program can be improved.

⏵ OBJECTIVES, SCOPE AND METHODOLOGY

The objective of our audit was to evaluate the Library's progress in complying with the "Spirit of GPRA." Accordingly, we reviewed progress in strategic planning, program performance assessment, and integrating program performance and budgeting. We performed our fieldwork from July 2009 through February 2010.

The scope of our audit included performance management and budgeting at the Library with an emphasis on the processes employed for compiling annual program performance plans and assessments. As part of the scope, we examined the Library's policies and procedures for assuring the quality of the data used in its annual program performance assessments.

Our audit methodology included:

- Reviewing applicable laws and regulations,
- Benchmarking Library policies and procedures with other federal agencies,
- Analyzing the annual program strategies and related performance targets of selected service and program units, [21] and

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[21] Our examination included meeting with each SU/Su's budget and program performance officials to obtain information about their FY 2009 budgets and program performance plans and assessments. In our meetings we discussed their procedures for developing and assessing strategies and targets, obtaining data for targets, verifying and validating target data, and practices for relating performance assessments to budget activity.

Our analysis of the selected units' data included the following:

- Comparing and analyzing FY 2009 spending plans to final status of funds and FY 2010 spending plans;
- Determining whether strategies and targets were outcome or output based;
- Evaluating whether target data existed to support the program target and strategy assessments, a description of the source of the data, and whether the description of the data indicated it was valid in relation to the target and strategy;
- Obtaining a description of what activities were occurring to verify and validate target data; and

- Interviewing selected management and staff.

We conducted this performance audit in accordance with
generally accepted government auditing standards and LCR
211-6, *Functions, Authority, and Responsibility of the Inspector
General*. Those standards require that we plan and perform
the audit to obtain sufficient, appropriate evidence to provide
a reasonable basis for our findings and conclusions based on
our audit objectives. We believe that the evidence obtained
provides a reasonable basis for our conclusions based on our
audit objectives.

- Determining whether the FY 2009 strategies and targets
  appeared in the FY 2010 performance plans and if so were
  they unchanged or revised.

Additionally, we analyzed in detail the data supporting 22
performance targets in total from the five units.

⯈ FINDINGS AND RECOMMENDATIONS

We believe that the Library has made good progress in responding to Congress' directive that the Library comply with the spirit of GPRA. Despite constrained resources, the Strategic Planning Office has not only trained and guided service/support unit (SU/Su) officials in planning and assessment methodology, but also provided much of the impetus and manpower needed to accomplish the strategic planning process and formulate the Librarian's FY 2009-2010 Management Agenda. However, to successfully manage the Library in the spirit of GPRA, management must remain committed to achieving GPRA's intended benefits.

During our audit we selected five SU/Sus from which to examine performance measurement information: the Copyright Office, Congressional Research Service, Law Library, Human Resources Services, and Integrated Support Services (ISS). Our analysis indicated that all of the officials tasked with budget and program performance responsibilities in these units were very knowledgeable about the subject matter and committed to the quality and credibility of the process. We were especially impressed with the efforts and activities taking place in ISS and Copyright. The program performance officials and activities we observed in those areas demonstrated significant buy-in, appeared to be making the greatest investment, and were deriving the most benefit. We commend them for their efforts.

Our audit indicated that in order for the Library to obtain the most from its spirit of GPRA activities, it needs to improve the quality of performance target data used to assess program performance, increase efforts to connect program performance to budget decisions, and develop a framework for evaluating programs and activities. Library progress in these areas will provide the basis for deriving the intended benefits of GPRA. The following describes in detail our findings and recommendations for this assessment.

I. The Library Needs to Improve the Quality of its Performance Target Data

We reviewed FY 2009 annual program performance plans and assessments of five Library SU/Sus that we selected. Our

review revealed that the quality of performance data that those units collected and used to support their program performance strategies varied significantly, and data did not exist in many cases to support the units' performance targets. This situation existed because the Library had not established an internal control system which ensured that SU/Sus would collect valid and verifiable data for their program performance assessments. As a result, conclusions regarding program performances reached by those units were often questionable.

