
The Department's Implementation of the Government Performance and Results Act Modernization Act

FINAL AUDIT REPORT



ED-OIG/A19M0005
January 2014

Our mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations.



U.S Department of Education
Office of Inspector General
Washington, DC

NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education Officials.

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

January 27, 2014

Memorandum

TO: James H. Shelton
Acting Deputy Secretary
Office of the Deputy Secretary

FROM: Patrick J. Howard /s/
Assistant Inspector General for Audit

SUBJECT: Final Audit Report
The Department's Implementation of the Government Performance and
Results Act Modernization Act
Control Number ED-OIG/A19M0005

Attached is the **final audit report** that covers the results of our audit of the Department's implementation of the Government Performance and Results Act Modernization Act. An electronic copy has been provided to your Audit Liaison Officer (ALO). We received comments from the Office of the Deputy Secretary (ODS) generally concurring with the findings in our draft report.

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System. Department policy requires that you develop a final corrective action plan (CAP) for our review in the automated system within 30 days of the issuance of this report. The CAP should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final audit report.

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We appreciate the cooperation given us during this review. If you have any questions, please call Michele Weaver-Dugan at (202) 245-6941.

Enclosure

cc: Heather Acord, ALO, ODS

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EXECUTIVE SUMMARY

The Government Performance and Results Act Modernization Act of 2010 (GPRA Modernization Act) was signed into law in January 2011. Its intent was to create an enhanced government-wide planning and reporting framework, retaining and amplifying aspects of the GPRA of 1993, and introducing new requirements that include the establishment of agency priority goals (APGs), additional data validity and reliability reporting, and quarterly performance reporting. The GPRA Modernization Act is intended to serve as a foundation for engaging leaders in performance improvement and creating a culture where data and empirical evidence play a greater role in policy, budget, and management decisions.

The objectives of our audit were to determine whether the U.S. Department of Education (Department) has 1) identified and clearly articulated priority goals, milestones, and performance indicators; 2) established a process for ensuring the validity and reliability of data; and 3) conducted and reported on the results of quarterly performance reviews to provide information to the public on its performance and operations.

Overall, we found that the Department has generally implemented the GPRA Modernization Act as required as related to our objectives, but improvements are needed with regard to disclosures related to congressional input and data verification and validation. Specifically, we found that the Department generally identified and clearly articulated APGs, milestones, and performance indicators as required by the GPRA Modernization Act. It also generally conducted and reported on quarterly performance reviews of its APGs, although supporting documentation could be better maintained. However, we noted that the Department did not identify on the government-wide website - Performance.gov - how congressional views were incorporated into the establishment of its APGs. In addition, while the Department has established processes for ensuring the accuracy and reliability of data used to measure progress towards its APGs, it has not accurately or adequately disclosed relevant information in its Annual Performance Plan (APP) or Annual Performance Report (APR) as required. As a result, the public may have less confidence that Congress and the Department are in agreement on the immediate priorities of the agency and that the data presented in performance reports is credible, and they may be unaware of any limitations of the data that would provide important context for understanding it.

To correct the weaknesses identified, we recommend that the Deputy Secretary:

- Develop and implement formal written internal procedures related to the GPRA process, to include applicable policy on congressional consultations, reporting on such consultations, and roles and responsibilities of involved Department staff.
- Clearly describe in all applicable performance reports and plans the Department's data verification and validation process for each APG and include complete and accurate disclosures related to data limitations and sources in accordance with GPRA requirements.
- Establish and implement formal written internal policies and procedures regarding the quarterly performance review process, to include documentation requirements and submission timeframes.

In response to the draft audit report, the Office of the Deputy Secretary (ODS) generally concurred with the findings in the report and provided information on progress made related to recommendations. It did not concur with the wording used to describe Finding No. 2 and the related recommendation. Specifically, while ODS generally agreed with the substance of the finding and recommendation, it noted that the wording used in the finding and recommendation could be misunderstood and may imply to a reader that the related performance data was not accurate, or that ODS was not disclosing the data appropriately.

ODS's comments are summarized at the end of each applicable finding. The full text of ODS's response is included as Enclosure 3 to this report. No changes were made to the report as a result of the response.

