REVIEW OF PERFORMANCE MEASURES

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2004

APA

Auditor of Public Accounts

COMMONWEALTH OF VIRGINIA

Executive Summary

Our review found problems in the accuracy and understandability of performance measure information reported on the Virginia Results Internet website (Virginia Results). Virginia Results, maintained by the Department of Planning and Budget, contains strategic planning and performance measure information for executive branch agencies. Planning and Budget has made significant improvements in the completeness of the performance information; however, the results of this review show the accuracy and understandability of the performance measures requires additional improvements.

Our report includes the following specific recommendations aimed at improving the accuracy and understandability of the performance measure information on Virginia Results. Many of these recommendations will require the agencies and Planning and Budget to work together to resolve issues.

- Agencies should strengthen their procedures over the compilation and reporting of performance measure information on Virginia Results. While the accuracy of the information is ultimately the responsibility of the agency, Planning and Budget should set some minimum standards for agency documentation to support amounts reported on Virginia Results.

- Agencies and Planning and Budget need to review the current performance measures for understandability. In addition, Planning and Budget staff need to take a more active role in the review of new measures to ensure they are clear and understandable.

- Agencies and Planning and Budget need to work together to develop and report more results-oriented, outcome measures on Virginia Results.

- Planning and Budget should review and clarify recent guidance on performance measures, specifically as it relates to objectives and performance measures.

- Planning and Budget needs to strengthen their procedures for granting and controlling access to the Virginia Results database.

We continue to observe that while most of the measures published do relate to agency activities, many of them are of limited use and relevance for evaluating government programs and activities. We re-emphasize that input from the legislature, citizens, and others in government is required to determine which measures are appropriate for an agency or program. We recognize that Planning and Budget, in conjunction with the Council on Virginia's Future, is addressing long term planning and performance management issues in the Commonwealth. We hope that both Planning and Budget and the Council will consider our recommendations as they move forward with these efforts.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
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January 11, 2005

The Honorable Mark R. Warner
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

Gentlemen:

We have completed our review of the Commonwealth's performance measures as required by Section 30-133 of the Code of Virginia. The Department of Planning and Budget (Planning and Budget) maintains and reports these performance measures on the Virginia Results Internet website. We conducted our review in accordance with standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

Purpose and Scope

We have performed this review to satisfy the requirements of Section 30-133 of the Code of Virginia, requiring the Auditor of Public Accounts to review and report annually on whether state agencies are providing and reporting appropriate information on financial and performance measures to Planning and Budget. We are also required to review the accuracy of the management systems used to accumulate and report the results and make recommendations for new or revised performance measures. We issued our initial report in November 2002 to satisfy this requirement; this report is our third report in this series.

Our review was limited to executive branch agency performance measures reported to Planning and Budget and reported in the Agency Planning and Performance section of the Virginia Results Internet website. Since 2001, Planning and Budget has delegated responsibility for college and university performance measures to the State Council of Higher Education (SCHEV). SCHEV reports this information in their *Reports of Institutional Effectiveness for Higher Education* which are available on the SCHEV Internet website; therefore, college and university measures were not included in this review.

Objectives

Our objectives in reviewing the Virginia Results performance measures information were to:

- Determine whether the 2004 performance and target information is complete for all measures;
- Determine whether 2004 performance measure information is accurate, appropriate, and can be understood by an average user;
- Determine whether the agencies' processes, policies, and procedures are sufficient to ensure performance measure information is accurate, complete, and understandable;
- Determine whether Planning and Budget's instructions, guidance, and procedures are sufficient to ensure performance measure information is accurate, complete, and understandable;
- Determine whether Planning and Budget's procedures for granting access to Virginia Results are adequate to ensure that only authorized users can update information; and
- Determine the status of recommendations from our prior report.

Our work included reviewing the Virginia Results database for completeness and selecting a sample of measures for detailed review. For measures in the sample, we obtained and evaluated the supporting documentation provided by the agency. In addition, we surveyed the sampled agencies to obtain an understanding of their processes in place to ensure the reliability of the information reported. We also met with Planning and Budget staff to gain an understanding of their process for reviewing information on Virginia Results.

Results of Review

While Planning and Budget and the agencies have significantly improved the completeness of the performance measure information on Virginia Results over the last several years, the accuracy and understandability of the information needs to be improved. We found inaccuracies in 23 percent of the 2004 performance measure results we reviewed. In addition, we found various issues with the understandability of 63 percent of the performance measures we reviewed. Our report includes detailed recommendations on strengthening procedures to improve the accuracy and understandability of the performance measure information on Virginia Results. The accuracy and understandability of the information are issues for the individual agencies as well as Planning and Budget to address.

In our past reports, we have commented on several issues important to the success of performance management in Virginia. We continue to observe that while most of the measures reported do relate to agency activities, many of them are of limited use and relevance for evaluating government programs and activities. We re-emphasize that input from the legislature, citizens, and others in government is required to determine which measures are appropriate for an agency or program. We also stress the importance of making measures understandable to the average citizen, having more outcome-based measures, and displaying them effectively. Without addressing and resolving these issues, the Commonwealth will continue to allocate resources to collecting and reporting performance information that may have limited use.

We recognize that Planning and Budget, in conjunction with the Council on Virginia's Future, is addressing long term planning and performance management issues in the Commonwealth. We hope that both Planning and Budget and the Council will consider our recommendations as they move forward with these efforts.

This report is intended for the information and use of the Governor and General Assembly, management, and citizens of the Commonwealth of Virginia and is a public record.

Exit Conference

We discussed this report with Planning and Budget management on March 3, 2005.

AUDITOR OF PUBLIC ACCOUNTS

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Background Information on Virginia's Performance Management System

The Department of Planning and Budget (Planning and Budget) is the agency responsible for developing and directing the Commonwealth's performance management efforts. The Code of Virginia, Section 2.2-1501, directs Planning and Budget to develop, coordinate, and implement a performance management system involving strategic planning, performance measurement, evaluation, and performance budgeting within state government.

