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441 G St. N.W.
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Congressional Committees

Managing for Results: Selected Agencies' Experiences in Implementing Strategic Reviews

The GPRA Modernization Act of 2010 (GPRAMA) provides important tools that can help inform federal decision making.[1] In implementing GPRAMA, the Office of Management and Budget (OMB) established a strategic review process in which agencies, beginning in 2014, were to annually assess their progress in achieving each strategic objective—the outcome or impact the agency is intending to achieve—in their strategic plans.[2] Agencies completed their fourth round of strategic reviews in 2017.

According to OMB's Circular A-11 guidance, the results of strategic reviews should inform many of the decision-making processes at the agency, as well as decision making by the agency's stakeholders, in areas such as long-term strategy, budget formulation, and risk management.[3] OMB's guidance also directed agencies to submit information to OMB annually that identifies between 10 and 20 percent of their objectives as either (1) demonstrating noteworthy progress, or (2) showing focus areas for improvement. According to OMB's guidance, this categorization is to ensure that OMB and each agency are able to discuss relative performance across the organization's mission, and prioritize analysis and decision making around the strategic objectives requiring the greatest attention.[4]

In 2015, we reviewed selected federal agencies' efforts to undertake strategic reviews and identified the following seven practices federal agencies can employ to facilitate effective reviews:[5]

- establish a process for conducting strategic reviews;

- clarify and clearly define measurable outcomes for each strategic objective;

- review the strategies and other factors that influence the outcomes, and determine which are most important;

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[1]Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011). GPRAMA updated the Government Performance and Results Act of 1993 (GPRA), Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

[2]OMB, Cir. No. A-11, at § 230.8. *Preparation and Submission of Strategic Plans, Annual Performance Plans*, and Annual Performance Reports (July 2017).

[3]OMB, Cir. No. A-11, at § 270.9.

[4]OMB, Cir. No. A-11, at § 270.13 & 270.9.

[5]GAO, *Managing for Results: Practices for Effective Agency Strategic Reviews,* GAO-15-602 (Washington, D.C.: July 29, 2015).

- identify and include key stakeholders in the review;

- identify and assess evidence related to strategic objective achievement;

- assess effectiveness in achieving strategic objectives and identify actions needed to improve implementation and impact; and

- develop a process to monitor progress on needed actions.

In July 2017, OMB released guidance which updated the status of the 2017 strategic reviews. Because agencies are currently developing new strategic goals and objectives, OMB stated that agencies may forego the reporting and categorization requirements for any current strategic objectives that an agency determines will be substantively different or no longer aligned with the current administration's policy, or legislative, regulatory, or budgetary priorities.[6] In addition, OMB stated that while there will be no formal meetings between OMB and the agencies to discuss findings and related progress from the 2017 strategic reviews, it expects that agencies will continue to conduct strategic reviews or assess progress made toward strategic goals and objectives aligned with administration policy.[7]

Furthermore, OMB stated that during this transition year, updates of progress on agency strategic objectives will only be published in the agency's annual performance report and will not be reported to Performance.gov.[8] Full reporting through Performance.gov is to resume after new agency strategic plans are published in February 2018. Agencies are to include a progress update for strategic objectives as part of their progress update in their fiscal year 2017 annual performance reports. Agencies also must address next steps for performance improvement as part of their fiscal year 2019 annual performance plans.[9]

GPRAMA requires us to review implementation of the act at several critical junctures.[10] As part of our response to that mandate, this report describes selected agencies' experiences in implementing strategic reviews. We selected five agencies for our review: (1) General Services Administration (GSA); (2) Small Business Administration (SBA); (3) Department of State (State); (4) U.S. Agency for International Development (USAID); and (5) Department of the Treasury (Treasury). The experiences of these agencies may be beneficial when OMB restarts its discussions with agencies on their strategic objective reviews and reports the results of those reviews on Performance.gov in 2018.

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[6]OMB, Cir. No. A-11, at § 270.13.

[7]OMB, Cir. No. A-11, at § 270.12.

[8]This website is intended to serve as the public window to the federal government's goals and performance in key areas. See GAO, *Performance.gov: Long-Term Strategy Needed to Improve Website Usability,* GAO-16-693 (Washington, D.C.: Aug. 30, 2016). The General Services Administration (GSA), Small Business Administration (SBA), Department of State (State), and United States Agency for International Development (USAID) included the results of their 2016 reviews in their fiscal year 2016 annual performance reports. The Department of the Treasury (Treasury) included its 2016 review results in its 2016 agency financial report.

[9]OMB, Cir. No. A-11, at § 270.14.

[10]GPRAMA, § 15, 124 Stat. at 3883–3884.