BACKGROUND

The Government Performance and Results Act Modernization Act of 2010 (GPRA Modernization Act) was signed into law in January 2011. Its intent was to create an enhanced government-wide planning and reporting framework aimed at taking a more crosscutting and integrated approach to focusing on results and improving government performance. The GPRA Modernization Act is intended to serve as a foundation for engaging leaders in performance improvement and creating a culture where data and empirical evidence play a greater role in policy, budget, and management decisions. Among other things, it requires agencies to develop agency priority goals (APGs) every 2 years. These goals are to reflect the highest priorities of the agency, as identified by the head of the agency, and be informed by broad cross-cutting federal government priority goals as well as input from relevant congressional committees. The APGs are intended to be short-term goals that advance progress towards longer-term outcome-focused goals.

The GPRA Modernization Act also made a number of changes to agency performance management roles, and provided the officials in these roles with specific duties to increase accountability of senior agency leadership for performance and results. The agency head was given broad responsibility for performance management, to include identifying APGs and, along with the Chief Operating Officer (COO), conducting quarterly priority goal progress reviews. It requires the deputy agency head to serve as the COO, charged with improvement of agency management and performance, and formally established the role of the Performance Improvement Officer who would report directly to the COO and advise on goal-setting and measurement and reviewing progress toward APGs. Additionally, each APG is to have a clearly identified agency official, known as a goal leader, who will be held accountable for leading implementation efforts to achieve the goal.

Agencies were required to identify their APGs and related information in their strategic plans and performance plans published concurrently with the President's budget in February 2012. In December 2012, the APGs and related performance information were made publicly available by the Office of Management and Budget (OMB) on a government-wide website - Performance.gov. Agencies are required to submit updates to OMB on each APG at least quarterly for publishing on Performance.gov.

AUDIT RESULTS

Overall, we found that the U.S. Department of Education (Department) has generally implemented the GPRA Modernization Act as required as related to our objectives, but improvements are needed with regard to disclosures related to congressional input and data verification and validation. Specifically, we found that the Department generally identified and clearly articulated APGs, milestones, and performance indicators as required by the GPRA Modernization Act. It also generally conducted and reported on quarterly performance reviews of its APGs, although supporting documentation could be better maintained. However, we noted that the Department did not identify on Performance.gov how congressional views were incorporated into the establishment of its APGs. In addition, we found that while the Department has established processes for ensuring the accuracy and reliability of data used to measure progress towards its APGs, it has not accurately or adequately disclosed relevant information in its Annual Performance Plan (APP) or Annual Performance Report (APR) as required. As a result, the public may have less confidence that Congress and the Department are in agreement on the immediate priorities of the agency and that the data presented in performance reports is credible, and they may be unaware of any limitations of the data that would provide important context for understanding it.

FINDING NO. 1 – The Department Generally Adequately Identified and Clearly Articulated Agency Priority Goals, Milestones, and Performance Indicators

We found that the Department generally identified and clearly articulated APGs, milestones, and performance indicators as required by the GPRA Modernization Act. Specifically, we noted that each APG was objective, quantifiable, measurable, had identified goal leaders, and included 2-year targets as well as quarterly milestones.¹ However, we noted that the Department did not identify how congressional views were incorporated into the establishment of its APGs. Specifically, we found no description on its agency homepage or individual APG pages on Performance.gov of how the APGs incorporated the views and suggestions of Congress. While we did note some references to Congress on individual APG pages, according to goal leaders the information provided was not from congressional input received during the development of the APGs; rather, the references were with regard to updates provided to Congress on the progress of various aspects of the APG, such as implementation of the underlying Department program.

OMB Circular A-11 (OMB A-11) Part 6, “Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports,” Section 250.3, dated August 2012,² identifies the primary criteria agencies must use in setting APGs. This includes developing goal statements that clearly identify the problems or opportunities the agency is

¹ See Enclosure 1 for a listing of the APGs, milestones and performance indicators.