Virginia first implemented the current performance management system in the mid-1990s. This system has four linked processes: strategic planning, performance measurement, program evaluation, and performance budgeting. The Governor at the time required state agencies to prepare their first strategic plans in 1995. These strategic plans included an agency mission statement, strategic goals, identification of key customers and their needs, and three to five performance measures. The agencies developed their performance measures which Planning and Budget and then Joint Legislative Audit and Review Commission staff reviewed them. As part of this process, agencies also developed performance baselines and targets for each measure. Agencies began reporting on the results for each performance measure in fiscal year 1996.

Since then, there have been several initiatives and efforts aimed at strengthening the performance management system and processes. Both the executive and legislative branches have initiated these changes over the last several years. We have detailed some of the more significant initiatives below:

2000

- The General Assembly passed legislation requiring Planning and Budget to develop, implement, and manage an Internet-based performance information system, so that citizens could have access to the information. In response, Planning and Budget developed and implemented the Virginia Results Internet website.

- Planning and Budget delegated the responsibility for strategic planning, as well as accumulating and reporting performance information for colleges and universities to the State Council for Higher Education in Virginia (SCHEV). Chapter 814 of the Appropriation Act required that SCHEV develop Reports of Institutional Effectiveness (ROIE) and coordinate efforts with Planning and Budget to minimize the duplication of performance measures information for colleges and universities. As a result, SCHEV began including both system-wide and institution-specific performance measures information in their ROIE in July 2001. These reports are available to the public on SCHEV's website.

- The Performance Management Advisory Committee, established in 2000, provided guidance on improving Virginia's current performance management system. The committee issued reports dated August 2001 and August 2002, which included recommendations for improving the current system. Legislation passed by the 2003 General Assembly replaced this Committee with another group, the Council on Virginia's Future.

2002

- The General Assembly passed legislation requiring the Auditor of Public Accounts to annually review and report on the accuracy of the performance information on Virginia Results.

- The Governor's office established a performance management portal on the Internet called Virginia Excels. The Virginia Excels site reports on agency performance in core management functions, while Virginia Results reports on agency performance in delivering core services to customers and stakeholders.

2003

- The General Assembly passed legislation establishing the Council on Virginia's Future and creating the Government Performance and Results Act. This legislation established long-term planning for state government through the implementation of a "Roadmap for Virginia's Future." The Council on Virginia's Future advises the Governor and the General Assembly on the implementation process for the Roadmap for Virginia's Future. In addition, the legislation established the Government Performance and Results Act which requires each state agency to develop a strategic plan, including performance measures, and provides for the Governor to develop an implementation plan for each agency. The bill contains a sunset provision of July 1, 2008.

2004

- The Council on Virginia's Future continues to develop and refine the vision for the Commonwealth, define long-term statewide goals, and develop performance measures. The Council has worked on development of a new performance leadership system linking strategic plans with the budget.

- Planning and Budget issued revised strategic planning instructions to agencies in May 2004. These instructions serve as the first phase in a two-part process for implementing the requirements of the Government Performance and Results Act.

Currently, Planning and Budget, in conjunction with the Council on Virginia's Future, is reviewing and modifying Virginia's strategic planning model and budgeting structure. Under the current model, strategic planning and budgeting have operated under two separate methodologies. The budget has operated under a program structure, originally developed in the 1980s. The strategic planning model, developed in the mid 1990s, requires plans and measures based on agency activities.

Planning and Budget's current efforts are focusing on an integrated model that will support strategic planning, performance measurement, and budgeting. An integrated performance management model is necessary in order to implement the requirements of the new legislation and move forward with performance-based budgeting. Planning and Budget has developed a draft model based on service areas, which would serve as the basis for both agency strategic planning and funding. The Governor intends to have the proposed model available to agencies in 2005 with new instructions and training. Under the proposed model, the Governor's budget submission for the next biennium would use the service structure.

Virginia Results

Planning and Budget created Virginia Results in response to legislation passed by the 2000 General Assembly. Virginia Results is part of the Planning and Budget website and is accessible to the general public as well as those in state government. Virginia Results reports strategic planning information and performance measure results for each executive branch agency.

Planning and Budget is responsible for maintaining and managing Virginia Results, as well as providing guidance and instructions to agencies on updating their information. Agencies are responsible for compiling and entering their performance information on Virginia Results. Planning and Budget analysts periodically review the information for completeness and reasonableness.

Planning and Budget requires that each agency have at least one performance measure with no maximum limit on the number of measures allowed on Virginia Results. While most agencies have annual performance measures, they can also report measures on a quarterly or semi-annual basis. Planning and Budget requires agencies notify them of changes to their performance measures; however, there are no edit controls built into Virginia Results which keep an agency from making these changes, including adding new measures or deleting existing measures. Planning and Budget recommends that agencies only make changes to performance measures if it will make the measures more useful and relevant. Furthermore, agencies do not currently need to report baseline or target information for each measure. If an agency chooses to report a target performance level, Planning and Budget requires that they also identify a target year.

Since our last review, there have been several changes to Virginia Results. Planning and Budget has made extensive changes to the format of Virginia Results by including more strategic planning information for each agency and altering the display of the information. Planning and Budget also recommends agencies include performance measures from executive agreements on Virginia Results, where feasible. The current Governor has developed and implemented executive agreements with agency heads and cabinet secretaries. These agreements include performance measures to evaluate agency performance which were included in a restricted access section of Virginia Results at the time of our last review. Responding to our recommendation, many of the agencies now report these measures on Virginia Results.

Also, since our last review, Planning and Budget issued revised guidelines to agencies on strategic planning and performance measurement. These guidelines, issued in May 2004, assist agencies in their strategic planning and performance management efforts, as part of implementing the requirements of the Government Performance and Results Act. These guidelines represent Phase 1 of a two-part effort, and directed agencies to review and revise mission statements, customer populations, and performance measures on Virginia Results. As a result, Virginia Results information for some agencies changed significantly since our last review.

Review of Performance Measures on Virginia Results

We obtained a copy of the Virginia Results database from Planning and Budget as of November 4, 2004. The database is the underlying source for performance measure information presented on Virginia Results. The database contained information on 612 agency performance measures. Of these measures, there were 436 annual measures; 60 semi-annual measures; and 116 quarterly measures.

In our prior review, the database contained 358 agency performance measures. The increase in the number of measures is attributable to the merging of the performance measures established through the governor's executive agreements with agency heads and the addition of new measures added by agencies based on the Planning and Budget guidelines issued in May 2004.