The conclusion we reached is based on a limited review and we did not project the detailed results of our analysis, which is summarized below, to the Library as a whole. However, we believe that our conclusion is valid and that our analytical results demonstrate actual weaknesses that were present in the Library's performance assessment process at the time of our audit. We based our conclusion on the fact that the five SU/Sus examined represent a large portion of Library activities, the absence of comprehensive control activities for the process Library-wide, and the lack of internal or external monitoring of the results.

eLCplans uses a self-rating system as part of assessing whether a SU/Su is accomplishing a performance target or a strategy. The service units are encouraged by the Strategic Planning Office to establish predetermined measurable targets at three levels:

- Green—Fully achieved
- Amber—Less than fully achieved
- Red—Unsuccessful

In order to be able to properly rate a target, a SU/Su must have valid performance data which backs up the self-rating.

eLCplans Analysis of Targets With No Supporting Data			
	Green	Amber	Red
Number	33	10	2
Percent	73%	22%	4%

We analyzed 142 related performance targets. We found that although data did not exist to support 32% of the performance targets, SU/Sus rated only four percent as red, and the remaining targets as green and amber. There is no way to properly rate a performance target in the absence of supporting data; therefore, we conclude that the ratings were, in many cases, arbitrary.

Our next finding involved examining performance targets self-rated as green where our initial discussions with the units indicated some form of data existed to substantiate their assessment. We found that data in three cases did not support the self-assigned rating, and in ten, the data were either nonexistent or not sufficient to support the rating.

eLCplans Evaluation of Targets Rated Green WITH Supporting Data			
	Data supports self-assessment	Data does not support self-assessment	No or insufficient data
Number	9	3	10
Percent	41%	14%	45%
		59%	

In total, almost 60% of the self-ratings in our sample were unreliable. Conclusions reached by the SU/Sus about their programs' performances were often questionable because the Library did not have a system in place that ensured that SU/Sus would collect valid and verifiable data for their program performance assessments. As a result,

- SU/Su conformance with OCFO Directive 08-09, which emulates GPRA requirements for program goals and performance indicators, was varied and inconsistent;

- SU/Su program performance assessments were neither reviewed by a disinterested outside party nor certified by the unit's senior executive; and

- The methodology used by SU/Sus for collecting program data and determining results was inconsistent.

Moreover, without an effective internal control system in place, there is nothing to prevent SU/Sus from drawing conclusions from their program performance assessments which lack credibility. For example, one performance target called for an increase in the number and scope of interagency agreements for services and products to demonstrate the service unit's involvement in institutional collaboration. There was no baseline or completion date for accomplishing the strategy and finalization of interagency agreements before the end of the year was not demonstrated. Nevertheless, the unit rated the target and strategy green.

Another example involved a unit's strategy for sharing staff knowledge. The strategy included a target that required the

unit to develop an electronic process which would enable knowledge sharing. The unit rated the target and strategy green even though it had not yet developed the software product. Moreover, the unit recorded the same target again as a FY 2010 program strategy.

It is critically important that an internal control system be instituted to ensure that SU/Sus collect valid and verifiable data for their program performance assessments. Collected data that does not meet a standard may yield analyses and evaluations that are not defensible and provide little or no value for program decision-making.

LCR 1511 requires that program performance assessments will assure that data is valid and verified. OCFO Directive 08-09 states that program performance assessment is the responsibility of the service/support unit management. Additionally, GPRA requires the verification and validation of performance measurement data. It also requires agencies to document in their annual program performance plans how data will be verified and validated and describe the basis for comparing results to goals. The greatest risk of an uncontrolled environment is that time and effort invested in performance management will return no meaningful benefit.

Recommendations

1. The Library should establish a system of internal control that is designed to ensure that the data collected for program performance assessment is valid and verified. Such a system should include policies and procedures to ensure the credibility of performance data at the service unit level and oversight from a Library-wide perspective. System procedures must be cost effective to follow and provide balance between data accuracy and goal priority attainment; and

2. The Library should require that SU/Su senior executives certify the validity of their units' final assessments.

Management Response

Management substantially agreed with our recommendations.