² The August 2012 version of OMB A-11 was in effect for the scope of this audit. It was updated in July 2013. All OMB A-11 citations within this report are from the 2012 version; however, each citation remains in effect with no significant revisions in the 2013 version, albeit with slightly different section numbers in some instances.

trying to address and framed in a way that can be easily understood by the public. APGs are also required to have clear completion dates, targets, and indicators, as well as quarterly milestones to track progress. Additionally, OMB A-11 Section 210.14 states that all agencies must include a description of how the APGs incorporate views and suggestions obtained through the agency's congressional consultations. This information should be included in the overview section of the agency homepage or APG page on Performance.gov.

We found that the Department has no related internal policies and procedures with regard to GPRA reporting, to include the required disclosures of congressional input, as well as defined roles and responsibilities of Department staff in the reporting process. According to goal leaders, they were not informed of any congressional consultations that may have occurred during the development of the APGs, nor were they provided guidance for providing information on congressional input as part of their reporting on APGs. In addition, the Department's Office of Legislation and Congressional Affairs (OLCA) could provide no evidence of congressional consultations during the development of the APGs. However, an OLCA official noted that they are involved in discussions with Congress on a daily basis and not every discussion is documented. She added that if the Department is required to consult with Congress, those discussions would have occurred.

Disclosure of congressional consultations can help to improve the confidence in the American people that Congress and the Department are in agreement on the immediate priorities of the agency and are working together to improve related performance.

Recommendations

We recommend that the Deputy Secretary

- 1.1 Develop and implement formal written internal procedures related to the GPRA process, to include applicable policy on congressional consultations, reporting on such consultations, and roles and responsibilities of involved Department staff.

Department Comments

The Office of the Deputy Secretary (ODS) concurred with the finding. ODS agreed that it may not have clearly identified on Performance.gov how Congressional views were incorporated into the establishment of the 2012-2013 APGs, but noted that Congress was consulted and apprised on the progress of various aspects of APGs. ODS noted that it made progress toward developing and implementing internal guidance related to GPRA Modernization Act requirements, including Congressional consultations, reporting on such consultations, and roles and responsibilities of involved Department staff. ODS also noted that it intends to set up clearer internal processes consistent with the draft recommendation.

FINDING NO. 2 – The Department Has Not Accurately or Adequately Disclosed Information Related to its Data Verification and Validation Process

We found that while the Department has established processes for ensuring the accuracy and reliability of data used to measure progress towards its APGs, it has not accurately or adequately disclosed relevant information in its APP or APR as required. We noted that the overall data verification and validation approach initially described by the Department was not actually being utilized by its principal offices. Additionally, we noted that the Department did not specifically identify the means used to verify and validate measured values; the level of accuracy required for the intended use of data; any limitations to the data, including how the agency will compensate for such limitations if needed to reach the required level of accuracy; and did not always accurately identify the sources for the data.

Disclosure of Verification and Validation Process

We noted that the Department initially included a section in its draft fiscal year (FY) 2012 Annual Performance Report and FY 2014 Annual Performance Plan titled “The Department’s Approach to Data Collection and Analysis” that included a section on data verification and validation. Specifically, the Data Verification and Validation disclosure stated:

The Department has developed a protocol for verifying and validating data that it makes public in its annual performance plans and reports. To ensure data conformity and accuracy, the Department has developed a guidance document to assist its offices responsible for reporting data on strategic and program performance measures to address issues of data integrity, reliability, quality, and credibility. The document provides a framework for validating and verifying performance data before it is collected and reported and is used to evaluate data prior to publication. The guidance document is in the form of a worksheet that is used to assist offices in ensuring the completeness and reliability of the Department’s performance data.

Our discussions with the respective goal leaders or goal leader representatives revealed that only one was familiar with the framework or associated worksheet but she did not use them. The actual data verification and validation approaches employed varied by principal office and data source. We found in many cases, data is compiled manually and is not always subject to a formal validation process, particularly in cases where information is obtained from publicly available sources. For example, the Department staff responsible for compiling data for Priority Goal 6 related to college completion plans stated that he tracks the related performance indicator by researching and checking various public sources of information such as news articles, states’ higher education policies and strategic plans, and governors’ announcements. He compiles the information manually in a spreadsheet and provides the data directly to ODS. It is not independently verified.