We performed a completeness review of the database to determine whether agencies had reported the required performance measure information, specifically 2004 results as well as target information. Overall, we found that only 20 of the 612 (3 percent) performance measures had some type of missing

information. Planning and Budget and the agencies have made significant improvements in the completeness of the information since our initial review in 2002.

The table below summarizes the results of our completeness review of the Virginia Results database. Initially, we found that agencies had not reported 2004 performance measure results for 46 of the 612 performance measures. Of these 46 measures, the agencies provided the following explanations on Virginia Results for 33 of the measures, which we considered valid reasons for these measures to be incomplete.

1) New measure with reporting to begin in 2005
2) The time period does not coincide with the fiscal year
3) Fiscal year information is not available until after the deadline

However, we consider the remaining 13 measures incomplete since the agency did not include an adequate explanation on the Virginia Results website. In several cases, there were multiple measures from a single agency that were incomplete.

We also reviewed the database to determine whether the target information was complete. For existing measures, Planning and Budget recommends, but does not require, target information; however, if an agency chooses to report target information, Planning and Budget requires they report both the target value and the target date. We found that agencies chose to report target information for 530 of the 612 measures in the database. Of these, we found 7 of these measures were missing either a target value or a target date.

The following table summarizes the results of our completeness review. We have also included a detailed list of exceptions from our completeness review in Appendix B.

Results of Completeness Review of the Virginia Results Database

2004 Performance Results	Annual	Semi-annual	Quarterly	Total
Incomplete without adequate reason	8	-	5	13
Incomplete with adequate reason	28	1	4	33
Complete	365	57	107	529
Not required	35	2	-	37
Total	436	60	116	612
Target Information				
Incomplete	5	1	1	7
Complete	366	56	101	523
Not required	65	3	14	82
Total	436	60	116	612

We then selected a sample of 46 performance measures from different agencies and reviewed the measure information for accuracy, appropriateness, and understandability, as described below. Of our sample of 46 measures, there were 43 annual measures, 1 semi-annual measure, and 2 quarterly measures.

- *Accuracy* was our review of the supporting documentation provided by the agency for the 2004 performance results. We reviewed the documentation to determine if it was adequate and to determine if calculations were mathematically correct, reasonable, and consistent.

- *Appropriateness* was our review of the performance measure and other relevant information available on Virginia Results. We considered a performance measure appropriate if we could see a connection between the programs/services of the agency and the nature of the measure.

- *Understandability* was our review of the performance measure and other relevant information available on Virginia Results. We considered whether an average user could easily understand the measure as written. We also reviewed target information, when present, to determine if it was reasonable in comparison to the data.

We have summarized the results of our review of the performance measures sample below. We have also included Appendix A in this report which details each performance measure reviewed along with our specific findings for each measure.

- We found the 2004 performance results reported for 11 of 46 (23 percent) performance measures were not accurate. The amount of the inaccuracies varied; however, the results for 7 of the 11 measures were incorrect by 10 percent or more. These errors were due to a variety of reasons - mathematical errors, data entry errors, or a lack of understanding of the measure. We were not able to determine accuracy for one measure because the agency, the Department of Fire Programs, did not provide any supporting documentation for our review upon request.

<u>*Recommendation # 1*</u>

Agencies should strengthen their procedures over the compilation and reporting of performance measure information on Virginia Results. While the accuracy of the information is ultimately the responsibility of the agency, Planning and Budget should set some minimum standards for agency documentation to support amounts reported on Virginia Results. It is important to have accurate performance information on Virginia Results given that citizens can access and review the data. In addition, if Virginia fully implements a performance based budget approach, performance measure information will need to be accurate and reliable for decision makers.

- We found that all of the 46 performance measures were appropriate, given our understanding of the agency's mission and programs. Our determination only established a correlation between the measures and an agency's programs; therefore, we are not representing that these are the best and most meaningful measures for the agency.

- We found 29 of 46 (63 percent) performance measures where the average user would have some difficulty understanding the measurement focus or how to interpret the results. There were various factors that contributed to a measure

not being clear and understandable. Some of the recurring issues that we found that affected the understandability of the measures were:

- ✓ Use of jargon and terms not adequately defined.
- ✓ Wording of the measure in terms of a goal or objective instead of a measure. Some of the confusion comes from recent Planning and Budget guidance which we discuss below. In these cases, we recommend a more appropriate wording for the measure.
- ✓ Lack of understanding by the agency on what they were reporting. We found several examples where the measure stated they were reporting a percentage, but review of the documentation showed they reported something different (e.g., a number).
- ✓ Lack of consistency in reporting periods or the use of estimates with no subsequent updating. While the time period reported is sometimes discernable from one of the text fields, there is no consistency and uniformity in the information available to the user.
- ✓ Narrative explanations that accompany performance measures were not clear or concise. Some of this is due to the inconsistency in writing styles as well as in the nature of the information provided.

<u>*Recommendation # 2*</u>

Both agencies and Planning and Budget need to review the current performance measures for understandability. In addition, Planning and Budget staff need to take a more active role in the review of new measures to ensure they are clear and understandable. Measures should not include terms and jargon that are not defined, and should not be stated in terms of objectives. The wording and terminology used in a measure affects how easy it is for the user to understand the measures.

During our review, we also found that almost all the measures in our sample were either input or output measures. Generally, performance measures are divided into three types – input, output, and outcome measures as described below:

- *Input measures* describe the amount of resources used to produce a product or provide a service.
- *Output measures* describe the amount of work completed, product produced, or services provided.
- *Outcome measures* describe the results achieved compared to the intended purpose, or progress toward achieving an objective.

In the sample of performance measures we reviewed, there were very few, if any, outcome measures. Input and output measures are usually easier to develop, while outcome measures are more difficult to define and quantify. Ideally, performance measures can be most effectively used to evaluate performance when there is a variety of measurement types.

Recommendation #3

Both agencies and Planning and Budget need to work together to incorporate more outcome measures into the performance measures reported on Virginia Results. A good performance measurement system should include outcome measures which are results oriented, focusing on whether or not the program or agency achieved the intended objectives. This type of information is necessary to effectively evaluate performance.