II. The Library Needs to Promote Linkages Between Performance Assessments and Budgets

One of the principal purposes of GPRA was to make available to Congressional decision-makers "more objective information on… the relative effectiveness and efficiency of Federal programs and spending…"[22] An outcome anticipated by the Act was linking budget activity to a program's performance. This anticipated outcome was the basis of the Act's requirement for pilot projects which would demonstrate performance budgeting preparation and presentation. To date, linking agency performance assessments to budget activity has been one of the greatest challenges that agencies have encountered.

Library and SU/Su officials who we contacted for this audit told us that the Library is among the agencies that have found it difficult to closely link program performance assessments with budget activity. Although Library officials received positive Congressional feedback for including program performance information with service unit budget requests in the Library's CBJ presentation, the correlations of the performance and budgeting information in the CBJ were at a very high level.

We sought to find links between program performance assessments and budgeting in the Library's budget formulation and execution processes. With the exception of the Management Decision Package (MDEP) process, in which program performance assessments have had a recognizable effect, we did not see evidence of linkages.

Our review of the process for service units to submit their annual spending plans to the Budget Office found no requirements for including performance related data to support shifts in their base budget. Our interview of Budget Office officials found that the office does not conduct oversight to determine if service units are "scrubbing" their base budget. That process is left to service unit management and any program performance related decisions go undocumented. Also, our review of the process for SU/Su budget reprogramming requests found that there is no requirement for units to document when program performance assessments are behind or related to

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[22] GPRA, §2(b)(5).

reprogramming requests. Consequently, the Library may be missing opportunities to recognize and demonstrate linkages between performance and budget activity.

Without making connections between its program performance assessments and budgeting decisions, Library management is deriving marginal benefit from its program performance assessment work. As a result, management may see limited value in making a full commitment to GPRA.

Library management should increase its efforts to identify and document connections between the Library's program performance assessment activities and budgeting processes. Doing so will improve awareness of the relationships that exist between program performance and budgeting and ensure more meaningful decision-making information is available.

Recommendation

In order to help identify connections between program performance assessment activities and budgeting processes, the Library should require SU/Sus to document:

> 1) budget-related decisions in their eLCplans performance assessments;
> 2) any shifts in their base budgets that are the result of performance related assessments in submitting their annual spending plans; and
> 3) instances when program performance assessments provide support for reprogramming requests.

Management Response

Management agreed with our recommendations.

III. The Library Should Develop a Plan for Periodically Evaluating Its Activities

GPRA defines a program evaluation as "…an assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives."[23] The Act requires agencies to include in

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[23] GPRA, §4-1115.

their annual program performance reports to Congress finding summaries of such evaluations that the agencies completed during the fiscal years covered by the annual reports.

Furthermore, LCR 1511 provides for program evaluations and directs the CFO to coordinate and facilitate a multi-year schedule of program evaluations.

To date, the Library has not performed any program evaluations. Moreover, we found no indication that Library management was planning to perform such evaluations in the future.[24]

The Library's processes and activities for complying with the spirit and intent of GPRA have not matured to the stage where program evaluations can occur. Realistically, such evaluations cannot be conducted for the Library's programs until the Library improves its program performance assessment process. Program evaluations determine whether programs are achieving their mandated objectives and what changes are required to accomplish unfulfilled objectives. They are the final component of the performance management process.

Nevertheless, because GPRA and Library policy mandate the performance of program evaluations, the Library should begin planning the work that will be involved in conducting them. Additionally, as part of the planning process, it would be beneficial to identify Library service units which are the most adept at the performance management process and have them work with the CFO to design program evaluation objectives and procedures.

Recommendation

We recommend that the CFO establish a working group to begin planning the work that will be involved in conducting the program evaluations at the Library that are required by GPRA.

Management Response

Management substantially agreed with our recommendation.

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[24] Congress has provided funding to the Library for an evaluation in 2010 of the Global Legal Information Network, but the Law Librarian informed us that the evaluation would not be related to GPRA.