Performance data for Priority Goal 5 is compiled by checking the number of states noted on the Common Core State Standards website, an initiative of the National Governors Association and Council of Chief State School Officers, as having adopted the standards. For some priority goals, data is manually obtained from grant applications, to include counting the number of

school districts noted in successful Race to the Top Early Learning Challenge (ELC) grant applications that were designated as having high-quality plans (Priority Goal 1) and counting states and districts noted in Race to the Top grant documentation noted as having requirements for teacher and principal evaluation systems (Priority Goal 2). For other goals, data is obtained from the Department's *EDFacts* system.³ With the exception of the data pulled from public data sources, Department officials noted that data is validated through grantee monitoring efforts and review of grantee annual performance reports.

Our discussions with ODS staff indicated that they do not have a separate process for verifying the data submitted by the goal leaders and that they rely on the goal leaders to ensure that the submitted data has already been verified by program offices. ODS staff believed that the data was being verified by the Department's Data Strategy Team (DST) prior to submission. However, a member of the DST stated that while there is some checking related to the accuracy of numbers reported that were obtained from the Department's *EDFacts* system, the DST does not have a formal role in ensuring the validity of results. As a result of our discussions with ODS on this matter, the section on Data Verification and Validation contained in the draft APR/APP was subsequently removed from the final report posted on April 10, 2013.

Disclosure of Performance Data Limitations and Data Sources

We further noted that while some information related to performance data was included within each individual APG section, the Department generally did not adequately disclose the level of accuracy required for the intended use of the data or any performance data limitations, to include how the agency will compensate for such limitations. In the final APR/APP, the Department used general statements to describe the limitations to the performance data it relied on to measure success. Specifically, the Department stated that data tied to a measure was influenced by external factors, such as the actions taken by local or state educational agencies, grantees, or states. While the Department's disclosure of limitations of the APG data noted the reliance by the Department on performance data submitted by external entities, it did not disclose what specific limitations may be associated with the data as a result, such as the potential for incomplete or inaccurate data, any plans to compensate for the limitations, and whether the limitations are deemed acceptable in relation to the level of accuracy required for the intended use of the data. For one indicator, we noted the Department used data from the ELC grant to track the number of states implementing high-quality plans to collect and report disaggregated data on the status of children at kindergarten entry. Department staff stated that this may not provide an accurate depiction of the number of states as there may be non-ELC states implementing high-quality plans, but that the data is not collected or used to measure progress for the related APG. We found that the Department did not adequately disclose this limitation to the data in the final APR/APP.

While the Department did note data sources for all of the APG performance data, in one case we noted that the data source did not appear accurate. In this instance, the data source was noted as Department of Education annual monitoring plans, while the individual that collected the data for

³ *EDFacts* is a Department initiative designed to collect state-reported K through 12 education performance data and other data within the Department, such as financial grant information, to encourage improved analysis and use of data.

the measure noted the source as news articles, state policies and strategic plans. Department officials could not explain the reason for the discrepancy.

The GPRA Modernization Act of 2010 and OMB A-11 Section 210.14 require that each update on agency performance should describe how the agency ensures the accuracy and reliability of the data used to measure progress towards its performance goals, including an identification of:

- (A) the means used to verify and validate measured values;
- (B) the sources for the data;
- (C) the level of accuracy required for the intended use of the data;
- (D) any limitations to the data at the required level of accuracy; and
- (E) how the agency has compensated for such limitations if needed to reach the required level of accuracy.

OMB A-11 allows agencies to develop a single data verification and validation appendix used to communicate the agency's approaches, and/or agencies may choose to provide information about data quality wherever the performance information is communicated.

Department officials in ODS stated that they believed that the underlying statement of the process for validating and verifying data included in the draft APR/APP was accurate, but that the connection to the worksheet may not have been an accurate representation of the process or of the Department's efforts. After the statement was removed from the draft APR/APP, the Department did not include new information in the final report regarding its process for ensuring performance data accuracy and reliability. Department officials believed that the Department had adequately disclosed data limitations since the final APR/APP noted that the Department relied on data that comes from States and local educational agencies.

According to a Department official within the Office of the Chief Financial Officer (OCFO) that is responsible for developing the APR/APP, the statement for data accuracy and reliability was developed approximately 4 years ago to satisfy prior reporting requirements. The official believed that the statement accurately reflected the Department's process and noted that program offices were provided the Validation and Verification Worksheet at the time it was completed. The Department official believed that enough information remained in the final APR/APP to satisfy the requirement related to data accuracy and reliability.

