

**Resources, Community, and
Economic Development Division**

B-277376

July 10, 1997

The Honorable Richard K. Arme
Majority Leader
House of Representatives

The Honorable John Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
and Oversight
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

Subject: Results Act: Observations on USDA's Draft Strategic Plan

On June 12, 1997, you asked us to review the draft strategic plans submitted by the cabinet departments and selected major agencies for consultation with the Congress as required by the Government Performance and Results Act of 1993 (the Results Act). This letter is our response to that request concerning the draft strategic plan for the U.S. Department of Agriculture (USDA).

**Objectives, Scope,
and Methodology**

Specifically, you asked us to review USDA's draft plan and assess (1) whether it fulfills the requirements of the Results Act and to provide our views on its overall quality; (2) whether it reflects USDA's key statutory authorities; (3) whether it reflects interagency coordination for crosscutting programs, activities, or functions that are similar or complementary to other federal agencies; (4) whether it addresses management problems we have previously identified; and (5) the adequacy of USDA's data and information systems for providing reliable information for measuring results.

We obtained the May 1997 draft strategic plan that USDA provided to congressional committees. USDA's draft strategic plan includes a Department-wide strategic overview as well as the 30 plans for the mission

areas, subagencies, and staff offices that make up the Department. We reviewed the Department-wide strategic overview and the 16 subagency plans that are directly related to accomplishing USDA's mission and implementing its programs. These 16 subagency plans cover the seven primary mission areas of USDA: Farm and Foreign Agricultural Services; Food, Nutrition, and Consumer Services; Food Safety; Marketing and Regulatory Programs; Natural Resources and Environment; Research, Education, and Economics; and Rural Development.¹

It is also important to recognize that USDA's final plan is not due to the Congress and the Office of Management and Budget (OMB) until September 1997. Furthermore, the Results Act anticipated that it might take several planning cycles to perfect the process and that the final plan would be continually refined as future planning cycles occur. Thus, our findings reflect a snapshot status of the draft strategic plan at this time. We recognize that developing a strategic plan is a dynamic process and that USDA, OMB, and congressional staff are continuing to revise the draft.

Our overall assessment of USDA's draft strategic plan was generally based on our knowledge of USDA's operations and programs, our numerous reviews of the Department, and other existing information available at the time of our assessment. Specifically, the criteria we used to determine whether USDA's draft strategic plan complied with the requirements of the Results Act were the Results Act, supplemented by OMB's guidance on developing the plans (OMB Circular A-11, Part 2). To make judgments about the overall quality of the plan and its components, we used our May 1997 guidance for congressional review of the plans (GAO/GGD-10.1.16). To determine whether the plan contained information on interagency coordination and addressed management problems previously identified by GAO, we relied on our general knowledge of USDA's operations and programs, and the results of our previous reports. In determining whether USDA's draft strategic plan reflects the Department's major statutory responsibilities, as you requested, we coordinated our review with the Congressional Research Service and reviewed material in USDA's 1998 budget explanatory notes for an overview of the Department's primary functions and activities. To determine whether USDA had adequate systems in place to provide reliable information on performance, we reviewed the Department-wide plan for financial management and the subagency plans for the Chief Financial Officer and the Chief Information Officer. We also relied on the results of our previous reports and those from USDA's Office of Inspector General.

¹The Rural Development mission area has one combined plan for all three component subagencies.

Background

With an operating budget of about \$57 billion, USDA is one of the largest civilian agencies. USDA administers over 200 programs that cover a wide range of issues related to food and agriculture. Among other things, USDA's programs support farmers' incomes, stabilize domestic markets, promote U.S. exports, manage national forests, conserve agricultural lands, provide access to food for low-income households, improve the nutritional status of the American people, ensure a safe food supply, and support research for the development of new agricultural products and processes. The programs are administered by 18 subagencies in seven mission areas.