⏩ CONCLUSION

Legislative branch agencies have the license to customize GPRA into a format that fits each agency's unique mission and character. This allows Library management to smooth-off the rough edges of the process that do not fit neatly into its organizational style. However, the customization process cannot lose site of GPRA's intended benefits and the principles on which Congress designed it to accomplish its intentions.

Our audit found that the Library has made progress in developing a GPRA modeled performance management process. The Library has made significant advances in the area of strategic planning and has a sound budget operation. It has made progress in its program performance planning and assessment efforts but must invest additional resources in the design and development of that area. It must establish an effective system of internal control for assuring the credibility and integrity of its performance management data. Additionally, to enable management and stakeholder evaluation of Library activity, it needs to make greater efforts in linking performance management to budget activity.

We believe that if the Library is able to invest the appropriate resources into developing its performance planning and assessment process, it can effectively coordinate it with its budget and strategic planning processes to manage the Library in the spirit of GPRA.

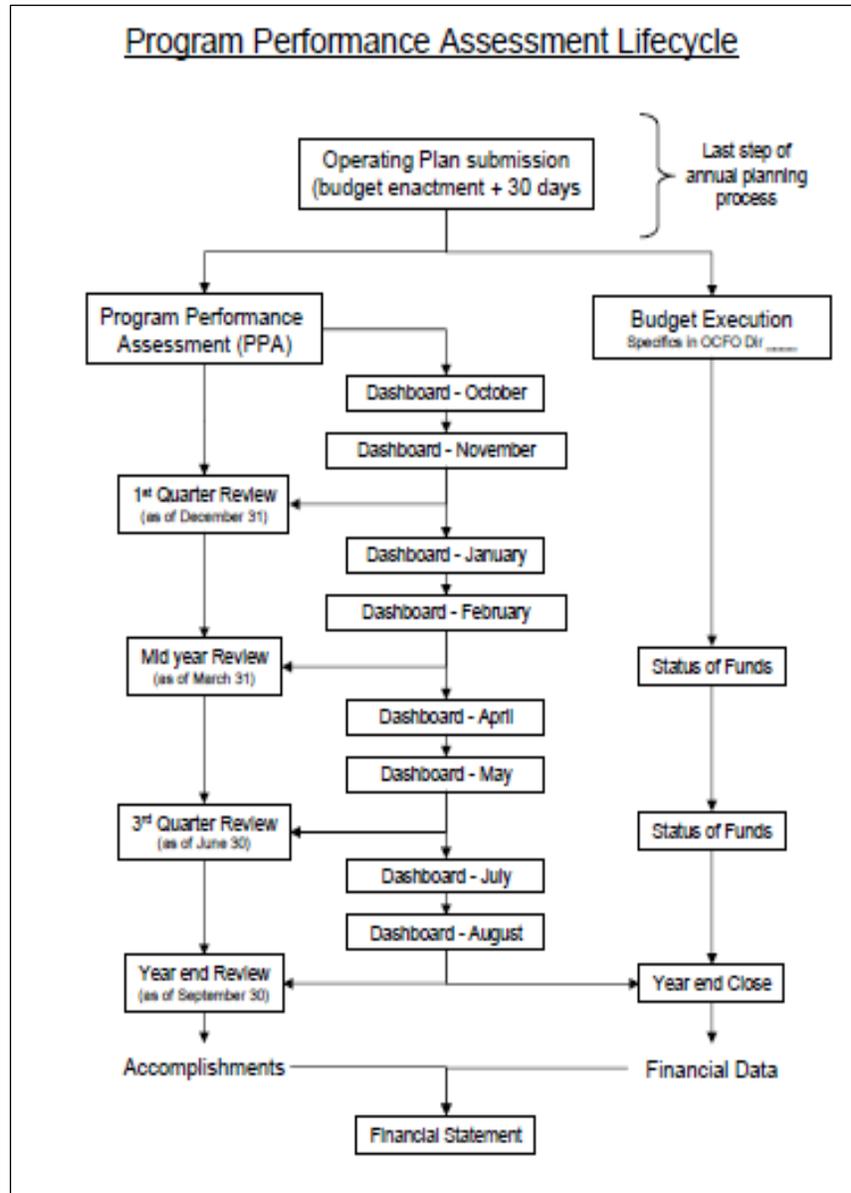**Major Contributors to This Report:**
Nicholas Christopher, Assistant Inspector General for Audits
John Mech, Lead Auditor
Peter TerVeer, Management Analyst
Jennifer Dunbar, Management Analyst

