



OFFICE OF
MANAGEMENT AND BUDGET

Performance and Accountability Reporting

Is it Changing?

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Overview

- Background
- Is the PAR Working?
- FY 2007 Alternative PAR Pilot
- Traditional vs. Pilot
- PAR Pilot Agencies
- Future of the PAR



Background

LAWS

- Chief Financial Officers Act of 1990
- Government Performance and Results Act of 1993
- Reports Consolidation Act of 2000





Background

- OMB conducted several projects to discover the value of combining performance and financial information into a single report.
- Initial analysis indicated a single report would produce more useful reports with greater efficiencies.
- In FY 2002, agencies were required to produce a Performance and Accountability Report.



Visions for the PAR



- Timely, reliable and relevant information for decision-makers
- Shorter, transparent and readable reports on financial and performance results
- Cost of performance
- Target a broader audience with user-friendly highlights.



Is the PAR working?

- PARs are large, complex, and difficult to complete in 45 days
- Consolidated PAR has not succeeded in meeting the needs of its users
- Costs may not be worth the benefits to produce the consolidated PAR.





FY 2007 Alternative PAR Pilot



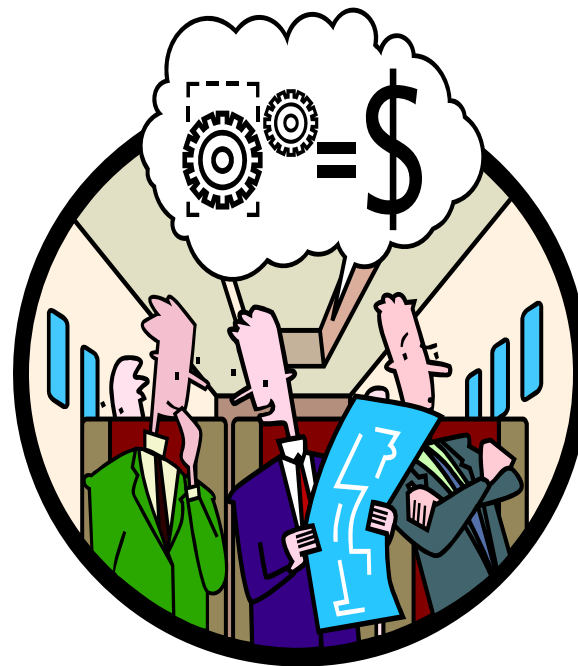
The FY 2007 alternative has 3 required elements:

- Agency Financial Report
- Annual Performance Report
- Highlights



Agency Financial Report

- Published on agency's website by November 15th
- Consists of the Agency Head Message, MD&A, the financial statements, notes, audit report and other required information.



Annual Performance Report



- Contains detailed performance information that meets GPRA requirements
- Transmitted with the Congressional Budget Justifications (CBJ)
- Discusses future programmatic and/or resources for improvements to programs.



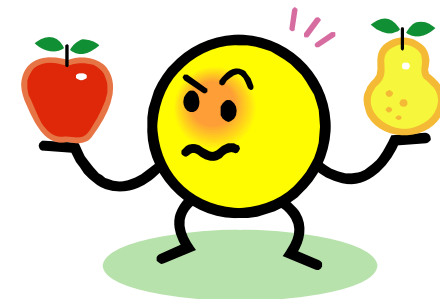
Highlights Document

- Published on the agency's website on or before the Friday prior to the release of the President's Budget (i.e., February 1)
- Contains budget, performance, and financial information
- Summarizes key results from the AFR and APR.



Traditional vs. Pilot

- Agency Head Message
- Management's Discussion and Analysis
- Performance Section
 - Traditional on November 15th
 - Pilot with Congressional Budget Justifications
- Financial Section
- Other Accompanying Information





Agency Head Message

Traditional and Pilot

- The Agency's mission, goals and accomplishments upholding the mission.
- An assessment of whether financial and performance data in the report is reliable and complete, identifying material internal control weaknesses and actions the agency is taking to resolve them (the letter may reference a more detailed discussion of this topic elsewhere in the report).

PAR Pilot

- The agency should disclose that a discussion of the completeness of the information would be in the APR.
- An acknowledgement that the agency is using an alternative to the PAR.