The diverse nature of USDA's programs raises a number of challenges in developing a comprehensive and exhaustive strategic plan that adequately addresses all the responsibilities falling under the Department's purview. To best address the wide range of program activities and functions that support its mission and respond to the Results Act, USDA chose to develop as its draft strategic plan a Department-wide strategic overview that is accompanied by the 30 plans for the mission areas, subagencies, and staff offices that constitute the Department. The Department-wide strategic overview lays out the overall mission and goals for the Department, and the subagency plans provide greater detail on the missions and the goals of the individual subagencies, as well as reflect the multifaceted and multidimensional nature of the subagencies that together make up the Department.

USDA's Department-wide strategic overview defines the common mission for the Department as follows: "To enhance the quality of life for the American people by supporting production agriculture; promoting a safe, affordable, nutritious, and accessible food supply; caring for agricultural, forest, and range lands; supporting sound development of rural communities; providing economic opportunities for farm and rural residents; and expanding global markets for agricultural and forest products and services." The Department-wide strategic overview presents four overall goals for accomplishing the Department's mission: (1) expand economic and trade opportunities for agricultural producers and other rural residents; (2) ensure a safe, affordable, nutritious, and accessible food supply; (3) provide sensible management of natural resources; and (4) promote good government by providing USDA's services efficiently and effectively.

The Results Act requires that an agency's strategic plan contain the following six critical components: (1) a comprehensive mission statement; (2) agencywide long-term goals and objectives for all major functions and

operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) a relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations.

For the purpose of this report, we consider USDA's draft strategic plan to be a combination of the Department-wide strategic overview and the included subagency plans.

Results in Brief

Overall, USDA's draft strategic plan does not fulfill the requirements of the Results Act. The draft plan in many cases does not include the six elements required by the Results Act and generally lacks some key attributes necessary for a quality strategic plan. USDA's overall mission and goals are contained in the Department-wide strategic overview; the overview refers the reader to the subagency plans for information on the six required elements. However, only one of the subagency plans we reviewed contains all six required elements. USDA's draft strategic plan also falls short in several other areas necessary for achieving the purposes of the Results Act. Among other things, the draft strategic plan lacks an emphasis on externally focused goals and objectives; adequate, quantifiable performance measures; and good linkages between the subagencies' goals and the Department's overall goals.

USDA's draft strategic plan reflects consideration of the key statutes authorizing the Department's programs. However, USDA's draft strategic plan does not generally contain clear linkages between the stated goals and objectives and the Department's relevant major statutory responsibilities. The Results Act does not require agencies' strategic plans to contain a statement of statutory authorities. However, we believe that including such linkages may facilitate a better understanding of the diversity and complexity of USDA's overall mission, goals, and objectives.

We could not determine, from the information presented in the draft plan, the extent to which interagency coordination with federal agencies, both within and outside the Department, occurred in the strategic plan's formulation. Similarly, it is unclear whether an assessment of duplicative and overlapping functions was performed in developing the subagencies' goals and objectives. USDA's Department-wide strategic overview

acknowledges the role of USDA subagencies that carry out similar and/or complementary functions, but it does not recognize the role of other federal agencies. On the other hand, many of the subagency plans generically recognize the role of other federal agencies in accomplishing their missions. However, there is little evidence in either the Department-wide strategic overview or the subagency plans to suggest that the subagencies coordinated with other agencies—within or outside of USDA—when developing their goals and objectives.

USDA's draft strategic plan addresses some but not all of the high-risk issues and management problems we have previously identified. Generally, information on how USDA will address these high-risk issues and management problems, such as the need to reduce losses in the farm loan program, is included as goals and objectives in the subagency plans. However, USDA's draft strategic plan does not address some management issues, such as the need to reform milk marketing orders, improve the management of agricultural trade programs, and strengthen financial controls under credit reform.

USDA is not yet in a position to provide reliable data to measure some of its performance goals because many of its information, accounting, and financial management systems are inadequate, and long-standing problems with these systems have not been corrected. Moreover, many of the performance measures to be used by USDA's subagencies have not yet been developed sufficiently so that we can determine whether the data needed to measure performance are already available or will be available in the future.