We also surveyed agencies in our sample to gather information about their procedures for compiling and reporting their performance measure information on Virginia Results. Most agencies stated that they segregate the duties of compiling or calculating performance measure data, and reviewing and approving by a person with higher authority before entering the information into Virginia Results; however, our review of the accuracy of the information showed that agencies need to strengthen these processes as included above in Recommendation #1.

We reviewed Planning and Budget's instructions issued to agencies that addressed performance measures. Planning and Budget developed and issued two sets of instructions during the year. The first set of instructions, issued in May 2004, addressed a new, more comprehensive planning and performance budgeting system incorporating features of Virginia Results. These instructions are the first part of a two-part process for implementing the Government Performance and Results Act. The instructions directed agencies to review and revise strategic planning information on Virginia Results, including their mission statements and customer populations. Agencies were also directed to prepare quantifiable agency objectives to guide them over the next four fiscal years. The second set of instructions, issued in August 2004, directed agencies to update the current Virginia Results performance measure information. These instructions were similar to those issued by Planning and Budget in previous years.

One issue that we found during our review of the understandability of the measures relates to the May 2004 guidance developed by Planning and Budget, called Phase I guidelines. The Phase I guidelines directed agencies to prepare quantifiable agency objectives, and provided examples of these objectives. We found that some agencies mistook these objectives to be examples for performance measures. As a result, some agencies changed the wording of their performance measures on Virginia Results to be more of a goal or objective as defined in the Phase I guidelines. In many cases, this adversely affected the user's ability to understand and interpret the performance results. In addition, agencies did not consistently apply this approach to their performance measures. During our review, we found some agency measures worded as a goal or objective while others were not. We will use the following example from our Virginia Results performance measure sample to illustrate this point.

Example of performance measure from Virginia Results sample:

Increase in FY 2005 the total number of group and home delivered meals served by the 25 area agencies on aging in FY 2004.

Auditor's Observations:

A more appropriate wording of the measure would read "Number of group and home delivered meals served by the 25 area agencies on aging." The preferred direction of the trend is an increase, the target year is 2005, and the agency would need to establish a target value (e.g., % increase).

Our observations as well as feedback received from agencies in our sample indicate that there is some confusion about terminology in Planning and Budget guidance. While the overall guidance is sound and thorough, there are some issues that require clarification from Planning and Budget.

Recommendation # 4

Planning and Budget should review and clarify recent guidance on performance measures and quantifiable objectives. Our review found there was some confusion on the difference between a quantifiable objective and a performance measure, and agencies had not consistently applied recent Planning and Budget guidance. In addition, Planning and Budget guidance would be more effective if reinforced with periodic training for agency staff involved in the performance measurement and strategic planning efforts. It is our understanding Planning and Budget is developing training for agencies as part of the implementation of the Government Performance and Results Act.

We also reviewed Planning and Budget's procedures over the authorization of access to the Virginia Results database. Planning and Budget does not require agencies to authorize new users. A new user usually contacts Planning and Budget via email, and requests access to update information on Virginia Results. Planning and Budget staff are generally familiar with agency personnel who make requests, and rely on this knowledge when granting access. Once a user has a logon id and password, Planning and Budget has no procedures that require users to periodically change their passwords. In addition, Planning and Budget does not have a procedure to delete user logon ids and passwords for agency staff, who terminate or change assignments.

Recommendation # 5

Planning and Budget needs to strengthen their procedures for granting and controlling access to the Virginia Results database. At a minimum, Planning and Budget should require that users periodically change their password. In addition, Planning and Budget should establish procedures for deleting access for agency employees who terminate or change assignments. Strengthening procedures in these two areas will reduce the risk of unauthorized users gaining access to the Virginia Results database.

We also followed up on exceptions noted in our previous report. We reviewed the specific performance measures cited in our report to ensure that the agency had updated and completed the information on Virginia Results. Many of the measures we reported as incomplete in our prior review have since been discontinued or replaced. Any issues with the remaining measures were addressed and corrected. In addition, we found that most agencies addressed our prior year comments about the understandability of their performance measures, and agencies integrated their executive agreement measures into Virginia Results, where feasible.

not require target information for the current sample we reviewed; however, it is our understanding that agencies will be required to report target information for new performance measures starting in fiscal year 2005. While most of our prior year issues were resolved, we continue to have concerns about one issue reported in our previous report that is repeated below.

Recommendation #6

We repeat our prior year's recommendation that Planning and Budget should develop and implement controls over users' abilities to change, modify, and delete measures without authorization. Planning and Budget should limit, authorize, and monitor changes to data. As performance measures information is used more consistently in decision making, the reliability of the data will become more important. Users must be able to rely on data at a point in time in order to make decisions.

During our review, we also made some general observations about the format and organization of the Virginia Results website. While Planning and Budget has made improvements to the website format since our last review, we think further enhancements would improve the usability of the information. Currently, the website lists each agency's performance measures on a single, lengthy page that displays performance data in the form of charts, tables, and text as well as related performance management information such as agency mission, activities, and governor's initiatives.

There is a standard format for each measure reported that includes a chart, a table, and narrative fields. The text boxes, while helpful, fragment the information needed to quickly understand the graph and defeat the purpose of the graph. For example, each chart provides an unlabeled number at the top of the vertical axis. The reader must leave the chart and read the measure description several fields away to identify the measurement. Also, the measure description field does not consistently provide this information. Often, the reader must read another field away from the measure description to determine if the values on the chart are numbers or percentages. The measure description field may include goals, multiple objectives, and measures that the user cannot understand how it relates to the measurement.

Recommendation # 7

Planning and Budget should continue to review and enhance the Virginia Results website. The format and display of the information affects the ease of use and understandability. We recommend Planning and Budget consider subdividing the agency web pages into logical, linked webpages rather than displayed as a "scrollable list." Also, Planning and Budget could improve many graphic presentations by incorporating some fundamental principles of chart and table design.

