What GAO Found

OMB has established a reasonable process for assessing and scoring agencies’ current status and progress (two separate scores) under the Improved Financial Performance Initiative of the PMA. OMB’s established scoring criteria address the fundamental aspects of sound financial management and are geared toward achievement of the goals envisioned in the Chief Financial Officers (CFO) Act. Seven of the nine current status scoring criteria (yellow criteria) are objective and verifiable using publicly available information. The remaining two green criteria are more subjective and require OMB to make judgments about whether agencies (1) currently produce accurate and timely financial information that is used by management to inform decision making and drive results in key areas of operations and (2) have acceptable plans (referred to as a Green Plans) to continuously expand the routine use of financial data in decision making in additional areas of operations. GAO found OMB’s staff were actively engaged in the scoring process and met regularly with agency officials to discuss progress in meeting scoring criteria and to provide input into agencies’ efforts to expand the use of financial data in their day-to-day management of key agency operations. GAO also found opportunities for OMB to enhance the process by better documenting its assessments of the more subjective green scoring criteria and by systematically tracking the receipt and approval of key documents used in the process.

Agency officials generally supported the scorecard process and stated that it has helped to focus top management’s attention on financial management issues. The six agencies GAO visited (those with green scores as of September 30, 2004, as requested) provided examples on how they use financial data as well as performance data to make management decisions related to controlling costs, budgeting, allocation of resources, and management of contracts and grants. Agency officials told GAO that some of the examples or activities demonstrated to GAO were also previously demonstrated to OMB to show that the agency was using financial data to help inform management decision-making. OMB officials said they considered these and other examples in rendering the green scores. However, the documentation issues discussed above prevented GAO from specifically determining which examples were used by OMB in making these scoring decisions.

The Improved Financial Performance Initiative scorecard process has clearly been a catalyst to improve financial management and to encourage agency managers to use financial data to enhance decision making as envisioned under the CFO Act. Better documenting the key decisions would help strengthen what is already a useful management tool by helping ensure consistency and continuity in the process and would enhance the value of the process to external users.