We used two criteria to select agencies for our review. First, we selected agencies that, in consultation with OMB, identified strategic objectives as either demonstrating noteworthy progress, or focus areas for improvement, during their 2015 strategic reviews.[11] Second, we also selected agencies whose strategic review processes had a greater chance of addressing areas of fragmentation, overlap, and duplication, and high-risk issues identified in our past work.[12] Our 2015 report on strategic reviews found that effectively implementing the reviews could help identify opportunities to reduce, eliminate, or better manage instances of fragmentation, overlap, and duplication, and focus senior leadership attention on high-risk areas.[13]

We reviewed documents from the five selected agencies. These documents included agency guidance on conducting strategic reviews and lessons learned from strategic reviews that were conducted in 2014, 2015, and 2016. In addition, we interviewed officials from the five agencies to learn about their experiences with the strategic reviews at their agencies, and also received written responses from these agencies on our questions about their reviews. We used this information to develop common themes to describe the selected agencies' experiences in implementing strategic reviews. We also met with OMB staff to discuss OMB's role and plans for future agency strategic reviews.

We conducted this performance audit from May 2016 to September 2017 in accordance with generally accepted government auditing standards. 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 findings and conclusions based on our audit objectives.

Selected Agencies' Experiences in Implementing Strategic Reviews

Selected Agencies' Strategic Reviews Helped Direct Leadership Attention to Progress on Strategic Objectives

Strategic reviews helped the selected agencies focus their leadership's attention and raise visibility with OMB on strategic objectives that needed the highest level attention and focus to drive progress. The selected agencies described how categorizing the progress on their objectives engaged senior leadership's attention on the objectives:

- During the 2014 strategic reviews at GSA, the agency, in consultation with OMB, identified its strategic objective to enhance relationships with customers, suppliers, and stakeholders as a focus area for improvement. As a result of this designation, GSA created a Chief Customer Officer position and established a Customer Experience

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[11]Our selection was informed by the results from agencies' 2015 strategic reviews because agencies had not yet completed their 2016 strategic reviews at the time of our selection. For the 2016 reviews, SBA and Treasury reported their strategic objectives as either demonstrating noteworthy progress or focus areas for improvement, as in prior years. GSA, State, and USAID did not report whether progress on their objectives fell into these categories.

[12]See GAO, *2016 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits,* GAO-16-375SP (Washington, D.C.: Apr. 13, 2016) and *High-Risk Series: An Update,* GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

[13]GAO-15-602.

Office— housed in the Office of the GSA Administrator—to help it make progress in achieving this strategic objective.[14]

- After its first strategic review in fiscal year 2014, Treasury identified the need to create a communication plan to clearly convey information about the review process, roles of agency officials, and expectations to help bureaus and offices involve senior officials earlier and brief them more quickly. In response, Treasury developed a roles and responsibilities matrix to identify and include key officials throughout the review process—including senior leadership, staff with in-depth knowledge of administering programs, and key management partners such as the risk and budget teams. Treasury delineated roles for its Deputy Secretary, Assistant Secretary for Management, Chief Risk Officer, strategic objective leads, and officials from the performance office, among others.

- Treasury officials also took action in response to categorizing one of its strategic objectives as a focus area for improvement. When Treasury categorized its objective focused on federal financial management and accounting as a focus area for improvement in 2015, it identified implementing the Digital Accountability and Transparency Act (DATA Act)[15] as a key next step, and worked with OMB to develop implementation milestones and metrics.[16]

The selected agencies also reported that strategic reviews provided an opportunity to discuss with OMB staff how progress updates on objectives link with other processes, including budget requests and legislative proposals:

- For example, SBA officials stated that during their strategic review discussion with OMB staff, they discussed SBA's challenges with information technology (IT). These challenges were the key reason SBA categorized its objective to streamline, simplify, and strengthen operations as a focus area for improvement. SBA officials stated that SBA subsequently reprioritized funding for streamlining IT systems, and that the strategic reviews helped provide a platform to elevate IT issues with OMB staff.

Our 2015 report on practices for effective strategic reviews also found that agency leadership should be directly and visibly engaged in the strategic review process. This involvement fosters ownership among those involved in the review, and helps ensure that participants take the reviews seriously and can make decisions and commitments with the knowledge and backing of leadership.[17]

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[14]We have previously reported on challenges agencies faced in measuring customer service progress. GAO, *Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service*, GAO-15-84 (Washington, D.C.: Oct. 24, 2014).

[15]Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

[16]We have released a series of reports to Congress fulfilling our mandate to oversee DATA Act implementation. For example, GAO, *DATA Act: OMB and Treasury Have Issued Additional Guidance and Have Improved Pilot Design but Implementation Challenges Remain*, GAO-17-156 (Washington, D.C.: Dec. 8, 2016). The DATA Act was enacted to increase accountability and transparency and, among other things, expanded on the required federal spending information that agencies are to submit to Treasury for posting to a publicly available website.

[17]GAO-15-602.

Selected Agencies Used Existing Management and Performance Processes to Conduct Strategic Reviews

The selected agencies conducted strategic reviews as part of existing management and performance processes—such as quarterly data-driven reviews and budget resource requests—which they found to be more effective and less burdensome than creating new or separate processes to conduct their reviews.

- SBA officials reported that quarterly data-driven reviews on its agency priority goals helped provide the framework for conducting their strategic reviews.[18] For example, SBA used the action trackers from its quarterly data-driven reviews to develop action items to make progress on its strategic objectives. It also used data to help inform progress on its agency priority goals to assess progress on related strategic objectives, such as in the area of federal contracting. According to SBA officials, integrating the quarterly data-driven reviews with the strategic reviews helped reduce the burden on program managers.