▸▸ APPENDIX A: THE LIBRARY'S PROGRAM PERFORMANCE ASSESSMENT LIFE CYCLE

Source: OCFO Directive 08-08, *Program Performance Assessment*, §IV. 3, April 2, 2008.

⇥ APPENDIX B: S.M.A.R.T. CRITERIA

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**S.M.A.R.T. Criteria: Specific, Measurable,
Achievable, Relevant, and Timebound**

a.   **Specific** in that they are focused on something concrete rather than abstract. An abstract target might read," Achieve outstanding customer service in processing reference requests." A more concrete target might read," Ninety percent of customers surveyed will rate the Library's response to their reference requests as satisfactory."

b.   **Measurable** by objective, quantitative, and verifiable standards. An unmeasurable target might read, "Continue to implement the plan for improving reference services..." A more measurable target might read, "Complete 50 percent of the steps in the Reference Services Improvement Plan by the end of the 1st quarter..."

c.   **Achievable** in that the amount of improvement planned is a stretch but is not unrealistic. A target that is not achievable might read, "Process all reference requests within 4 hours after receipt." A more achievable target might read, "Improve the rate of reference requests processed within 4 hours after receipt from the current 75 percent to 80 percent."

d.   **Relevant** in that the thing being measured truly points toward the desired outcome. If the desired outcome is to have a collection that serves more research scholars, an irrelevant target might read, "Improve the average number of print material items added to the collections per day by 5 percent (from 1,074 to 1,128) by the end of the fiscal year." A more relevant target for the desired outcome might read, "Increase the number of subject headings in the print materials portion of the collections by 5 percent."

e.   **Time-bound** reflecting that the planned level of performance will be achieved by a specified future date. The target listed as relevant in the example above is not time-bound. The same target can be made time-bound simply by adding the words, "by the end of the 2nd quarter of the fiscal year." To the maximum extent possible, service and support units will ensure that most, if not all annual performance targets will meet the criteria above. The Strategic Planning Office will evaluate measures and provide assistance to service and support units in developing effective measures.

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Source: OCFO Directive 08-09, *Strategic and Annual Program Performance Planning*, §III.10, April 2, 2008

⏩ APPENDIX C: COMPARATIVE PROGRAM ASSESSMENT PRACTICES

Program Assessment Practices of Various Agencies							
Legislative Branch							
Assessment Phase						Budget Phase	Evaluation Phase
Agency	*FTEs Assigned to Program Assessments*	*Internal or External Resources Used*	*Data Verified and Validated*	*Internal or External Resources Used*	*Cost*	*Resources Reallocated*	*Program Evaluations*
Architect of the Capitol	1 -1 1/2 FTE	Internal	Yes	Internal	FTE Salaries	Yes	Yes
Government Accountability Office	Up to12 FTEs (Estimated) Not tracked	Internal	Yes	Both	Not Tracked	Probably, but no direct correlation documented	Yes
Government Printing Office	None	None	No	None	None	No	No
Executive Branch							
Department of Transportation	Not tracked	Internal	Yes	Internal	Not Tracked	Probably, but no direct correlation documented	Yes
National Archives and Records Administration	Up to12 FTEs depending on the region. Not tracked	Internal	Yes	Internal	FTE Salaries	Done within regional budgets/not universally at a higher level	Yes
Nuclear Regulatory Commission	Up to10 FTEs (estimated)/Not tracked	Both	Yes	Internal	Not tracked	Yes	Yes
National Science Foundation	1 FTE	Internal	Yes	External	$450,000 annual contract. Verification and validation of data only	Probably, but no direct correlation documented	Yes
Office of Management and Budget	None	None	No	None	None	No	No
Securities and Exchange Commission	5 FTEs	Internal	Yes	Both	Not Tracked	Yes (limited to a few IT systems)	Yes