Overall, verification and validation of performance data and disclosure of data limitations support the general accuracy and reliability of performance information and reduce the risk of inaccurate performance data. Without adequate disclosure of relevant information, the Department may not provide a sufficient level of confidence to Congress and the public that the information presented is credible as appropriate for its intended use.

As part of our audit, we reviewed APRs prepared by other federal agencies to identify possible examples of good practices on disclosures of information on data validity and verification in accordance with GPRA requirements. We found that the APR from the Department of Housing and Urban Development included an appendix that clearly described data sources, data limitations and advantages, and data validation and verification for each of its goals. We noted that the APR from the Department of Agriculture included specific information as part of its discussion of each individual goal. The results reported for each goal included clearly labeled

sections on the completeness and source of the data, reliability of the data, as well as quality of the data.

Recommendations

We recommend that the Deputy Secretary

- 2.1 Clearly describe in all applicable performance reports and plans the Department's data verification and validation process for each APG and include complete and accurate disclosures related to data limitations and sources in accordance with GPRA requirements.

Department Comments

ODS generally agreed with the substance of Finding No. 2, but did not concur with the wording used to describe the finding and the recommendation. ODS noted that the wording could be misunderstood and may imply to a reader that the related performance data was not accurate, or that ODS was not disclosing the data appropriately. ODS suggested that the wording of the finding be changed to reflect that the Department could make process improvements to better manage its data verification and validation process, and better describe the methodology used in published documents. ODS also suggested the removal of "complete and accurate" from the recommendation.

ODS noted that it has designed procedures for ensuring that the best quality data is available for its planning and reporting purposes as well as a framework for principal offices to identify issues in data verification and validation prior to data reporting. Further, ODS noted that actions are planned to address shortfalls in data completeness, accuracy, and reliability of the data.

OIG Response

While the Department notes that it has designed procedures to ensure the best quality data, our review did not examine the accuracy or appropriateness of the performance data itself. Rather our review examined the accuracy and adequacy of the Department's disclosure of the processes it used to determine the accuracy and completeness of the performance data. The finding title conveys that the weaknesses noted were related to the disclosure of information while the finding provides details on weaknesses noted in Department disclosures as compared to GPRA Modernization Act disclosure requirements. These weaknesses included inaccurate disclosures of actual processes followed as well as incomplete disclosures of required information. Consequently, the finding and related recommendation reflect that we specifically found that disclosures related to the verification and validation process were not always accurate or adequate, not the actual data itself.

After considering ODS's comments, we have not made any changes to the finding or related recommendation.

FINDING NO. 3 – Quarterly Performance Reviews Have Generally Been Performed as Required

The Department has generally implemented quarterly performance reporting under the GPRA Modernization Act of 2010 as required, although supporting documentation could be better maintained. Specifically, we determined that the Department generally adequately completed the required quarterly performance updates (QPUs) and likely submitted the QPUs for OMB review timely. OMB guidance required that agencies provide QPUs starting with the 2nd quarter of FY 2012. The 2nd quarter QPU was to be submitted to OMB as part of the APG draft action plan, with subsequent QPUs to be submitted electronically through OMB's electronic reporting system. QPUs were made available to the public via Performance.gov beginning with the QPU for the 4th quarter of FY 2012.

We noted ODS developed templates that were to be distributed to goal leaders, or those designated by the goal leader, at the end of each quarter. The template requested information such as an update on progress since the previous quarter; key barriers and challenges to successful APG implementation; external factors that may impact the APG; and next steps and future actions for the remaining quarters during the 2-year APG period, to include quarterly milestones. The updated QPU template was returned to ODS via email, and the information loaded into OMB's Performance Reporting Entry Portal by a team within ODS. According to Department officials, this information is then reviewed by OMB and they work with OMB to resolve any issues with the QPU reporting, such as the adequacy of the information included in the update.

As part of our review, we asked Department officials to provide us with copies of each of the required QPUs that were to be completed as of the date of our request (April 2013). The Department provided the completed templates for the 3rd and 4th quarters of FY 2012 and the 1st quarter of 2013. The Department also provided the APG draft action plan required by OMB as noted above; however, we found it did not include the FY 2012 2nd quarter performance updates. Department officials indicated that the updates were prepared, but they were unable to provide supporting documentation.

