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DEPARTMENT OF
ENERGY

Usefulness of Performance
Plan Could Be Improved

Statement of Susan D. Kladiva, Associate Director,
Energy, Resources, and Science Issues,
Resources, Community, and Economic
Development Division



Mr. Chairman and Members of the Subcommittee:

We are here today to discuss the Department of Energy's (DOE) annual performance plan for fiscal year 2000 which is required by the Government Performance and Results Act of 1993. My statement summarizes our preliminary observations on the annual plan in three key areas and is based on our ongoing evaluation of the annual plan.

In summary, DOE's annual performance plan for fiscal year 2000 is linked to the Department's strategic plan and to the program activities in the Department's budget request. The annual plan also recognizes the importance of verifying and validating the Department's performance. However, the annual plan could be more useful if it better identified planned outcomes, presented information on individual offices' planned performance and requested funds to meet the needs of congressional decisionmakers during their review of the budget request, and described its verification and validation procedures in more detail.

Background

Under the Government Performance and Results Act of 1993, an annual performance plan is to systematically provide congressional decisionmakers with information on the results to be achieved with a proposed level of resources. Specifically, the annual plan should be clearly related to the agency's strategic plan, and its performance goals and measures should be outcome oriented wherever possible. In addition, the plan should link the agency's performance goals and measures with the program activities in the President's budget request for the agency. Finally, the plan should specify the procedures that will be used to verify and validate information on the agency's performance.

Annual Plan Is Linked to the Strategic Plan, but Its Outcomes Could Be Better Defined

For fiscal year 2000, DOE has clearly linked the goals and measures in its annual performance plan to the goals, objectives, and long-term strategies in its strategic plan. First, the annual plan begins with the mission statement from the strategic plan. Second, the annual plan, like the strategic plan, is divided into five sections corresponding to DOE's four business lines (Energy Resources, National Security, Environmental Quality, and Science and Technology) and Corporate Management. Within these sections, the annual plan lists the strategic goals, strategic objectives, and long-term strategies for achieving the strategic objectives identified in the strategic plan. Finally, the annual plan links its goals and measures to the strategic plan's long-term strategies in a matrix that

covers fiscal years 1998, 1999, and 2000. This presentation allows the user of the plan to observe the Department's actual and intended performance towards the strategic goals and objectives over time.

Many of the annual plan's goals and measures are stated in quantifiable terms, but the plan's description of expected performance is often incomplete because no baseline is included to determine whether goals are reasonable and appropriate and to measure how the Department's annual performance compares with the strategic plan's goals and objectives. For example, under the National Security business line, DOE restates a long-term strategy as "Downsizing and Modernizing the National Security Enterprise." It supports this strategy with three annual goals and measures: (1) "ensure that all facilities required for successful achievement of the Stockpile Stewardship Plan remain operational," (2) "meet the established schedules for downsizing and modernizing our production facilities," and (3) "complete the upgrade of storage facilities at the Pantex Plant for storing surplus plutonium pits." Although the goals and measures are measurable, the strategy does not include a baseline that would allow decisionmakers to evaluate DOE's annual performance against its strategic objectives. Similarly, under the Environmental Quality business line, DOE restates a long-term strategy as "Reducing Worker, Public, And Environmental Risks." Again, it supports this strategy with three annual goals and measures: (1) "stabilize and safely store approximately 53 metric tons of heavy metal of spent nuclear fuel," (2) "stabilize approximately 38,000 kilograms bulk of plutonium residues, approximately 160 liters of plutonium solution, and 238 containers of plutonium metals/oxides," and (3) "make disposition ready 910 containers of plutonium metals/oxides." These goals and measures clearly quantify DOE's planned performance for fiscal year 2000; however, without baseline information that defines the total work to be accomplished, it will be impossible to determine how much progress DOE has made during the year toward fulfilling its strategic objective.

While many of DOE's annual goals and measures are output oriented and quantifiable, others are vague. As a result, they may not provide clear standards for evaluating DOE's performance. For example, to accomplish one of its long-term strategies—"Improve Existing Nuclear Power Plants"—DOE plans to "Implement a cooperative R&D program to address technical questions that could prevent continued operation of current nuclear power plants by working with industry, universities, and national laboratories." The word "Implement" could mean "plan," "organize," "conduct," or "initiate." It does not clearly indicate what DOE is to

accomplish in fiscal year 2000. The term “could prevent” is also undefined and unclear as a measure of performance.