USDA's Strategic Plan Does Not Yet Fulfill the Requirements of the Results Act

A significant amount of work still needs to be done before USDA's draft strategic plan can fulfill the requirements of the Results Act. USDA's draft strategic plan does not contain all six elements required by the Results Act. In addition, the draft strategic plan does not represent a comprehensive strategy to accomplish USDA's mission because it lacks some of the key attributes necessary for a quality strategic plan. USDA's Draft Plan Does Not Contain All Six Required Elements

USDA's Department-wide strategic overview provides a mission statement for USDA and lays out four general goals and their related subgoals. Each subgoal contains some information on the subagencies within USDA that provide support for accomplishing the goal and some of the major initiatives to be undertaken under the goal. The Department-wide strategic

overview refers to the subagency plans for information on strategies for achieving the goals; the relationships between long-term goals and annual performance goals; key factors external to the subagency that could affect the achievement of the goals; and the use of program evaluations to establish goals and to modify them in the future.

However, our review of the 16 subagency plans for the seven mission areas shows that, except for one plan, none of the subagency plans contain all six key elements required by the Results Act. The only subagency plan that contains all six elements is the plan for the Food and Consumer Service. Overall, the Food and Consumer Service's plan provides a good starting point to begin the strategic planning process for this subagency. The 15 subagency plans not providing information for all six elements contain two elements each—a mission statement and goals and objectives—but the information provided for the other four key elements varied as follows:

- Seven of the 15 subagency plans do not provide information on the resources needed to achieve goals and objectives.
- None of the 15 subagency plans provide sufficient information on the relationships between the long-term goals and annual performance goals; most plans indicate that this information is being developed.
- Seven of the 15 subagency plans do not provide information on external factors beyond the control of the subagency that could affect the achievement of the goals.
- Thirteen of 15 subagency plans allude to the fact that program evaluations may be used to modify goals and objectives in the future, but none describe the general scope and methodology for the evaluations, key issues that would be addressed during the evaluations, or the timing for the evaluations.

While many of the subagency plans include sections that should have covered information on the required elements, the information actually provided is incomplete and often not relevant or directly linked to the goals and objectives stated in the plans. Merely having a subheading for a required element does not ensure that the requirements of the Results Act have been satisfied. For example, almost all of the 16 subagency plans include a section that discusses the external environment facing the subagency, but only about half of the plans provide any indication of how these external factors could affect the subagency's ability to accomplish specific goals and objectives. Because external factors can influence the achievement of a goal directly and significantly, not including a discussion

of these factors could invalidate the assumptions underlying a goal. Similarly, providing a schedule of future program evaluations is important not because it is required but rather because without these evaluations a subagency cannot have the confidence that it has set the right goals and that its strategies will be effective in achieving these goals.

Observations on the Overall Quality of the Plan

Collectively, the Department-wide overview and the subagency plans are not yet sufficient to provide a comprehensive strategy for USDA or to achieve the purposes of the Results Act, such as improved management, program effectiveness, and public accountability and confidence in the agency, for the following reasons:

- As stated previously, many of the subagency plans are incomplete. We found a significant amount of variation in the level of completeness of the subagency plans. Until these plans are complete, they cannot provide an overall guide to help subagencies set priorities and allocate resources consistent with these priorities.
- Some of the subagency plans provide incomplete descriptions of the strategies to be used to achieve goals and objectives. The general goals and objectives should elaborate how the subagency is carrying out its mission, outline planned accomplishments, and schedule their implementation. Without fully descriptive strategies, it is unclear how the subagencies will achieve their stated goals and objectives. For example, the Rural Development plan states, as one of its objectives, that it will develop demographic, natural resource, infrastructure, or program data on rural communities and analyze these data to determine barriers and opportunities. However, the strategy to carry out this objective only states that the Rural Development mission area will identify data sources and describe the methodology for analysis.
- Some subagency plans contain goals and objectives with results that are beyond the subagency's span of influence. For example, the Foreign Agricultural Service's plan ties the accomplishment of many of its goals and objectives to an increase in the value of U.S. exports. The achievement of this performance goal depends on a number of external factors, some of which may be more significant than the subagency's programs and functions. At a minimum, these external factors should be recognized in the subagency plans and linked to particular goals.
- Only a few subagency plans include clear linkages between the subagencies' goals and objectives and the contributions of these goals and objectives to the Department's major goals. These linkages are important because the goals and objectives set out the long-term programmatic

policy and goals of the Department as a whole and are important for providing direction and guidance to the staff toward actions that fulfill the overall mission of the Department. For example, the plans for the Agricultural Research Service and Cooperative State Research, Education, and Extension Service contain good linkages between the subagency goals and the contributions of these goals to USDA's overall goals.

