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## Practical Recommendations for Program Performance Management

February 6, 2025

### I. Introduction

The Massachusetts Office of the Inspector General (OIG) has a statutory mission under Chapter 12A of the Massachusetts General Laws to detect and prevent fraud, waste, and abuse of public funds at the state and municipal levels. Pursuant to this authority, the OIG is issuing this advisory with practical recommendations for the Commonwealth, agencies, municipalities, and other public entities to assess whether governmental programs and grants are effective.

This advisory focuses on **performance management** tools and practices that public entities can use to monitor program outcomes, ensure that public funds are being used to achieve program goals, and evaluate a program's overall success.<sup>1</sup> Performance management answers the question: Is your program working?

The recommendations in this advisory are based, in part, on the federal government's Chief Financial Officers Council's guidance, [Managing for Results: The Performance Management Playbook for Federal Awarding Agencies](#). The "Playbook" provides recommendations for federal agencies. The OIG has focused on practices applicable to Massachusetts state and municipal entities.

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### II. Problem

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<sup>1</sup> While this advisory focuses on performance management and program results, public entities should also monitor programs for compliance with applicable administrative, financial, and audit rules. Examples of compliance management include ensuring that applicants are eligible for grants and reviewing the accuracy of financial reports.

### III. Recommendations

#### (1) Designing Programs

Effective performance management starts with a comprehensive program design. Align your public entity's program – including any associated administrative plan – with the mission described in the program's legislative authorization or appropriation. Also, ensure that your program is consistent with your organization's long-term priorities, which may be described in documents such as a strategic plan.

Develop goals, objectives, and performance measures before you start to plan a program, as those elements will inform its design. During the design phase, develop a "logic model" depicting your program's structure and operation, including a theory for why its planned intervention will achieve the program's desired change.

You should identify key performance indicators (KPIs) to measure accomplishments and progress toward program goals. Also, ensure that you research programs that have addressed similar problems to learn about successful practices and challenges, and consider risks that could impede your objectives.

#### (2) Managing Program Awards

Make sure to incorporate performance management principles into the award management process, which includes developing selection criteria and risk assessments. The award management process, whether for a grant, subrecipient agreement, or procurement contract, should be guided by the goals and objectives that you identified during the program's design. Before making an award to a subrecipient or engaging a vendor, you should specify how you will track KPIs.

To assist in evaluating program outcomes, draft subrecipient agreements and notices of award to describe what the recipient must report back in terms of performance goals, indicators, milestones, expected outcomes, and timelines for accomplishments.

Selection criteria for grantees and subrecipients should include a consideration of how their proposals or applications approach performance reporting, whether they identify specific goals, and whether data indicates a history of achieving goals. Additionally, before awarding funding to a grantee or subrecipient, you should evaluate that recipient's past performance in similar programs, including a review of any needed corrective actions.

#### (3) Collecting and Analyzing Performance Data

After you have designed your program and awarded funding, you are responsible for measuring the results, or outcomes, of the program.<sup>2</sup> Collect and analyze performance data from subrecipients and grantees to measure how a program is achieving its overarching objectives.

During the subrecipient or grantee's performance period, in addition to conducting routine compliance monitoring, assess the recipient's performance by collecting data on the program's previously identified indicators, project goals, milestones, and outputs. To collect this information, you can require that recipients periodically submit data and reports. Some public entities use online systems to facilitate this collection process. You should develop a data collection tool to more easily compare information across subrecipients. Additionally, you can collect data on KPIs by surveying program beneficiaries directly.

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<sup>2</sup> Outcomes are most relevant to tracking performance, but a public entity should also track a program's output, *i.e.*, the quantity of goods or services delivered. Examples of output measurements could be the number of solar panels installed under an energy efficiency program or the number of unemployed or underemployed individuals who sign up for a job training program.

Evaluate the collected data in a constructive fashion so that you can improve program results, facilitate the sharing of lessons learned, and identify promising practices for future use. By comparing data collected across reporting periods, you can identify where program milestones are being met and where progress is falling behind. You will be better positioned to correct these declines before the performance period ends.

There are four types of analyses that can help interpret the performance data you collect:

**(A) Descriptive analysis** – What happened with a program?

- **Example:** 4,500 homeowners signed up for a program providing home heating assistance. Of those eligible, 95% enrolled in the program.

**(B) Diagnostic analysis** – Why did something happen?

- **Example:** After reviewing the home heating program data, policy analysts found a geographic pattern. Those who signed up for the program tended to live in communities at higher elevations. Diagnostically, mountainous communities are more likely to have more severe winters.

**(C) Predictive analysis** – What is likely to happen next?

- **Example:** Using the same data, analysts were able to predict that next year's home heating assistance sign-ups will likely come from mountainous communities.

**(D) Prescriptive analysis** – What action should you take?

- **Example:** Using predicted sign-up trends, program researchers focused outreach efforts on low-income residents in mountainous areas of the state. In this way, residents most likely to need home heating assistance received information about the program.

Performance data analysis through these lenses will inform your decisions related to administering or improving future programs. Ultimately, the end goal of such an analysis is to collect information that will allow you to leverage lessons learned. Compile these lessons into guidance that can be shared with other stakeholders. Describe the program's goals, the results achieved, a clear description of lessons learned, and potential benefits of using those lessons to promote positive outcomes in future programs.

The OIG encourages you to find ways to creatively disseminate the lessons learned from your programs. A webpage "clearinghouse" of research gained from past programs may be a good way to share your findings. For example, see the U.S. Department of Education's "[What Works Clearinghouse](#)," which contains an extensive library of guidance, studies, and instructions that any educator or administrator can access for information on best programming practices.

## About *OIG Advisories*

*The OIG periodically issues advisories as a way to succinctly share timely topics with key stakeholders, most notably the leaders within the Commonwealth's 351 local communities and the leaders of state government, state agencies, quasi-public agencies, and other public entities. The OIG hopes that these advisories will prompt dialogue and needed action on matters important to the Commonwealth.*

*If you have questions, please contact the OIG's technical assistance team at 617-722-8838. Also consider the [OIG Academy](#)'s educational opportunities that will help you detect and prevent fraud, waste, and abuse of public funds.*

## RESOURCES

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