- State and USAID officials also told us that strategic reviews were effective when they leveraged existing performance and management processes. For example, State officials told us that their strategic review process was decentralized because State's bureaus and missions around the world assessed progress against their own strategies. They said they found this existing, decentralized process effective in assessing progress on State's strategic objectives.

  State and USAID's Joint Strategic Plan was supported by more detailed objectives at the bureau, mission, and country levels. These agencies' bureaus and missions established strategic goals and objectives, and identified supporting performance measures through existing performance processes. State and USAID officials told us that they relied on various strategies, indicators, and reports at the bureau and mission levels to assess progress on their strategic objectives. Prior to strategic reviews, USAID officials stated that they routinely reviewed progress on their strategic objectives by using performance evaluations and other sources of evidence. They said they continued with this approach to conduct their strategic reviews.

OMB's Circular A-11 guidance also encourages agencies to leverage existing decision-making processes to conduct strategic reviews. According to OMB's guidance, in most cases, the strategic reviews should be integrated into existing agency management processes to raise key decisions, issues, and analysis to agency leadership. OMB's guidance also provides agencies flexibility in developing their processes. It states that agencies should use a tailored approach that is appropriate for the nature of the agency's programs, operations, and strategic objectives and evidence available.[19]

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[18]Under GPRAMA, data-driven reviews are used to monitor progress on agency priority goals, which are near-term goals to reflect agencies' highest priorities, and that represent an achievement that agency leaders want to accomplish within 2 years through focused leadership attention. See GAO, *Managing for Results: Agencies Report Positive Effects of Data-Driven Reviews on Performance but Some Should Strengthen Practices*, GAO-15-579 (Washington, D.C.: July 7, 2015).

[19]OMB, Circular No. A-11, at § 270.11.

Selected Agencies Refined Strategic Reviews by Capturing Lessons Learned

The selected agencies found it useful to refine their reviews by gathering lessons learned, and by developing maturity models to assess their evolution.

- Treasury officials completed an "after-action" assessment, and shared lessons learned and planned improvements with all the agency's leadership and Treasury components. Treasury officials documented the results of this effort and identified best practices for future strategic reviews. Treasury officials said they also developed a maturity model to refine their approach for conducting strategic reviews. The model described how Treasury began the reviews in 2014 by collecting baseline data. This process evolved to the point where the reviews would inform Treasury's next strategic plan for 2018-2022, according to officials.

- SBA conducted a lessons-learned session after each strategic review to identify next steps and take actions to help ensure progress was made each year, according to SBA officials. For example, after the first strategic reviews in 2014, SBA identified the need to focus on program evaluation and research. SBA then established an evidence registry in 2015 to begin compiling program evaluation reports from internal and external sources. By 2016, SBA began building a program evaluation function by hiring its first Lead Program Evaluator, and allocating funds to evaluate programs in 2017. SBA officials stated they are working on four evaluations for 2017, and that they have included plans for additional evaluations in SBA's 2018 budget request.[20]

According to OMB's A-11 guidance, each agency should refine the approach for conducting the strategic review each year based on the prior year's review process, considering the timing, roles, responsibilities, sources of evidence as well as how the agency identifies areas for focused improvement or areas of noteworthy progress. OMB's guidance states that the agency's approach to strategic reviews should include a maturity model for future improvements.[21] According to OMB, by developing a maturity model, agencies will have a road map for refining and improving their strategic reviews over time.

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[20]In 2015, we identified management areas in which SBA had not incorporated key principles, including strategic planning and program evaluation. Among other findings, we reported that SBA had not routinely conducted program evaluations and that SBA lacked critical information for ensuring the validity and effectiveness of (1) its goals, objectives, and strategies; and (2) both new and existing programs. We made related recommendations that SBA has not yet implemented. GAO, *Small Business Administration: Leadership Attention Needed to Overcome Management Challenges,* GAO-15-347 (Washington, D.C.: Sept. 22, 2015).

[21]OMB, Cir. No. A-11, at, § 270.11.

Agency Comments and Our Evaluation

We provided a draft of this report to the Director of the Office of Management and Budget, the Secretary of the State, the Secretary of the Treasury, the Acting Administrator of the General Services Administration, the Administrator of the Small Business Administration, and the Acting Administrator of the United States Agency for International Development for their review and comment.

OMB, State, Treasury, GSA, SBA, and USAID had no comments on this report.

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We are sending copies of this report to the appropriate congressional committees, the Director of the Office of Management and Budget, the Secretary of State, the Secretary of the Treasury; the Acting Administrator of the General Services Administration, the Administrator of the Small Business Administration, and the Acting Administrator of the United States Agency for International Development. This report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-6806 or mihmj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff who made major contributions to this report were Sarah Veale, Assistant Director, Don Kiggins, Analyst-in-Charge, Jeff DeMarco, Alexandra Gebhard, and Lauren Mosteller. Other contributors were Steven Putansu and Andrew J. Stephens.

J. Christopher Mihm

Managing Director, Strategic Issues

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