- USDA's strategic plan lacks a clear emphasis on externally focused goals. For example, two subagency plans—the Agricultural Marketing Service plan and the Grain Inspection, Packers and Stockyards Administration plan—fail to include any goals and objectives that are logically related to accomplishing the subagencies' missions. In addition, less than half of the goals stated in four other subagency plans were directly related to their missions. While the Results Act does not preclude the development of agency goals that are process oriented, the formulation of goals that relate to the accomplishment of an agency's mission are important because the process of formulating goals provides an opportunity for the agency to identify programs that are essential to the accomplishment of its mission as well as those activities that can be eliminated, reduced in scope, or transferred to another agency.
- Some of the goals and objectives in the subagency plans are not measurable and may preclude a future assessment of whether the goals have been or are being achieved. While not all the goals must be stated in a quantitative fashion, some of the goals in the subagency plans are stated so broadly that they are inherently unmeasurable, either directly or through the use of performance measures. This problem was particularly evident in the four subagency plans related to the Research, Education, and Economics mission area. Some of the stated goals and objectives may be difficult to measure as stated in the subagency plans, while the results of others may not be easily assessed in the short-term.
- Many of the performance measures are either missing, not useful, or incomplete, making a comprehensive assessment of performance and results difficult. For example, the Forest Service's plan contains no performance measures, while the Animal and Plant Health Inspection Service's plan provides performance measures for only a few objectives. Although some of the subagency plans provide information on performance measures, the information is not sufficient to show the relationship between the subagency's strategic goals and the performance goals to be included in its annual performance plans.

Key Statutory Authorities Are Reflected in USDA's Strategic Plan

USDA's draft strategic plan reflects consideration of the key statutes authorizing USDA's programs. However, the Department-wide strategic overview and the subagency plans do not generally contain clear linkages between the stated goals and objectives and USDA's relevant major statutory responsibilities. The Results Act does not require a statement of major statutory responsibilities to be included with the agency's goals and objectives.² Nonetheless, we believe that including such linkages in the subagency plans may facilitate a better understanding of the diversity and complexity of USDA's overall mission and goals and objectives. For example, the Animal and Plant Health Inspection Service—a subagency within the Marketing and Regulatory Programs mission area—provides some links between its stated goals and its statutory authorities. As a result, it was clear why a seemingly unrelated goal, such as ensuring the humane care and treatment of pets, was included as a goal for a subagency within USDA. Such linkages may also help ensure that the subagency is stating goals and objectives that are related to its mission and statutory authorities. For example, we found that the plans for the Agricultural Marketing Service and the Grain Inspection, Packers and Stockyards Administration—two other subagencies within the Marketing and Regulatory Programs mission area—provide no links between the stated goals and objectives and the key statutory authorities.

USDA's Strategic Plan Does Not Contain Adequate Information on Interagency Coordination

USDA's draft strategic plan provides little evidence to suggest that interagency coordination occurred to address the issues of duplication and overlap when preparing the plan. Although the Department-wide strategic overview provides information on the role of various USDA subagencies in accomplishing each of the Department's four overall goals, it does not acknowledge the role of other government agencies that support and/or complement these goals. Our previous work has shown that a number of USDA's programs and functions are similar and/or complementary to those of other agencies. For example, USDA's strategic overview does not acknowledge the role of the Food and Drug Administration or the Centers for Disease Control in supporting USDA's efforts to ensure a safe food supply. Similarly, there is no reference to the role of the Environmental Protection Agency, Bureau of Land Management, or the Fish and Wildlife Service in helping USDA achieve its natural resource management and conservation goals. In addition, although USDA is a significant participant in governmentwide initiatives relating to trade policy and promotion and food security—together with the U.S. Trade Representative, Agency for

²OMB Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation; this suggestion, however, does not extend to the statement of goals and objectives.