Agency Name	Performance Measures
Board of Accountancy	Number and percent of online customers rating quality of BOA online services through voluntary online survey form. (Using 5-point scale, the BOA seeks a rating of above average among excellent service, above average service, service met needs, below average service, and service failed to meet needs.) Get at least 50 percent return on surveys, and 75 percent of above average service rating during each quarter of next two years.
Comprehensive Services for At-Risk Youth and Families	Annual program expenditure growth rate.
Department for the Aging	Increase in FY 2005 the total number of congregate (group) and home delivered meals served by the 25 area agencies on aging (AAAs) in FY 2004.
Department for the Aging	Reduce by 20 percent in FY 2005 the number of repeat Findings identified during a previous Performance and Compliance Review.
Department of Agriculture and Consumer Services	Number of food safety inspections per full-time-equivalent.
Department of Alcoholic Beverage Control	Rate of underage alcohol sales in ABC stores.
Department of Alcoholic Beverage Control	Ratio of state population to ABC store.
Department of Business Assistance	Number of businesses receiving financing through the Virginia Small Business Financing Authority each year.
Department of Conservation & Recreation	Percentage of responses on an ongoing State Park customer satisfaction survey in the Excellent or Good categories.

Annual Results				
2002	**2003**	**2004**	**Target**	**Review Results**
Not applicable	Not applicable	80.0	82	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not adequately explain what is being measured. It is not clear whether the measures is a number or a percent.
16.5	3.4	10.1	6	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The measure is not understandable because the agency does not adequately define a pool fund expenditure.
Not applicable	3,770,061.0	3,703,524.0	3770061	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it refers to multiple fiscal years. The target value is not reasonable given recent performance data and the desired result of the measure. Also, the measure is stated in terms of an objective, not a measure. A more appropriate measure would be "Number of congregate (group) and home delivered meals served by the 25 area agencies on aging (AAAs)".
Not applicable	5.0	4.0	4	◆The 2004 performance measure results are inaccurate because the agency reported a value based on Area Agencies on Aging with repeat findings rather than total repeat findings. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measure. A more appropriate measure would be "Number of repeat findings identified during a Performance and Compliance Review".
659	669	622	600	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency has not adequately defined the type of inspections in the measure. The measure includes inspections, samples, and consumer complaints versus only food safety inspections.
10.0	5.0	3.0	3	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
27,645.0	26,418.0	25,209.0	25000	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
181.0	169.0	164.0	135	◆The 2004 performance measure results are inaccurate because of a data entry error. The correct value for 2004 is 149 . The agency has corrected Virginia Results. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the desired result of the measure is not reasonable.
Not applicable	88.1	87	75	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.

Agency Name	Performance Measures
Department of Correctional Education	Youth Programs: Students will demonstrate an increase in technical knowledge, related math skills, employability skills, all aspects of the industry being studied, and workplace readiness skills as measured by pre and posttest scores for each course. Starting in '04-05, a minimum of 90 percent of juvenile course completers will demonstrate a net increase of 19.5 percent or more in these skills and knowledge. We will continue to meet or exceed this measure at this point but will review for modifications by the end of 2005.
Department of Corrections, Central Activities	Average number of hours worked per week per work center inmate.
Department of Corrections, Central Activities	Turnover/vacancy rate for all correctional officers.
Department of Education - Central Office Operations	Each year through 2005, the number of at-risk four-year-olds served statewide in state-supported pre-school programs will increase.
Department of Emergency Management	Percentage of Virginia Emergency Operations Center warnings sent within 15 minutes of receipt of information
Department of Environmental Quality	The number of waters removed from the Virginia list of impaired waters by 2010, as they meet water quality standards.
Department of Fire Programs	Increase response time when responding to disasters and emergencies.
Department of Forestry	Forest acres burned each year per 1,000 protected acres of forest.

Annual Results				
2002	**2003**	**2004**	**Target**	**Review Results**
Not applicable	16.8	22.0		◆The 2004 performance measure results are inaccurate due to a mathematical computation error. The correct value is 34.9 percent. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency describes more than one measure and it is stated in terms of an objective, not a measure.
32.4	30.3	32.6	33	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable. The data reported in 2004 and 2003 reflect different time periods and, therefore, is not comparable.
12.6	13.9	15.3	15	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it erroneously describes the measure as both a turnover and a vacancy rate.
5,966.0	5,795.0	5,858.0	5917	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measure. A more appropriate measure would be "Number of at-risk four-year olds served statewide in state-supported pre-school programs".
94.6	90.2	98.0	95	◆The 2004 performance measure results are inaccurate due to a mathematical error. The correct value should be 88 percent. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency has not adequately defined the type of warning in the measure. The measure is based only on severe weather warnings; however, this is not clear to the user.
270.0	270.0	312.0	450	◆The 2004 performance measure results are accurate. However, it came to our attention during our review that the 2003 measure was inaccurate. The agency reported the 2002 number of waters delisted in both 2002 and 2003, when, in fact, the actual number of waters delisted in 2003 increased. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency did not define the acronyms TMDL and VPDES.
Not applicable	Not applicable	6.0	3 hours	◆The 2004 performance measure results could not be verified because the agency did not have a procedure for documenting results when the program was initiated. The agency states it is in the process of implementing procedures for gathering and reporting results. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the description incorrectly states the measure as an increase while the preferred direction of the trend is a decrease. Also, the measure is stated in terms of an objective, not a measure. A more appropriate measure would be "Response time for the Mobile Incident Support Team to respond to disasters and emergencies".
0.2	0.4	0.4	0.8	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.

Agency Name	Performance Measures
Department of Game and Inland Fisheries	Number of turkeys harvested (in thousands)
Department of Game and Inland Fisheries	Accidents per 200 personal watercraft (jet skis)
Department of General Services	Number of transactions via the electronic procurement network (eVA).
Department of Health	Number of Emergency Medical Service providers, local health department staff and other public and private partners that receive comprehensive public health preparedness training from VDH.
Department of Health Professions	Average time to investigate priority-one (A) allegations of misconduct by health care providers.
Department of Historic Resources	Numbers of new records on historic properties entered into the departments automated database to be more accessible to the public and private sectors.
Department of Juvenile Justice	Percentage of juveniles convicted of a new misdemeanor or felony within a year of being placed on probation.
Department of Labor and Industry	Reduce fatalities in the construction industry (from the baseline), by focusing on the four leading causes of fatalities: falls, struck-by, crushed-by, and electrocutions/electrical injuries (exclusive of overhead high voltage lines).
Department of Military Affairs	Response time to emergency missions from Department of Emergency Management (in average hours per response)
Department of Motor Vehicles	Decrease alcohol related injuries from 7,819 (calendar year 03) to 7,741 (78 injuries or 1 percent).
Department of Planning and Budget	Time (days) from capital outlay project authorization to completion (annual measure)