The Department was initially unable to provide evidence of the actual submission date of the QPUs to OMB. It subsequently obtained the publish history maintained in Performance.gov from OMB, which provided the date the QPU was posted on Performance.gov for public review after its submission for review and comment by OMB. This information did not clearly indicate which quarterly reporting period the publish date was associated with. In order to determine whether a QPU was completed timely, we looked for publish dates that fell on or around the publish date timelines cited in OMB A-11 for each QPU. The results of our review indicated that for the 3 QPUs that were published on Performance.gov,⁴ all were published within 2 weeks or less of the cited publish timelines, indicating the Department likely completed and submitted the QPUs for OMB review timely.

⁴ Performance updates for the 2nd quarter of FY 2012 were not submitted or published via Performance.gov as the website was not operational at that time.

Section 250.19 of OMB A-11 states that agencies must report progress to OMB on each APG 6 weeks after the end of each quarter, covering the period of the most recent quarter closed. Section 200.22 provides specific due dates for quarterly reporting. Additionally, Section 210.14 provides a table that establishes detailed content that must be addressed in QPUs. Required content includes achievements during the last quarter as well as an identification of significant challenges if any impeded progress on the APG. Updates should be provided if needed on future actions, implementation strategies, indicators, contributing programs, external factors and changes in goal leaders.

We found that the Department has no related internal policies and procedures with regard to the QPU process. This was magnified by staff turnover within ODS, including those responsible for managing the QPU process. Department officials had to search through documentation to recreate the QPU process as part of the audit as this information was not always readily available. Without established policies and procedures, the QPU process may not be as efficient as it could be and results may not be published timely, delaying the public's ability to review Department progress on key goals.

Recommendations

We recommend that the Deputy Secretary

- 3.1 Establish and implement formal written internal policies and procedures regarding the quarterly performance review process, to include documentation requirements and submission timeframes.

Department Comments

ODS concurred with the finding and noted that supporting documentation of completed quarterly updates could have been better maintained. ODS noted that it has made progress, consistent with the draft recommendation, toward developing and implementing internal guidance related to the quarterly performance review process to improve the documentation and submission timeframes.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine whether the Department has 1) identified and clearly articulated priority goals, milestones, and performance indicators; 2) established a process for ensuring the validity and reliability of data; and 3) conducted and reported on the results of quarterly performance reviews to provide information to the public on its performance and operations.

To accomplish our objectives, we gained an understanding of internal control applicable to the Department's implementation and administration of the GPRA Modernization Act. We reviewed applicable legislation, regulations and other guidance, to include the GPRA Modernization Act of 2010, OMB Circular A-11 "Preparation, Submission, and Execution of the Budget," and OMB Management Procedures Memorandum No. 2012-01, "FY 2012-2013 Agency Priority Goal Planning, Implementation, and Review Process." In addition, to identify potential vulnerabilities, we reviewed prior Office of Inspector General and Government Accountability Office reports relevant to our audit objectives.

We conducted discussions with ODS officials and goal leaders or goal leader designees for each APG with specific knowledge of the Department's APGs and related processes. We also held discussions with officials from the DST, Data Quality Initiative, and OCFO to gain an understanding of their role in the APG performance data validity and reliability process.

The scope of our review was limited to reviewing information related to all six of the Department's APGs developed for the 2-year period covering FYs 2012-2013. This included a review of the Department's FY 2011-2014 Strategic Plan, FY 2012 APR, FY 2014 APP, performance information posted to Performance.gov, and all quarterly performance updates prepared by the Department as of April 2013. We also reviewed APRs prepared by other federal agencies to identify possible examples of good practices on disclosures of information on data validity and verification in accordance with GPRA Modernization Act requirements.

We conducted fieldwork at Department offices in Washington, D.C., from January 2013 through September 2013. We provided our preliminary audit results to Department officials during an exit conference conducted on September 9, 2013.

We conducted this performance audit 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 the audit objectives.