International Development, and Department of State—the roles of these agencies are not acknowledged in the Department-wide strategic overview.

The subagency plans generally acknowledge the role of other federal agencies—both within and outside of USDA—as being necessary for the subagencies to accomplish their stated missions. However, the subagency plans do not provide information to determine to what extent coordination with other agencies has occurred or whether an assessment of duplicative and overlapping functions was performed in developing the subagencies' goals and objectives. Instead, the roles of other agencies are usually not linked to the goals and objectives stated in the subagency plans and often ignored completely. For example, the Farm Service Agency's and the Natural Resources Conservation Service's plans both fail to recognize that the success of the Conservation Reserve Program depends on each subagency's successfully carrying out its respective responsibilities.

USDA's Strategic Plan Addresses Some Previously Identified Management Problems

USDA's draft strategic plan addresses some of the high-risk issues and major management problems we have previously identified, but it does not address all of them. Some of the program-specific issues that we have raised in the past are generally included in the goals and objectives of the subagency plans and include the following:

- In 1991, and again in 1997, we reported our concerns that the growing concentration in the meatpacking industry could lead to an increase in greater use of anticompetitive practices, such as price-fixing, by buyers.³ The Grain Inspection, Packers and Stockyards Administration's plan includes an objective to monitor the performance and structure of the livestock, meat, and poultry industries and to investigate anticompetitive practices to ensure that dominant firms do not adversely affect competition in these markets.
- In 1995, we reported that controls and procedures for authorizing and monitoring retailers that participate in the Food Stamp Program have not deterred nor prevented fraudulent activities.⁴ The Food and Consumer Service plan includes an objective to improve program integrity in order to increase claims collections and reduce the incidence of fraudulent activity.

³Packers and Stockyards Administration: Oversight of Livestock Market Competitiveness Needs to be Enhanced (GAO/RCED-92-36, Oct. 16, 1991); Packers and Stockyards Programs: USDA's Response to Studies on Concentration in the Livestock Industry (GAO/RCED-97-100, Apr. 23, 1997).

⁴Food Assistance: Reducing Food Stamp Benefit Overpayments and Trafficking (GAO/RCED-95-198, June 23, 1995).

- In 1992, and again in 1994, we reported that USDA's farm loan programs were highly vulnerable to waste, abuse, and mismanagement, resulting in billions of dollars in losses to the federal government.⁵ The Farm Service Agency's plan includes one objective to reduce losses from the farm loan program.
- Since 1981, we have issued a series of reports about our concerns with the federal crop insurance program, including the lack of compliance with program requirements, inadequate controls over companies' claim adjustment practices, and actuarial soundness of premium rates.⁶ The Risk Management Agency's plan includes objectives to (1) improve the effectiveness of the subagency's compliance function, (2) implement a process to ensure that underwriting principles and alternative reinsurance agreements are reevaluated periodically, and (3) continually improve the actuarial soundness and overall effectiveness of insurance programs.
- Since 1996, we and the Office of Inspector General have identified shortcomings in the Forest Service's accounting and financial data and information systems.⁷ The Forest Service's plan includes an objective to develop a sound financial system that will meet federal accounting standards and provide overall financial accountability.

On the other hand, we noted some important omissions in the Agricultural Marketing Service's and Foreign Agricultural Service's plans. The Agricultural Marketing Service's plan does not include a goal or objective to reform the milk marketing order system. Since 1988, we have reported a number of times on the need to reform this system because it is outdated.⁸ Because this program was created in 1937, when the structure of the dairy industry was significantly different than it is today, milk marketing orders have resulted in excess production and the inequitable treatment of some producers. To address these concerns, the Federal Agriculture

⁵Farmers Home Administration: Billions of Dollars in Farm Loans Are at Risk ([GAO/RCED-92-86](#), Apr. 3, 1992); Debt Settlements: FmHA Can Do More to Collect on Loans and Avoid Losses ([GAO/RCED-95-11](#), Oct. 18, 1994).