Annual Results				
2002	**2003**	**2004**	**Target**	**Review Results**
30.2	26.1	20.9	14.6	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
0.4	0.3	0.3	1	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
Not applicable	Not applicable	214,000.0		◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
Not applicable	Not applicable	34,164.0	42000	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not define whether the quantity measured is organizations or individuals.
Not applicable	51.0	49.0	28	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not adequately define a Priority-One (A) allegation.
3,146.0	4,952.0	5,636.0	5000	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
25.9	24.9	24.8	23.9	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
42.0	48.0	41.0		◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not explain the baseline. Also, the measure is stated in terms of an objective, not a measure. A more appropriate measure would be "Number of fatalities in the construction industry".
1.8	2.0	2.2	4	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the target is not reasonable given recent performance data as well as the desired result of the measure.
8,465.0	7,819.0	1,809.0		◆The 2004 performance measure results are accurate.(It should be noted that he 2004 performance data only includes January through March 2004 statistics.) ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measures. A more appropriate measure would be " Number of alcohol related injuries".
1,033.0	1,266.0	1,310.3		◆The 2004 performance measure results are inaccurate because the agency includes data for years other than 2004. ◆The performance measure is appropriate. ◆The performance measure is understandable.

Agency Name	Performance Measures
Department of Professional and Occupational Regulation	Number of disciplinary cases offered Alternative Dispute Resolution proceedings.
Department of Rail and Public Transportation	Add or retain 507 manufacturing and industrial jobs - to be determined by adding the existing and new railroad jobs on the lines covered by the rail preservation program and the jobs created or retained under the Rail Access Program. The base year will be the end of 2003.
Department of Rehabilitative Services	Number of clients served by Woodrow Wilson Rehabilitation Center.
Department of Social Services	Child support collections will increase from $506 million in state fiscal year 2003 to $530 million in state fiscal year 2004.
Department of State Police	Decrease the statewide average trooper response time for emergency calls (Priority “E”).
Department of Taxation	Collect at least 98 percent of the compliance revenue target that is established each fiscal year.
Department of the Treasury	Number of basis points by which general fund investment earnings for the primary liquidity portfolio exceeds the one-year Constant Maturity Treasury yield target of 15 basis points over a five-year period.
Department of Veterans Services	Number of veteran benefit claims submitted to USDVA. Goal is to increase by 5 percent each year, using FY2003 as a baseline (15,436 claims submitted in FY2003). Desired outcome: increased monetary benefits to veterans and their families.
Office for Substance Abuse Prevention	The number of statewide youth substance abuse and youth violence prevention staff who enter/update their address data in GOSAP’s centralized data base during a one-year period.

Annual Results				
2002	**2003**	**2004**	**Target**	**Review Results**
Not applicable	303	418	350	◆The 2004 performance measure results are inaccurate because the agency reported a value based on a query being run prior to year end. The correct value should be 422. ◆The performance measure is appropriate. ◆The performance measure is understandable.
Not applicable	Not applicable	507	545	◆ The 2004 performance measure results are inaccurate because the agency used an estimate in order to meet the DPB update deadline. The correct 2004 value is 574 jobs. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the Department does not adequately explain the rail programs involved or the agency's grant activity. Also, the measure is stated in terms of an objective, not a measure.
3,065.0	3,134.0	2,731.0	2,758	◆The 2004 performance measure results are inaccurate because the agency found an error in their calculation when rechecking their data. The correct value should be 2,727. ◆The performance measure is appropriate. ◆The performance measure is understandable.
Not applicable	506.0	534.0	530	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measure. A more appropriate measure would be "Dollar amount of child support collections".
18.3	18.8	19.4	17.5	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not adequately define a Priority-E incident, and the measure is stated in terms of an objective, not a measure. A more appropriate measure would be "Statewide average trooper response time for emergency calls (Priority "E"), and would define Priority E.
105.7	105.3	101.0	98.0	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measure. A more appropriate measure would be "Percentage of annual compliance revenue target collected".
66.0	86.0	75.0	15	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not adequately define the term "basis point".
Not applicable	15,436.0	18,612.0	19700	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
Not applicable	1,900.0	2,000.0	2300	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because a user cannot usefully link the measure to the agency's mission or core services.

Agency Name	Performance Measures
State Board of Elections	Complete on-site audits of all polling places
State Lottery Department	Lottery overhead as a percentage of sales
The Library of Virginia	Achieve an average processing rate of 904 cubic feet per year of significant archival, special, and other historical collections in order to relieve a 54-year backlog of unprocessed material.
Virginia Museum of Natural History	Number of customers served by outreach services and products (in thousands of people).
Virginia Port Authority	Volume of rail business moving over marine terminals located in the port of Hampton Roads (containers).
Virginia Tourism Authority	Increase visitation of unique users of the tourism website by 10 percent annually.

Annual Results				
2002	**2003**	**2004**	**Target**	**Review Results**
Not applicable	Not applicable	1,268.0	2294	◆The 2004 performance measure results are inaccurate because the agency reported a cumulative value and not for 2004 alone. The correct value should be 661. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the agency does not explain that the on-site audits are conducted for handicap accessibility under the Help America Vote Act of 2002. Also, the measure is stated in terms of an objective, not a measure.
6.2	5.3	4.7	5.9	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
1,192.4	1,084.4	813.2	904	◆The 2004 performance measure results are inaccurate because the agency does not include a portion of data completed before year end. The correct value should be 828.16. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measure. A more appropriate measure would be "Number of cubic feet processed per year of significant archival, special, and other historical collections".
18,120.1	19,822.3	12,096.0	19043	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
149270	172502	188739	235166	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.
Not applicable	30.0	47.0	10	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because it is stated in terms of an objective, not a measure. A more appropriate measure would be "Percentage increase in the number of unique users of the tourism website".