Source: OIG Survey

▸▸ APPENDIX D: MANAGEMENT RESPONSE

UNITED STATES GOVERNMENT
MEMORANDUM

LIBRARY OF CONGRESS
Office of the Chief Financial Officer

DATE: March 11, 2010

TO: Karl Schornagel
              Inspector General

FROM: Jeffrey Page
              Chief Financial Officer

SUBJECT: Draft Audit Report No. 2009-PA-104

Thank you for sharing your Draft Audit Report: 2009-PA-104: "Managing in the Spirit of GPRA: Developing Credible Performance Data is the Next Step." We appreciate the opportunity to review your comments and recommendations, which we agree with, in general. We also want thank you for acknowledging the significant progress the Library has made in this area.

Below are specific responses to your findings and recommendations.

We appreciate and agree with your comments regarding the need to achieve a cost benefit balance in the Library's program performance goals (page 3). In our continued efforts in this area, we will be mindful of the need for this balance.

Your report cites a problem regarding the absence of valid and verifiable data in Library program performance assessments (page 14). As your report acknowledges, the Library has made significant progress in this area, but there is still work to be done.

On a similar note, your report includes two recommendations regarding how to improve the quality of performance data (page 16). One recommendation suggests that the Library should establish a system of internal controls that is designed to ensure that the data collected for program performance assessment is valid and verified. Your second recommendation suggests that the Library should require that SU/SUs senior executives certify the validity of their units' final assessments. We agree with both recommendations. However, we would like to clarify the following: In reference to page 16 of the draft report, we have established an initial set of internal controls through LCR 1511 and OCFO Directive 09-08, which assign these responsibilities to the SU/SUs. However, we agree that the SU/SUs should improve policies and procedures to ensure quality data is used in program performance assessments. We also agree that eventually a program evaluation function should be developed and funded at the Library. This function will establish standards and an independent verification process for ensuring Library-wide data quality.

The report suggests that there are insufficient linkages made between shifts in SU/SUs budgets and related performance targets (page 17). We agree that additional work can be done to demonstrate these linkages, and OCFO will develop guidance to require that more specific performance target information be included in SU/SU justifications for shifts in spending plans and subsequent reprogramming requests. The Budget Office has also been limited in its ability to analyze reprogramming justifications because of limited access to SU/SU base budget details. The Budget Office is currently working on a system to more fully capture the details of spending plans Library-wide. This effort will greatly enhance the Budget Office's ability to perform these kinds of analyses.

The above paragraph addresses two of the three recommendations cited on page 18. We agree with all three recommendations. However, implementing the first recommendation will require a thorough analysis of functional requirements, as well as resources to fund needed changes to eLCplans. We will incorporate this recommendation into our ongoing efforts to integrate the Library's budget and planning processes.

Finally, the draft report recommends that the "CFO establish a working group to begin planning the work that will be involved in conducting program evaluations at the Library that are required by GPRA" (page 19). We agree that such a working group should be established. However, the responsibility for establishing the working group more appropriately resides with the Librarian, who has ultimate oversight responsibility for program execution. Obviously, the CFO should have a significant role in this effort. The other important note is that this is an unfunded initiative, and although we agree that such a function would benefit the Library, it has not yet achieved the point of cost-benefit that this report appropriately cites as a condition for implementing these recommendations. To be very clear, program evaluation functions are expensive to implement.

Again, we appreciate your comments and recommendations, as well as your citing the good work the CFO organization has achieved to date.

cc: Jo Ann Jenkins, Chief Operating Officer
          John Mech, Office of the Inspector General
          Nick Christopher, Office of the Inspector General
          Mary Klutts, Budget Officer
          Karen Lloyd, Strategic Planning Officer