⁶Analysis of Certain Operations of the Federal Crop Insurance Corporation (CED-81-148, July 30, 1981); Crop Insurance: Overpayment of Claims by Private Companies Costs the Government Millions ([GAO/RCED-88-7](#), Nov. 20, 1987); Crop Insurance: Additional Actions Could Further Improve Programs' Financial Condition ([GAO/RCED-95-269](#), Sept. 28, 1995); Crop Insurance: Opportunities Exist to Reduce Government Costs for Private-Sector Delivery ([GAO/RCED-97-70](#), Apr. 17, 1997).

⁷Forest Service ([GAO/AIMD-97-11R](#), Dec. 20, 1996); Forest Service's Financial Data Limitations ([GAO/RCED-96-198R](#), June 19, 1996); Forest Service Decision-Making: A Framework for Improving Performance ([GAO/RCED-97-71](#), Apr. 29, 1997).

⁸Milk Marketing Orders: Options for Change ([GAO/RCED-88-9](#), Mar. 21, 1988); Milk Pricing: New Method for Setting Farm Milk Prices Needs to Be Developed ([GAO/RCED-90-8](#), Nov. 3, 1989); Federal Dairy Programs: Information on Dairy Pricing and Related 1995 Farm Bill Issues ([GAO/RCED-95-97BR](#), Mar. 27, 1995).

Improvement and Reform Act of 1996 requires USDA to make reforms to the milk marketing order system. It is unclear why USDA did not include this issue either as a goal or an objective in the plan, especially when the subagency is currently in the process of developing options to implement the mandated reforms, which must be completed in 1999. Similarly, the Foreign Agricultural Service's plan does not recognize the numerous problems we have identified in agricultural trade programs.⁹ In the past, we have concluded that these programs have been poorly managed, lack internal controls, and need greater accountability. However, the draft strategic plan does not provide a clear strategy on how these problems will be addressed.

In addition, we have identified significant Department-wide problems in information technology, accounting, and financial management, but USDA's draft strategic plan does not adequately recognize and address some of these problems. For example, with regard to information technology issues, we have reported that although USDA has spent nearly \$8 billion on information technology resources over the past 10 years, it has not effectively planned or managed these investments and, as a result, has wasted millions of dollars.¹⁰ To address this issue, the strategic plan for the Chief Information Officer (CIO) contains general goals and outlines actions for improving the acquisition and management of information technology. However, the CIO's strategic plan lacks quantifiable performance measures, time frames and milestones, and resources needed to accomplish these goals, as well as an explanation of how these goals are specifically linked to the subagencies' plans.

Similarly, with regard to financial management issues, USDA has a long-standing history of deficiencies in its accounting and financial management systems, including nonintegrated financial systems; inaccurate reporting; and ineffective controls leading to disclaimed, adverse, or qualified Inspector General audit opinions on financial statements. To address these issues, USDA has developed a Department-wide financial management plan that recognizes and addresses some of the Department's major weaknesses in its accounting and financial management systems. However, we found that this plan does not provide clear strategies on how USDA will address credit reform issues.

⁹Farm Bill Export Options (GAO/GGD-96-39R, Dec. 15, 1995); U.S. Department of Agriculture: Foreign Agricultural Service Could Benefit From Better Strategic Planning (GAO/GGD-95-225, Sep. 28, 1995); Agricultural Trade: Significance of High-Value Products as Agricultural Exports (GAO/GGD-93-120, Aug. 10, 1993).

¹⁰USDA Information Management: Extensive Improvements Needed in Managing Information Technology Investments (GAO/T-AIMD-97-90, May 14, 1997).

We believe that this is a critical financial management issue for USDA because the Department makes billions of dollars in loans every year. While the plan identifies a methodology for strengthening the subagency's controls for establishing and reestimating loan subsidy costs, as required by the Federal Credit Reform Act of 1990 and the Statement of Federal Financial Accounting Standards, No. 2, Accounting for Direct Loans and Loan Guarantees, it does not provide a clear strategy for eliminating the material weaknesses identified in the Inspector General's financial audit reports on credit reform.