Agency Name	Description of Measure
Commonwealth Attorneys' Services Council	15 percent or greater increase (above the FY2002 baseline of 21 jurisdictions) each year in the number of jurisdictions operating the Virginia Commonwealth's Attorneys' Information System (VCAIS). VCAIS is designed to manage many important functions within prosecutors' offices, including docket control, pretrial confinement tracking and the coordination of victim-witness services. VCASI is currently operational in 21 of the 120 Commonwealth Attorneys' offices statewide.
Virginia Racing Commission	5 percent increase in the number of live racing days for 2003 from the 43 days in 2002; 10 percent increase in number of live racing days by 2004.

Agency Name	Performance Measures
Department of Juvenile Justice	Number of wards participating in work training programs.

Quarterly Results									
FY2003				FY2004					
1	2	3	4	1	2	3	4	Target	Review Results
2	1	0	0	0	0	3	0		◆The 2004 performance measure results are inaccurate due to human error. The correct value is zero for the thrid quarter. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the measure desciption is in terms of a percentage, but the results are a number. Also, the measure is stated in terms of an objective, not a measure. A more appropriate measure would be "Percentage increase in the number of jurisdictions operating the Virginia Commonwealth's Attorney's Information System. (above the FY2002 baseline of 21 jurisdictions)
	14	16	28		15	19		50	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is not understandable because the measure description does not state what is being measured and it is stated in terms of an objective, not a measure. Also, the description of how the measure is calculated erroneously describes a percentage instead of a number. This is a calendar year measure, however, VA results was not updated with the 4th quarter results by January 25,2005 even though the data was available. A more appropriate measure would be the " Number of live racing days" or "Percentage increase in the number of live racing days".

Semi-annual Results						
FY03		FY04				
Ist	2nd	Ist	2nd	Target	Target Date	Review Results
118	132	126	112	118.0	June 2005	◆The 2004 performance measure results are accurate. ◆The performance measure is appropriate. ◆The performance measure is understandable.

X	Indicates missing information in Virginia Results			
Agency Name	**Description of Measure**	**2004 Results**	**Target Value**	**Target Date**
Department of Criminal Justice Services	Complete General Assembly or Administration initatives.	X		
Department of Criminal Justice Services	Reduce the number of duplicate samples submitted to the Division of Forensic Science for DNA profiling and inclusion in the database.	X		
Department of Criminal Justice Services	Integrate Virginia's criminal justice data systems to provide judges, Commonwealth's Attorneys, law enforcement officers, and other criminal justice professionals with better and faster information, when and where it is needed.	X		
Department of Education - Central Office Operations	From FY 2005 through FY 2008, Virginia will have an average annual increase of 30 percent in the number of adults receiving the General Educational Development (GED) certificate.	X		
Department of Emergency Management	Percent of increase in citizen emergency preparedness awareness based on annual survey. Goal is to increase by 5 percent a year.		X	
Department of General Services	Response time for communication of critical laboratory data to the first responder or site commander.	X		
Department of General Services	Number of days required to complete Building Code reviews.	X		
Department of Motor Vehicles	Percentage of customers using alternative services to renew their drivers license. Alternative services includes: Mail-In, Internet, Touch-tone Telephone (IVR), Extra Teller Kiosks, and Cyber Sites.		X	
Office of Commonwealth Preparedness	Quarterly reports detailing the progress of the initiative.	X		
Office of Commonwealth Preparedness	*By 9/30/02, all plans will have been reviewed. *Future plans will be reviewed within 90 days of receipt.	X		
State Board of Elections	Complete replacement of punchcard and lever voting equipment	X		
Virginia Employment Commission	Meet the quarterly USDOL standard for promptness of Commission appeals. The current standard requires that 80 percent of appeals be heard promptly; the VEC will strive for 85 percent.			X
Virginia Liaison Office	Number of successful resolutions of problems related to federal administration, regulations, or grant actions	X		X
Virginia Office for Protection and Advocacy	Percentage of cases resolved in administrative forums.	X		X
Virginia Office for Protection and Advocacy	Percentage of client complaints about agency services.	X		X
Virginia Office for Protection and Advocacy	Percentage of clients satisfied at case closure as assessed by survey.	X		X

Appendix C – Relevant Sections of the Code of Virginia

AUDITOR OF PUBLIC ACCOUNTS

§ 30-133. Duties and powers generally.

B. The Auditor of Public Accounts shall review the information required in § 2.2-1501 to determine that state agencies are providing and reporting appropriate information on financial and performance measures, and the Auditor shall review the accuracy of the management systems used to accumulate and report the results. The Auditor shall report annually to the General Assembly the results of such audits and make recommendations, if indicated, for new or revised accountability or performance measures to be implemented for the agencies audited.

DEPARTMENT OF PLANNING AND BUDGETING

§ 2.2-1501. Duties of Department.

The Department shall have the following duties:

11. (Effective until July 1, 2008) Development, coordination and implementation of a performance management system involving **strategic planning**, performance measurement, evaluation, and performance budgeting within state government. The Department shall ensure that information generated from these processes is useful for managing and improving the efficiency and effectiveness of state government operations, and is available to citizens and public officials.

11. (Effective July 1, 2008) Development, coordination and implementation of a performance management system involving **strategic planning**, performance measurement, evaluation, and performance budgeting within state government. The Department shall ensure that information generated from these processes is useful for managing and improving the efficiency and effectiveness of state government operations, and is available to citizens and public officials. The Department shall submit annually on or before the second Tuesday in January to the Chairman of the House Appropriations Committee and the Chairman of the Senate Finance Committee a report that sets forth state agencies' **strategic planning** information and performance measurement results pursuant to this subdivision for the immediately preceding fiscal year.

12. Development, implementation and management of an Internet-based information technology system to ensure that citizens have access to performance information.

(1976, c. 760, § 2.1-391; 1979, cc. 672, 678; 1981, c. 315; 1984, c. 720; 1985, c. 114; 1989, c. 108; 1992, cc. 270, 381; 1995, cc. 152, 219, 811; 2000, c. 424; 2001, cc. 43, 844; 2002, cc. 580, 618; 2003, c. 900.)

ALL STATE AGENCIES

§ 2.2-5510. (Expires July 1, 2008) Strategic plan.