Management's Discussion and Analysis (MD&A)



- **At a minimum, the MD&A should address the entity's:**
 - Mission and organizational structure
 - Performance goals, objectives, and results
 - Financial statements
 - Systems, controls, and legal compliance.
- **The MD&A should also include:**
 - Forward-looking information about the possible effects of the most important existing and anticipated performance and financial demands, events, conditions, and trends.
 - Management should discuss important problems that need to be addressed, and actions that have been planned or taken to address those problems. Actions needed, planned, and taken may be discussed within the sections listed above or in a separate section of the MD&A.



MD&A - Similarities

- The PAR must contain a section entitled Management's Discussion and Analysis (MD&A).
- It should follow the Agency Head (Secretary) Message.
- It must be concise and readable to a non-technical audience.
- Management Assurances required under the Federal Managers Financial Integrity Act (FMFIA) (Pub. L. No. 97-255) and OMB Circular No. A-123, *Management's Responsibility for Internal Control* must be separately identified within the MD&A.



MD&A – Differences

- **To be useful:**
 - Traditional - must be concise and readable to a non-technical audience.
 - Pilot - must be concise, easy to read and utilize visual references to present summary information. The following suggestions are optional.
 - Graphic of mission and organization structure
 - Map of field offices
 - Table/pie chart of performance results
 - Summary financial analysis including pie charts (or tables) of assets, liabilities, net position, and net cost, pie charts (or tables) of funding sources and allocations
 - Calendar of year-long internal control program
- **High-level discussion of performance information**
 - Pilot - Within the MD&A at a minimum.



Performance Section

- Traditional and Pilot
 - Summarize key performance measures
 - Inform the reader how well the entity is doing.
 - What do we need to know to gauge success?
 - How do we measure what we accomplish?
 - What do the measurements show?
- Traditional – Submitted as part of the PAR on November 15.
- Pilot – Submitted as the APR.

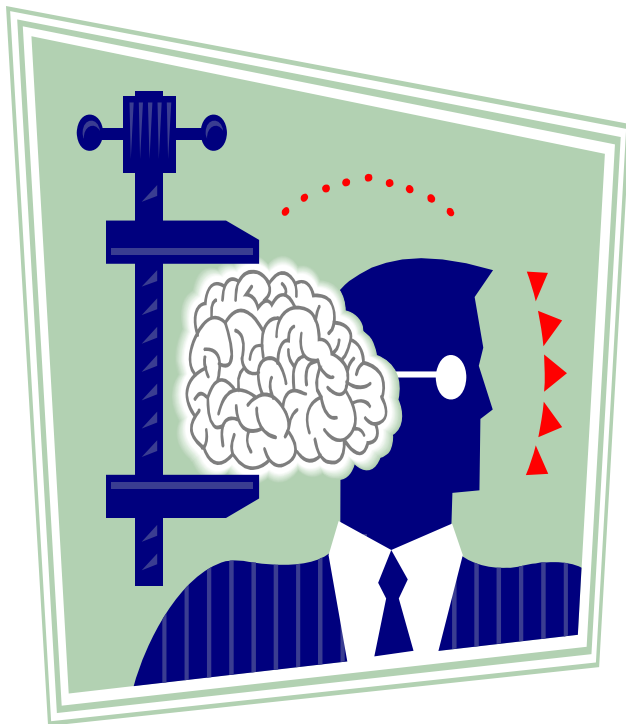
Financial Section



- *CFO Letter* - signed letter briefly summarizing:
 - Planned time frames for correcting audit weaknesses and noncompliance;
 - Major impediments to correcting audit weaknesses and noncompliance; and
 - Progress made in correcting previously reported problems.
- *Auditor's Report*
 - The final Report must be signed by the auditor.
 - The report can be located either before or after the financial statements and notes.
- *Financial Statements and Notes*



Other Accompanying Information



Other Accompanying Information includes items such as, performance measures, revenue foregone, management challenges, etc.



PAR Pilot Agencies

Volunteers for the FY 2007 PAR Pilot :

1. Corporation for National Community Service
2. Denali Commission
3. Department of Homeland Security
4. Department of Defense
5. Department of Energy
6. Department of Health and Human Services
7. National Aeronautical Space Administration
8. National Science Foundation
9. Small Business Administration
10. State Department
11. US Agency for International Development





Future of the PAR

- Forum
 - Obtain feedback on the PAR Pilot
 - Open to the Public
 - This Spring
- Continue with PAR Pilot?





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Questions?