

the President's Management Agenda, the emphasis must continue to be on *actions*, demonstrating real change.

When we designed the agenda, it was in the shadow of consistent criticism that the Executive Branch's chief management agency, the Office of Management and Budget (OMB), did not give sufficient attention to its responsibility to oversee the management of Executive Branch agencies. To address this concern, the job of assessing agency status and progress against the Standards for Success was given to OMB.

**Explanation of Progress Scores**

**Green** – Implementation is proceeding according to plans agreed upon with agencies.

**Yellow** – Slippage in implementation schedule, quality of deliverables, or other issues requiring adjustment by agency in order to achieve initiative on a timely basis.

**Red** – Initiative in serious jeopardy. It is unlikely to realize objectives absent significant management intervention.

Each quarter, OMB assesses agencies' progress, as well as their status against the Standards for Success. For Human Capital, OPM and OMB jointly develop the rating. These quarterly assessments also generate a detailed set of comments on the actions the agency has recently taken to accomplish the

agenda's goals as well as what actions it needs to take to improve.

The scorecard is a powerful incentive for agencies to improve their internal management. Agencies receive regular, timely feedback through the scorecard so that problems are identified and remedied promptly. Take, for example, the Department of Veterans Affairs (VA). On September 30, 2002, VA's score in competitive sourcing was red for status and red for progress. Its early poor score was the result of VA's unwillingness to subject the commercial activities it performs to public-private competition. To improve its score, VA not only demonstrated a commitment to open up existing positions for competition, but it hired experts to jump start its competitive sourcing work. It now has a central office that coordinates and conducts training for field staff. In just one example, VA plans to open up competitions for over 3,000 "Canteen" employees who operate food services and gift shops. The competition for these positions will result in savings to taxpayers and, most likely, improved service to veterans. Although VA has not yet subjected a sufficient portion of its activities to competition to warrant an improved status score, its recent progress warrants a green.

Some agencies have demonstrated exceptionally strong commitment to the agenda and are using the scorecard internally to make progress, and it shows in their scores. The Department of Energy, for instance, has established a management council with the charge to improve the agency's performance through implementation of the President's Management Agenda. The council meets every month and acts as a forum for monitoring progress on PMA initiatives, sharing information on best practices, and making critical management decisions. Readers can find more about how the Department has improved its status in the Human Capital, Financial Performance, and E-Government initiatives in the Department of Energy chapter that follows.

Other agencies are leaders in particular initiatives. NASA is a government-wide leader in the Human Capital and Budget and Performance Integration initiatives. NASA can track any deficiencies in its workforce and take quick, corrective action to address them. It also budgets for the full cost of its programs, including workforce, facilities, and overhead, and has integrated its budget and performance reports.

NSF is a government-wide leader in Financial Performance and Electronic Government. NSF can monitor the status and performance of its grants at any time in their cycle and it receives over 99 percent of its annual grant proposals electronically through its FASTLANE system.

These examples open a window to how the scorecard is working. There are others. There are laggards, as well. In the past, agencies might have promised – and intended – to make real management improvement. But no disciplined method existed with which to monitor progress and hold managers accountable for results. The Executive Branch Management Scorecard, with strict Standards for Success, provides that discipline. More detail on each agency's status and progress is included in the chapters that follow. The *Budget* volume includes a chapter titled Governing with Accountability, which includes a discussion of government-wide implementation of the President's Management Agenda and the most recent Executive Branch Management Scorecard. It also includes brief discussions of each agency's status and progress scores for the quarter ending December 31, 2002.

The President's Management Agenda also includes nine program initiatives where management improvements are directed to specific program areas with the goals of improving service delivery, reducing waste, and improving efficiency. These initiatives require the dedicated efforts of a particular agency or group of agencies and, like the five government-wide initiatives depend on sustained, concrete actions to realize their intended benefits. An update on the program initiatives is included in the lead agency's chapter:

- Faith-Based and Community Initiative (Department of Health and Human Services)
- Privatization of Military Housing (Department of Defense)
- Better Research and Development Criteria (Department of Energy)
- Eliminating Fraud and Error in Student Aid Programs and Deficiencies in Financial Management (Department of Education)
- Housing and Urban Development Management and Performance (Department of Housing and Urban Development)
- Broadened Health Insurance Coverage through State Initiatives (Department of Health and Human Services)
- A "Right-Sized" Overseas Presence (Department of State and International Assistance Programs)
- Reform of Food Aid Programs (Department of State and International Assistance Programs)
- Coordination of Veterans Affairs and Defense Programs and Systems (Department of Veterans Affairs)

Work on the program initiatives has already begun to produce tangible results. Most notably, the Administration completed its major food aid reform goal of providing more resources through predictable discretionary funding rather than relying on unpredictable surplus commodities. In addition, this initiative targeted food aid to the genuinely hungry while avoiding the waste and adverse impacts from past approaches. For instance, the General Accounting Office found that the federal government spent nearly \$250 million in 1999 to deliver \$64 million in actual aid to Russia. This reform has proven to be timely, since the drought in many crop-producing regions of the United States in 2002 left major commodities in tight supply. Most commodities would have been unavailable for food aid under the previous process. The food aid reforms have strengthened the United States' leadership role in international food aid and thus, the Reform of Food Aid Programs initiative will be removed from the President's Management Agenda.