A. Each agency shall develop and maintain a strategic plan for its operations. The plan shall include:

1. A statement of the mission, goals, strategies, and performance measures of the agency that are linked into the **performance management** system directed by long-term objectives;

2. Identification of priority and other service populations under current law and how those populations are expected to change within the time period of the plan; and

3. An analysis of any likely or expected changes in the services provided by the agency.

B. Strategic plans shall also include the following information:

1. Input, output, and outcome measures for the agency;

2. A description of the use of current agency resources in meeting current needs and expected future needs, and additional resources that may be necessary to meet future needs; and

3. A description of the activities of the agency that have received either a lesser priority or have been eliminated from the agency's mission or work plan over the previous year because of changing needs, conditions, focus, or mission.

C. The strategic plan shall cover a period of at least two years forward from the fiscal year in which it is submitted and shall be reviewed by the agency annually.

D. Each agency shall post its strategic plan on the Internet.

(2003, c. 900.)

§ 2.2-5511. (Expires July 1, 2008) Review of strategic plan information.

The Governor shall develop an implementation plan providing for each agency to develop a strategic plan. Such implementation plan shall provide for agency submission of individual strategic plans over a three-year period beginning December 1, 2003, and ending December 1, 2006, and require, at a minimum, one-third of state agencies each year to so submit. Thereafter, each agency shall submit, on a biennial basis by December 1 in even-numbered years, its strategic plan including goals, strategies, and performance measures for consideration and review by the Council on Virginia's Future. After review, the Council may submit comments to the Governor regarding any concerns about the strategic plan or recommendations to improve the plan.

(2003, c. 900.)

COUNCIL ON VIRGINIA'S FUTURE

2.2-2686. (Effective until July 1, 2008) Duties of the Council.

A. The Council shall have the following duties:

1. Recommend a timetable for phasing in and establishing guiding principles for the **Roadmap**;

2. Recommend long-term objectives for the Commonwealth and monitor and advise the Governor and the General Assembly regarding the progress toward the objectives;

3. Provide advice on the implementation of the performance-management system across state government;

4. Disseminate information to the public on the Commonwealth's performance-management system;

5. Recommend a systematic process for the periodic evaluation of the **Roadmap** and adherence to the long-term goals and recommend improvements to the Governor and the General Assembly. The periodic evaluation process shall provide for enhanced opportunities for public participation and input;

6. Beginning November 1, 2004, develop and submit annually to the General Assembly and the Governor and publish to the public a balanced accountability scorecard containing an assessment of (i) current service performance, (ii) productivity improvement, and (iii) progress against long-term objectives. The balanced scorecard shall also contain other evaluative recommendations that will enhance the provision of state services and suggested measures to evaluate progress against long-term objectives; and

7. Solicit public input on appropriate aspects of the **Roadmap** as determined by the Council.

B. By January 1, 2004, the Council shall recommend to the Governor and the General Assembly legislation defining the vision, long-term objectives, and appropriate performance measures for state government. The Council shall review the long-term objectives for state government every two years.

(2003, c. 900.)

RELEVANT DEFINITIONS

§ 2.2-2683. (Effective until July 1, 2008) Definitions.

As used in this article:

"Long-term objective" means a measurable standard of desired performance achievement extending at least five years into the future.

"Performance budgeting" means a systematic incorporation of planning, strategic performance and productivity measurement, and program evaluation information into the budgetary process.

"**Performance management**" means a management system consisting of strategic planning, strategic performance and productivity measurement, program evaluation, and performance budgeting.

"Program evaluation" means an evaluation of the progress made toward the achievement of long-term objectives, current initiatives, and increased productivity.

"Roadmap" or "Roadmap for Virginia's Future" means a planning process that may include some or all of the following sequential steps: (i) developing a set of guiding principles that are reflective of public sentiment and relevant to critical decision-making; (ii) establishing a long-term vision for the Commonwealth; (iii) conducting a situation analyses of core state service categories; (iv) setting long-term objectives for state services; (v) aligning state services to the long-term objectives; (vi) instituting a planning and **performance management** system consisting of strategic planning, performance measurement, program evaluation, and performance budgeting; and (vii) performing plan adjustments based on public input and evaluation of the results of the Roadmap.

"Situational analyses" means the assessment of state agency performance in core service areas.

"Strategic planning" means the systematic clarification and documentation of what a state agency wishes to achieve and how to achieve it. The objective of strategic planning is a set of goals, action steps, and measurements constructed to guide performance.

"Strategic performance and productivity measures" means the use of data to review the current performance, improvement in productivity, and progress against the long-term objectives.

"Vision" means an aspirational expression of a future condition for the Commonwealth that is both essential and desirable and extends at least 10 years into the future.

(2003, c. 900.)

COMMONWEALTH of VIRGINIA

Richard D. Brown
Director

Department of Planning and Budget

200 N. Ninth St., Room 418
Richmond, VA 23219

March 4, 2005

Mr. Walter J. Kucharski
Auditor of Public Accounts
PO Box 1295
Richmond, VA 23218

Dear Mr. Kucharski:

I received and reviewed your report on agency performance measures for the fiscal year 2004. My department appreciates you noting the progress agencies participating in *Virginia Results* have made in reporting performance management information over the years.

Virginia's performance management systems are designed to make government more transparent for legislators and the general public. More importantly, these systems serve as a management tool to help agencies do what they do better. Although DPB issues standards and provides individual guidance for agencies to use in developing these measures, it is ultimately their responsibility to develop accurate, appropriate, and understandable performance measures for their services. To this end, I think it would be helpful for the APA to incorporate a review of agency measures when you prepare individual agency audits. This might help ensure that any needed changes are made on a timely basis. Such feedback will especially be important as we move toward the next iteration of performance management in the Commonwealth.

As for the future, DPB, in conjunction with the Governor's office and the Strategic Planning Workgroup (made up of managers from several state agencies), is in the final stages of developing a more comprehensive strategic planning, and performance-based budgeting model. This effort will take the strategic plans developed in the Phase I instructions, you mention in your report, and tie them to service-based, performance measures within the budgeting system. This action will place a greater reliance on the agencies' ability to develop pertinent measures of performance. Once implemented, this new system should incorporate and improve the essence of *Virginia Results* and help allay your concerns over the future of performance measurement in the Commonwealth.

Thank you for your helpful recommendations on Virginia's performance management system and state agency performance measures.

Sincerely,

Richard D. Brown

c The Honorable William H. Leighty
The Honorable John M. Bennett

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