

May 21, 1965

MEMORANDUM FOR COMMISSIONER KEPPEL

SUBJECT: ESTABLISHING A CAPABILITY FOR INTERNAL MANAGEMENT REPORTING

1. Need for an improved management reports system in the Office of Education.

Under the present internal reporting system in the Office of Education, a great deal of financial and performance data is generated, but it is not brought to focus in a way to make it most useful for management purposes, especially at the Commissioner and Deputy Commissioner level. Generally speaking, existing reports are voluminous, poorly organized, informal, and subject to interpretation for the most part only by budget or fiscal people. They are inadequate, we feel, for the managers of programs involving expenditures approximating \$3½ billion annually, and likely to increase in the future.

As was discussed at the last meeting of the Executive Group, this is an area which is in need of some prompt action to bring about, as soon as possible, a means of informing top management on a current basis as to the financial and performance status of their programs so that problems may be identified and corrective action taken as may be necessary. Steps have been already initiated in this respect.

2. Framework of an improved management reports system.

We recommend that a management reports system be developed by the Office of Administration. In doing this, the Office should:

- a. Work with the managers of OE activities and subactivities, on a continuing basis, to develop jointly with them the kinds of financial and performance reports which they need for their particular area of responsibility, especially in terms of comparing actual progress with the financial and operating plan as the fiscal year unfolds and currently identifying any "trouble spots" that may be developing.
- b. Arrange for the receipt of those financial and performance facts from the Financial Management Branch or other organizational entities in OE that are necessary to prepare

reports, per a., above, and either themselves preparing such reports, or causing them to be prepared, promptly at the close of each month.

- c. Determine areas where program or activity reports are needed to enable you and the Deputy Commissioner to keep abreast of events and currently informed of developing problems, or trouble spots, in the Office of Education.
 - d. Develop such facilities, as may be appropriate (graphic or otherwise), for formal executive review and discussion of the status of OE activities, and arranging for such reviews at periodic intervals, preferably monthly for those programs which are expanding rapidly.
3. Kinds of management reports needed, and monthly executive review of program implementation.

We have not developed the kinds of reports that should be employed. As a minimum, however, we think there should be prepared promptly at the beginning of each month a "Report on Program Implementation" which would compare actual experience against the financial and operating plan. Significant deviations from the plan should be concisely explained, including (1) the reason for the deviation and (2) what has been done, or will be done, to get "back on the track."

There are different techniques for carrying out the monthly executive review of the status of program implementation, ranging from submission of concise, informative, simple, and readily understandable, written reports to top management on up to the outfitting of a special briefing room with visual aids, such as the one in the Veterans Administration. The techniques to be used will depend upon the personal desires of top management officials and, again, this is a matter that will have to be worked out by the people having responsibility for reports management. The availability of ADP capacity to handle varied data quickly will facilitate a good reporting system.

We believe that the program managers--normally the Bureau Directors--should be responsible both for explaining the status of implementation of plans, with special emphasis on problems, and taking or proposing necessary corrective action. The administrative side of the house should assist them by giving them the information they need, but there should be a full acknowledgment and acceptance of their management responsibilities, including responsibility for the financial aspects of their programs.

Commissioner Kappel

- 3 -

4. Technical Assistance

To obtain a quick upgrading of the OE management reports and facilities, we think it would be advisable to arrange for a detail of an employee who is familiar with management reporting systems. That employee's mission would be to assist the Office in developing a total management reports system along the lines described herein. We are prepared to arrange for this, if you feel it would be a desirable course of action.

(Signed) Dwight A. Ink

Dwight A. Ink, Chairman
White House Task Force on Education

cc: Mr. Ink
Mr. Oganovic
Mr. Schulkind
Mr. Jasper

~~CRHNTGKX/KVFX~~

TRussell/tvf