# SCORECARD STANDARDS FOR SUCCESS

## Strategic Management of Human Capital

(G)	(Y)	(R)
<p><b>Must Meet All Core Criteria:</b></p> <ul style="list-style-type: none"> <li>• Agency human capital strategy is aligned with mission, goals, and organizational objectives and integrated into its strategic plans, performance plans, and budgets.</li> <li>• Agency is citizen-centered, delayed and mission-focused, and leverages e-Government and competitive sourcing.</li> <li>• Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance.</li> <li>• Agency has a diverse, results-oriented, high performance workforce, and has a performance management system that effectively differentiates between high and low performance, and links individual/team/unit performance to organizational goals and desired results.</li> <li>• Agency has closed most mission-critical skills, knowledge, and competency gaps/deficiencies, and has made meaningful progress toward closing all.</li> <li>• Agency human capital decisions are guided by a data-driven results-oriented planning and accountability system.</li> </ul>	<p><b>Achievement of Some but not All Core Criteria; No Red Conditions</b></p>	<p><b>Has Any One of the Following Conditions:</b></p> <ul style="list-style-type: none"> <li>• Agency lacks a human capital strategy that demonstrates how human capital activities and investments support accomplishment of mission, goals, and organizational objectives.</li> <li>• Agency has too many management layers and does not leverage e-Government and competitive sourcing as key components of its human capital planning efforts.</li> <li>• Agency has not developed succession plans in mission-critical areas.</li> <li>• Underrepresentation is not being addressed and the agency's performance management system does not effectively differentiate between high and low performance nor link individual/team/unit performance to organizational goals and desired results.</li> <li>• Agency is not addressing gaps / deficiencies in mission-critical skills, knowledge, and competencies.</li> <li>• Agency does not have adequate performance and workforce data to make and evaluate human capital decisions.</li> <li>• No commercial reimbursable support service arrangements between agencies are competed.</li> </ul>

### Competitive Sourcing

(G)	(Y)	(R)
<p><b>Must Meet All Core Criteria:</b></p> <ul style="list-style-type: none"> <li>• Completed public-private or direct conversion competition on not less than 50 percent of the full-time equivalent employees listed on the approved FAIR Act inventories.</li> <li>• Competitions and direct conversions conducted pursuant to approved competition plan.</li> <li>• Commercial reimbursable support service arrangements between agencies are competed with the private sector on a recurring basis.</li> </ul>	<p><b>Achievement of Some but not All Core Criteria; No Red Conditions</b></p>	<p><b>Has Any One of the Following Conditions:</b></p> <ul style="list-style-type: none"> <li>• Completed public-private or direct conversion competition on less than 15 percent of the full-time equivalent employees listed on the approved FAIR Act inventories</li> <li>• Competitions and direct conversions are not conducted in accordance with approved competition plan.</li> <li>• No commercial reimbursable support service arrangements between agencies are competed.</li> </ul>

### Improved Financial Performance

(G)	(Y)	(R)
<p><b>Must Meet All Core Criteria:</b></p> <ul style="list-style-type: none"> <li>• Financial management systems meet Federal financial management system requirements and applicable Federal accounting and transaction standards as reported by the agency head.</li> <li>• Accurate and timely financial information.</li> <li>• Integrated financial and performance management systems supporting day-to-day operations.</li> <li>• Unqualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.</li> </ul>	<p><b>Achievement of Some but not All Core Criteria; No Red Conditions</b></p>	<p><b>Has Any One of the Following Conditions:</b></p> <ul style="list-style-type: none"> <li>• Financial management systems fail to meet Federal financial management systems requirements and applicable Federal accounting standards as reported by the agency head.</li> <li>• Chronic or significant Anti-deficiency Act violations.</li> <li>• Agency head unable to provide unqualified assurance statement as to systems of management, accounting, and administrative controls.</li> <li>• Auditors cite material non-compliance with laws and regulations, or repeat material internal control weaknesses; or are unable to express an opinion on the annual financial statements.</li> </ul>