Furthermore, we have reported in the past that USDA has not allocated adequate resources to fully comply with the Chief Financial Officers (CFO) Act and Government Management Reform Act.¹¹ These resource limitations are not recognized in USDA's strategic plan and will continue to preclude USDA from generating reliable financial data.

USDA Does Not Currently Have Adequate Systems to Provide Reliable Information for Measuring Results

Given the long history of problems with USDA's information, accounting, and financial management systems, we believe that USDA does not have adequate systems at this time to develop reliable information for measuring subagencies' performance and results. Therefore, until the problems we have identified in the past (some of which are stated above) are corrected, USDA will not be able to produce reliable data, which are essential for the development of useful performance measures. In addition, the CFO Act requires the development of cost information to enable the systematic measurement of performance and the integration of program, accounting, and budget systems.

Moreover, as part of the financial audit required by the CFO Act, the Inspector General has reported on inadequate controls over USDA's performance measures data. For example, the Inspector General found that the Forest Service did not have sufficient internal controls over recording and compiling performance measures data and as a result could not ensure that accurate and reliable measures were reported in the subagency's annual report. The Inspector General attributed these weaknesses to the Forest Service's lack of adequate reviews, policies, and procedures to ensure that the data are reliable.

In addition, USDA's draft strategic plan has not yet been developed sufficiently to identify all of the data needed to measure performance. This is because (1) not all goals and objectives in the draft plans are stated in a

¹¹Agriculture's CFO Act Implementation (GAO/AIMD-95-238R, Sept. 29, 1995).

manner that is measurable and (2) while a few subagencies have developed useful performance indicators, many of the subagency plans either have no performance indicators or have incomplete ones. We also noted this concern in our June 1997 report on governmentwide implementation of the Results Act.¹² We reported that the lack of results-oriented performance information to use as a baseline complicates agencies' efforts to set appropriate targets. USDA, in particular, had to eliminate some performance measures because it did not have a way to collect data for these measures.

Agency Comments

We provided copies of a draft of this report to USDA for review and comment. We met with USDA's Acting Chief Financial Officer and other officials, who told us that overall the Department has made significant progress in developing a strategic plan that meets the requirements of the Results Act. While they agreed that additional work is needed, they emphasized that the strategic planning process is an iterative process that is evolving, and they expect that USDA's strategic plan will continue to improve with each planning cycle.

However, USDA expressed two principal concerns with the draft report. First, the officials disagreed with our statement that the plan does not adequately address information technology issues that we have previously identified. We continue to believe that while the draft strategic plan for the Chief Information Officer discusses general goals and outlines actions for improving the acquisition and management of information technology, it lacks specificity in terms of performance indicators, time frames, and resources. Moreover, it is not clear how the goals discussed in the Chief Information Officer's plan are specifically linked to the subagency plans. We have added language to our comments on USDA's draft strategic plan to clarify our concerns. Second, USDA stated that the Foreign Agricultural Service was not aware of any outstanding recommendations by us relating to management problems. We believe that a number of issues and recommendations relating to management problems at the Foreign Agricultural Service have not yet been adequately addressed by the subagency. Our concerns and recommendations have been stated in various reports, including our 1995 report entitled U.S. Department of Agriculture: Foreign Agricultural Service Could Benefit from Better Strategic Planning (GAO/GGD-95-225, Sept. 28, 1995). USDA also provided us

¹²The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997).

with some technical comments that have been incorporated into the report, as appropriate.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this letter to the Ranking Minority Members of your Committees; the Chairmen and Ranking Minority Members of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture; the Secretary of Agriculture; and the Director, Office of Management and Budget. Copies will also be made available to others upon request.

Please contact me at (202) 512-5138 if you or any of your staff have any questions concerning this report. Major contributors to this report are Stephen M. Cleary, Eileen M. Cortese, Anu K. Mittal, and Dale A. Wolden.



Robert A. Robinson
Director, Food
and Agriculture Issues

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