Table of FY 2012-2013 Agency Priority Goals

APG	Goal Statement/Milestone	Performance Indicator(s)
1 - Early Learning	Improvement outcomes for all children from birth through third grade. By September 30, 2013, at least nine states will implement a high-quality plan to collect and report disaggregated data on the status of children at kindergarten entry.	States implementing high-quality plans to collect and report disaggregated data on the status of children at kindergarten entry.
2 - Effective Teacher	Improve learning by ensuring that more students have an effective teacher. By September 30, 2013, at least 500 school districts will have comprehensive teacher and principal evaluation and support systems and the majority of states will have statewide requirements for comprehensive teacher and principal evaluation and support systems.	States with approval for evaluation system guidelines.
		Participating school districts with qualifying evaluation systems for teachers.
		Participating school districts with qualifying evaluation systems for principals.
3 - School Turnaround	Demonstrate progress in turning around the nation's lowest-performing schools. By September 30, 2013, 500 of the nation's persistently lowest-achieving schools will have demonstrated significant improvement and will have served as potential models for future turnaround.	Lowest-achieving schools demonstrating significant improvement and serving as potential models for future turnaround efforts.
4 - State Longitudinal Data Systems	Make informed decisions and improve instruction through the use of data. By September 30, 2013, all states and territories will implement comprehensive statewide longitudinal data systems (SLDS).	Number of states implementing K-12 data systems.
5 - College and Career Readiness	Prepare all students for college and career. By September 30, 2013, all states will adopt internationally-benchmarked college- and career-ready standards.	States adopting internationally-benchmarked college- and career-ready standards.
6 - College Completion and Affordability	Improve students' ability to afford and complete college. By September 30, 2013, the Department will develop a college scorecard designed to improve decision-making and transparency about affordability for students and borrowers by streamlining information on all degree-gathering institutions into a single, comparable, and simplified format, while also helping all states and institutions develop college completion plans.	Number of states with college completion plans in place.

Acronyms/Abbreviations/Short Forms Used in this Report


ALO	Audit Liaison Officer
APG	Agency Priority Goal
APP	Annual Performance Plan
APR	Annual Performance Report
CAP	Corrective Action Plan
COO	Chief Operating Officer
Department	U.S. Department of Education
DST	Data Strategy Team
ELC	Early Learning Challenge
FY	Fiscal Year
GPRA	Government Performance and Results Act
OCFO	Office of the Chief Financial Officer
ODS	Office of the Deputy Secretary
OLCA	Office of Legislation and Congressional Affairs
OMB	Office of Management and Budget
QPU	Quarterly Performance Update



Department Response to the Draft Audit Report
UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

Enclosure 3

TO: Patrick J. Howard
Assistant Inspector General for Audit
Office of Inspector General

FROM: Nancy Poon Lue 
Acting Performance Improvement Officer
Office of the Deputy Secretary

SUBJECT: Comments on Draft Audit Report "The Department's Implementation of the Government Performance and Results Act Modernization Act"
(Control Number ED-OIG/A19M0005)

I am writing in response to the Office of Inspector General's (OIG's) draft audit report on "The Department's Implementation of the GPRA Modernization Act". We appreciate the work that went into the report and the opportunity you have provided us to respond to the draft findings and recommendations.

We are pleased that your draft audit found the Department has generally implemented the *Government Performance and Results Act Modernization Act of 2010* (GPRA Modernization Act), as required by law and consistent with the purposes of your audit, and that we have identified and clearly articulated agency priority goals (APGs), milestones, and performance indicators as required, and conducted reviews and reported on quarterly performance of its APGs as required.

The Department is committed to building on the planning and reporting framework created by the GPRA Modernization Act. Since the enactment of the Act, the Department has intensified efforts to continuously improve through an ongoing cycle of establishing goals, assessing performance, examining data, and improving practices. Creating a culture of continuous improvement is at the heart of our efforts to work with and support early childhood, elementary, secondary, and postsecondary educators, policy makers, and beneficiaries at the federal, state, and local levels.

Our responses to each of the draft findings and recommendations are set forth below. Once again, thank you for your draft findings and recommendations and for the opportunity to review them and to respond.