DOE’s annual plan provides performance goals and measures for three fiscal years—1998, 1999, and 2000—allowing users of the plan to see what the Department has done or is planning to do over several years to achieve its strategic goals, objectives, and long-term strategies. Although not required by the Government Performance and Results Act of 1993, for fiscal year 1998, DOE measured its accomplishments in the annual plan using four levels of performance—fully successful, successful, partially successful, and unsuccessful. Fully successful equates to meeting or exceeding the goal; successful equates to meeting 80 to 100 percent of the goal, partially successful equates to meeting 50 to 80 percent of the goal, and unsuccessful equates to meeting less than 50 percent of the goal. This measuring system is flawed, we believe, because it allows DOE to rate incomplete performance as “successful.” For example, if DOE completes 80 percent of the work defined under one measure, it can claim that it has been “successful” even though 20 percent of the work was not done. Table 1 summarizes the results of DOE’s scoring for fiscal year 1998.

Table 1: DOE’s Measurement of the Fiscal Year 1998 Annual Performance

Category	Number	Percent of Total (percent)^a
Fully successful	113	59
Successful	57	30
Partially successful	19	10
Unsuccessful	3	2

^aColumn does not equal 100 percent due to rounding.

In our view, DOE could report its performance more accurately if it presented baseline information with its long-term strategies so that users could compare the Department’s accomplishments for a given fiscal year with the tasks needed to complete the long-term strategies.

Annual Plan Is Linked to Program Activities in DOE's Budget Request but This Linkage May Not Meet Congressional Decisionmakers' Needs

DOE uses two matrixes to link its annual performance to the program activities in the President's budget request. First, for each of its four business lines and corporate management, it uses a matrix to link its offices and programs to the program activities and the amounts requested in the budget. Second, DOE uses a matrix to show which office is to carry out each annual goal and measure. Although this linkage meets the requirements of the Results Act, the total number of individual goals and measures for a specific DOE office may be located in various parts of the annual plan. As a result, it is difficult to associate this office's total planned performance with the funds requested—an association that congressional decisionmakers may wish to make during their deliberations on the budget request. For example, we identified 18 annual goals and measures for the Office of Nuclear Energy, Science and Technology. However, they were included under three different business lines in different sections of the annual plan. To weigh the planned performance with the budget request of the Office of Nuclear Energy, Science and Technology, it is necessary to review each goal and measure in the annual plan to see if the goal and measure is associated with that office. If DOE were to supplement its annual plan with information showing performance measures by office, all of an office's annual goals and measures could be provided in one matrix and associated with a specific resource level.

DOE Recognizes the Importance of Verification and Validation but the Plan Provides Few Detailed Procedures

In its annual plan, DOE recognizes the importance of valid and reliable data and reporting systems for assessing its annual performance. The "validation and verification" and "demonstrating credible performance" sections of the plan provide an overview of the information sources (program offices, national laboratories, and contractors), the primary information system, and the general procedures followed to ensure that performance data and reports are reliable and accurate. DOE states that it provides periodic guidance and training to information providers, requires the heads of organizational elements to certify the accuracy of data and reports, and conducts its own reviews of the reporting system and management controls. DOE's Inspector General also independently evaluates the Department's financial statement and the performance data reported in the statement. Finally, the annual plan recognizes the need to assess and improve procedures for collecting and validating the data that will be used to evaluate DOE's performance.

Although DOE recognizes the importance of validation and verification, the annual plan does not translate that general recognition into specific plans for assessing DOE's performance. More specifically, the plan does not

(1) describe credible procedures to verify and validate the performance measures and information systems required to assess DOE's accomplishments for fiscal year 2000, nor does it (2) identify any significant data and/or information system limitations, discuss their implications for assessing progress toward performance goals, or identify any actions needed to correct recognized problems.

This concludes my statement based upon the work that we have completed. We will complete our review of DOE's annual plan in the near future. I would be happy to answer any questions you or other Members of the Subcommittee may have.

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