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Finding No. 1. The Department Generally Adequately Identified and Clearly Articulated Agency Priority Goals, Milestones, and Performance Indicators

We concur with Finding No.1, that the Department generally identified and clearly articulated APGs, milestones, and performance indicators as required by the GPRA Modernization Act and that each APG was objective, quantifiable, measurable, had identified goal leaders, and included 2-year targets as well as quarterly milestones.

We agree that we may not have clearly identified on Performance.gov how Congressional views were incorporated into the establishment of the 2012-2013 APGs, however, Congress was consulted and apprised on the progress of various aspects of the APGs, such as implementation of the underlying Departmental programs, and we took their views into account on these matters. The Office of the Deputy Secretary made progress toward developing and implementing internal guidance related to GPRA Modernization Act requirements, including congressional consultations, reporting on such consultations, and the roles and responsibilities of involved Department staff, and consistent with the draft recommendation, we intend to set up clearer internal processes.

Finding No. 2. The Department Has Not Accurately or Adequately Disclosed Information Related to its Data Verification and Validation Process

While we generally agree with the substance of the draft finding that the Department can improve its data verification and validation process, we do not concur with the wording used to describe Finding No. 2 and the recommendation, as it may be misunderstood and may imply to a reader that the performance data we provided was not accurate, or we were not disclosing it appropriately. We suggest that the wording of the finding be changed to reflect that the Department could make process improvements to better manage its data verification and validation process, and better describe the methodology used in published documents. Our suggested wording for the title and substance of the finding would be more closely aligned with the specific details of your findings that pertain to our verification and validation process, performance data limitations, and data sources.

We concur with the substance of your draft recommendation with the suggested word changes in the following draft recommendation:

We recommend that the Deputy Secretary:

2.1 Clearly describe in all applicable performance reports and plans the Department's data verification and validation process for APGs and include disclosures related to data limitations and sources, in accordance with GPRA Modernization Act requirements.

The Department has designed a procedure for ensuring that the best quality data are available for its planning and reporting purposes and has developed a framework for principal offices to identify issues in data validation and verification for its strategic and program performance goals and measures prior to data reporting. In addition, limitations of data collected by the Department are noted and actions are planned to address shortfalls in data completeness, accuracy, and reliability.

For example, the Department's Policy and Program Studies Services (PPSS) office assesses the completeness and reliability of the data presented in the FY14-18 Strategic Plan. The types of data and methodologies include:

- **Statistical data collections** which contain documented studies methodologies that provide evidence of data completeness and reliability and identify data limitations that arise from a variety of sources, including sampling error. To identify their completeness and reliability, ED will rely upon associated methodology reports developed by NCES, Census, and other statistical agencies as applicable.
- Strategic Plan metrics obtained from **Annual Performance Reports (APR)** are submitted by grantees to program offices, or from **program data submitted to the Department through the EDFacts Submission System**. The Department's EDFacts team works with ED program offices on protocols to assess the completeness, reliability, and overall quality of EDFacts data; identifying limitations specific to the data elements used to calculate public-facing metrics. Program offices were asked to identify procedures they follow to ensure the completeness and reliability of APR data, known limitations, and applicable plans for quality enhancement.
- **Monitoring and Grant Applications** data (e.g., Flex Applications) and **Management Information Systems/Business Operations** (such as Past Performance Information Retrieval System) are also used to calculate performance measures. Program offices were asked to identify the monitoring process, information system, or business operation that is the source of metric data, describe quality assurance of procedures in use, and identify data limitations.
- **Nonstatistical data sources external to ED** are used to support four public-facing performance indicators. The source for two metrics is the Department of Health and Human Services (HHS). ED will consult with HHS on the limitations of their data. The other external data providers were asked to provide evidence of data quality and known data limitations.

Finding No. 3. Quarterly Performance Reviews Have Generally Been Performed as Required

We concur with Finding No.3, that the Department has met the requirements for quarterly performance reporting under the GPRA Modernization Act of 2010. We completed the required quarterly updates and submitted them timely for OMB review. Although supporting documentation could have been better maintained, the Office of the Deputy Secretary has already made progress, consistent with the draft recommendation, toward developing and implementing internal guidance regarding the quarterly performance review process, to improve the documentation and submission timeframes, as applicable to OMB's A-11 guidance.

Please let us know if you have any questions or need further information about any of our comments and responses. Thanks again for the opportunity to provide comments.